

# New Zealand state coalminer axes hundreds of jobs

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New Zealand's state-owned coal producer Solid Energy announced on September 24 it will axe a quarter of its workforce, about 450 people, because of the collapse of global coal prices.

The Spring Creek mine, on the West Coast of New Zealand's South Island, will be mothballed and 234 miners and 130 contractors sacked, leaving a skeleton staff of just 30. The company shut the mine last month while it carried out a review of its operations, but the final proposals are much worse than had been anticipated.

Another 63 jobs are to be cut at the Huntly East mine on the North Island, reducing the workforce there to 171. About 60 contracting jobs will also go from the mine's ventilation upgrade project. Another 163 corporate and development staff from the Christchurch head office will be sacked, leaving only 150. The company is also aiming to cut capital expenditure by \$NZ100 million (\$US82 million) next financial year.

Solid Energy is facing an expected \$NZ200 million fall in revenue because of the 25 percent plunge in the world coal price in the last two months. New Zealand's West Coast coal, extracted from underground in difficult terrain, is especially vulnerable to price fluctuations. Solid Energy has declared there is "no chance" of a recovery in prices like that seen after the 2008-09 global financial crisis. Four years ago, continued Chinese industrial expansion saw commodity prices quickly rebound after the Wall Street crash—now, however, China's slower manufacturing output is itself primarily responsible for the sharp declines in commodity prices.

The downturn in New Zealand coal production is part of a sharp turn internationally. Two of the largest mining companies operating in Australia, BHP Billiton and Xstrata, have announced that they will cut a

combined 900 jobs, bringing to 3,500 the number of mining jobs lost in Australia in the last six months.

In New Zealand, ever wider layers of the working class are being hit by the economic crisis. NZ Aluminium Smelters has recently announced it is accelerating plans to axe 100 jobs from its Tiwai Point smelter. Rio Tinto owns 79.4 percent of Tiwai Point, which is one of 13 older plants worldwide that the transnational giant is looking to sell.

Layoff announcements are accelerating. More than 150 KiwiRail workers will lose their jobs next month. Receivers have been appointed to the two-year-old North Island Mussel Processors, putting 20 full-time and 200 seasonal jobs at risk. Newsprint producer Norske Skog has confirmed it will halve capacity at its Kawerau mill next year, as falling demand and unfavourable exchange rates make exports to Asia unprofitable. Last Monday, chemicals maker Nuplex Industries said it would close four plants across Australasia, including two in Auckland, with the loss of 80 jobs. The same day, another 20 redundancies were announced at the Newmont Waihi gold mine.

The unions—especially the NZ Engineering, Printing and Manufacturing Union (EPMU), the dominant union in the manufacturing sector—are playing the central role in enforcing the accelerating assault on jobs and conditions.

The EPMU used a 1,000 strong protest over the Spring Creek coal mine closure in Greymouth on September 4 to bolster its demand that Solid Energy involve union bureaucrats in the review of the mine's operations. "We have the collective knowledge and experience to make this mine viable," EPMU organiser Garth Elliott declared, "and we deserve to be a part of the decision-making process."

Solid Energy promptly obliged, involving the union

and local Labour MP Damien O'Connor in its deliberations. According to reports in the *Greymouth Star*, the union committee worked with corporate management on a proposal to slash operating costs so that the price of removing coal would fall from \$220 a tonne to \$170. This, however, was still \$60 more per tonne than the company said was necessary to make a profit. The union's efforts underscore its central role in making workers bear the brunt of the economic crisis, enforcing layoffs and concessions on wages and conditions to ensure the viability of domestic and transnational corporations operating in New Zealand.

One miner interviewed by Radio NZ denounced the company's "consultation" with the EPMU as a sham designed to keep the workers in the dark while the cuts were being prepared.

The trade unions have ensured that no action to defend jobs has been launched at Huntly East, Strongman, Tiwai Point or any of the other threatened manufacturing sites where the EPMU extracts dues from workers. To cover their tracks, the unions—together with the main opposition parties, Labour and the Greens—are promoting the illusion that the National government of Prime Minister John Key can be pressured to intervene and defend jobs and workers' conditions.

NZ Council of Trade Unions President Helen Kelly has appealed to the government to "focus on job creation". EPMU national secretary Bill Newson told Newstalk ZB radio that the wave of job losses could be attributed to the government's refusal to manage the overvalued NZ dollar. The EPMU also organised a delegation of coal miners to go to parliament in a futile effort to lobby the government for a \$36 million subsidy to save Spring Creek.

In reality, the Key government is orchestrating the economic restructuring measures on behalf of big business and finance capital. Solid Energy is among the state assets that are being prepared for privatisation. Ruthless austerity measures have involved thousands of public sector job cuts, higher regressive taxes affecting working class and poor people, and cuts to spending on public services including education and welfare. The Labour Party, the Greens, and the trade unions are fully complicit in this right-wing offensive.

The working class needs to intervene in defence of its independent interests. The defence of jobs and working

conditions requires a political struggle against the capitalist profit system. This is, above all, a global question. New Zealand miners and manufacturing workers are facing the same onslaught as their counterparts in Australia, Asia, South Africa and elsewhere. In opposition to the trade unions and existing parties, new organisations of struggle, including rank and file committees, must be built. Above all what is required is a new mass party of the working class, based on a socialist and internationalist program. This means fighting to establish a New Zealand section of the International Committee of the Fourth International.



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