

Social crisis intensifies in New Zealand

John Braddock
28 December 2012

Rising unemployment and poverty, compounded by government austerity measures, left unprecedented numbers of New Zealanders seeking assistance this Christmas.

On Christmas Day, a crowd of nearly 3,000 filled two floors of the Auckland Viaduct Events Centre for the Auckland City Mission's free Christmas dinner. After lengthy queues at the door last year, room had been made for more than 200 extra places. Many people came by free bus from across the metropolitan area.

According to the *New Zealand Herald*, welfare recipients and people on low incomes flocked to the mission for food parcels and donated gifts for their children in the week before Christmas. At any one time, more than 100 people lined up, with some arriving as early as 5 a.m. The *Herald* reported that the queues, which snaked out the door and down the street to a nearby vacant lot, had "nothing festive about them." The mission expected to help a record 2,000 people with food parcels over Christmas.

Mission spokesperson Diane Robertson told the *Herald*: "I keep saying every year it's unprecedented ... but I'm almost beyond words when I look out there. This is nothing to celebrate." She said people were struggling with unemployment and entitlement cuts. "They're losing options. As an agency we really try to get people off benefits and employed... But right now we're just alleviating poverty," Robertson said.

One woman, who did not want to be named, said she had left her South Auckland home at 4.30 a.m. to get some gifts for her children. This year had been particularly difficult, she said. Another woman said it was her first time at the mission. Rising prices at the supermarket had been "crushing," she commented.

There are many indicators of worsening deprivation. The Work and Income Department gave out 144,000 food grants back in 1992-1993—the first full year they were recorded. In that year, a previous National Party

government handed down a notorious "mother of all budgets" that slashed welfare and forced thousands into poverty. Since then, the number of food grants has soared to 554,000 a year, including 150,000 in Auckland alone.

The social crisis has intensified during the past six months, with spiralling unemployment. The Quarterly Labour Force Survey in September recorded 175,000 unemployed, up 13,000 in three months and 12.4 percent higher than last year. At 7.3 percent, official unemployment is at a 13-year high. The number of people in work dropped by 8,000 for the quarter. Since then, a wave of layoffs has destroyed thousands of jobs in mining, manufacturing, rail and education. At the same time, new welfare cuts have imposed draconian measures and penalties on the most vulnerable, including sole parents.

On December 21, the 130-year-old Hillside railway workshops in Dunedin were closed down. A parliamentary select committee rejected a public petition to save Hillside, the country's largest remaining engineering facility. Last month, state-owned KiwiRail announced that Hillside's foundry had been sold to Bradken Engineering and just 18 workers would keep their jobs. Ninety jobs were eliminated, on top of 158 cut from KiwiRail's Infrastructure and Engineering division in October.

In a cynical display, the Rail and Maritime Transport Union (RMTU) organised a two-minute stop-work by KiwiRail workers across the country to mark the "passing" of the workshops. Local Labour Party MP Clare Curran gave a hamper to each redundant worker "to brighten their Christmas at this tough and uncertain time."

Labour, which was in government between 1984 and 1989 and from 1999 to 2008, was responsible for the initial privatisation, restructuring and running down of rail. Moreover, the RMTU has played the central role in

facilitating the current government's cuts. KiwiRail is looking to shave \$200 million from its books over the next three years, including \$14 million per annum in wages. The cost-cutting plan was first outlined in "consultation" meetings with the union in July, when the RMTU pledged it would negotiate "all options for achieving cost savings."

On December 13, 2,500 rail workers succumbed to pressure from the RMTU and voted to ratify a new two-year collective agreement that will lead to more job cuts. A Wellington Tranz Rail worker told the WSWS that a small pay rise, just 1.2 percent in the first year, followed by another 2 percent, was at the expense of manning levels and public safety. Previously, one guard was responsible for every two train cars, but supervisors have indicated that in future one guard will supervise a minimum of four cars.

The assault on jobs and living standards is the ruling elite's response to the unravelling economic situation. According to Statistics NZ, Gross Domestic Product (GDP) grew a meagre 0.2 percent to \$36.28 billion in the three months ending September 30, down from 0.3 percent in the June quarter. The economy grew at an annual rate of just 2.5 percent.

The September 2012 result was positive due only to a 4.4 percent increase in construction activity, mainly caused by rebuilding work in the earthquake-ravaged city of Christchurch. Contractions in mining, agriculture, forestry and fishing, and manufacturing pulled overall GDP down by 0.4 percent. Manufacturing, the country's biggest industry, shrank 1.1 percent. Agriculture, forestry and fishing shrank 2.1 percent, with falling dairy production and weak forestry exports dragging down the primary sector. Mining activity shrank 7.4 percent. Household consumption was described as "flat" in the quarter.

Working people, who are already paying for the economic slump, face even more financial hardship. The government announced on December 18 that it would increase petrol taxes by three cents per litre each year for the next three years, and road user charges by the same amount, in order to help deliver a budget surplus in 2014-15. Petrol is already \$NZ2.12 per litre. Finance Minister Bill English conceded that without the increased taxation, the government's forecast surplus would have been wiped out altogether due to falling revenues. The May budget forecast a \$197 million

surplus by 2014-15, but it has now been revised down to \$66 million.

In contrast to the austerity measures meted out to the working class, 2012 has been the most lucrative year for the New Zealand stock market since 2004, with the NZX50 index up about 24 percent this year. More than \$3.25 billion worth of securities were traded in December alone—a record.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact