

New round of job cuts in New Zealand

John Braddock
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A new round of job cuts is underway in New Zealand, affecting hundreds of workers in mining, retail, manufacturing and tertiary education. It is part of the broadening assault on the working class since the 2008 global financial crisis, which has included the tough austerity measures of the National Party-led government.

The job losses have been dismissed as inevitable by the entire political establishment, including the opposition parties and trade unions. Although unemployment has been entrenched above 6 percent since 2008, jobs and living standards do not figure in the campaign for the country's elections in September.

The onslaught on jobs has hit working class communities on the West Coast of New Zealand's South Island particularly hard.

The state-owned mining company Solid Energy announced on June 6 that a quarter of its workforce at the Stockton mine—102 miners and 35 from management, technical support and administration—are to be sacked. A further 50 contractors' jobs will also be axed. According to Solid Energy chief executive Dan Clifford, the cuts are a "necessary response" to the depressed export market.

Stockton is the country's largest open-cast mine, exporting coking coal to India and China. The downturn in Chinese steel manufacturing has prompted falling prices for hard coking coal. The benchmark price in the current quarter was \$US120 per tonne, down from a 2011 high of \$330 per tonne. According to Solid Energy, Stockton is losing \$NZ1 million per week at current pricing levels.

The Engineering Printing and Manufacturing Union (EPMU) declared it will work with management to ensure that the redundancies are made "as fairly as possible." In other words, the union will enforce the sackings and suppress any move by workers to oppose them. Workers will be pitted against each other for

jobs. A two-week "consultation period" will be followed by a selection process for "contested and vacant roles."

Solid Energy has already reduced its workforce, with the collusion of the EPMU, by over 700 in the past two years. In November 2012, the company threatened sackings at Stockton after workers rejected a cut in shifts from 12 to 10 hours. The Spring Creek mine, also on the West Coast, was mothballed in October 2012, shedding 350 permanent staff and contractors, while last year Solid Energy cut corporate and support services staff from 313 to 151 at its head office, followed by 93 miners' jobs at the Huntly East Mine.

Solid Energy was identified for partial privatisation as part of the government's asset sales program, but this was deferred after the company's parlous financial state was exposed in February 2013. It had accumulated debts of \$389 million from failed ventures and poor prices combined with high overheads, prompting talks with bankers over a rescue package. A \$100 million government loan, announced last year, was accompanied by a change of CEO and demands for extensive "restructuring" measures.

Other areas of the West Coast have been affected. Besides the closure of Spring Creek, the area has not recovered from the effects of the Pike River disaster, which closed after an explosion in November 2010 killed 29 miners. Gold miner OceanaGold's Reefion operations are forecast to be mothballed by mid-2015, with 260 jobs at stake.

The downturn has spread beyond mining. Last year, the Holcim cement company announced the closure of its Westport plant within three years. With 120 staff, the factory is Westport's second largest employer behind Solid Energy. The regional centre of Westport has a population of just 3,900 people.

Other sections of the working class have also been hit. In retail, 106 staff at greeting card manufacturer

Hallmark are reported to be “in limbo” as the company prepares to outsource its distribution arm. A Hallmark spokesman blamed “local market factors” and cost controls. On 3 June, the clothing chain Postie Plus went into voluntary liquidation after posting a \$3.8 million half-year loss, putting the jobs of 640 employees at risk. An overseas retail firm has made a conditional offer to buy the 82-store chain, but job losses are foreshadowed.

Elsewhere, Lincoln University is shedding 10 percent of its 650 academic staff as it seeks to save more than \$5 million following the 2011 Christchurch earthquake. Enrolments for international students at Lincoln fell by 26 percent between 2009 and 2012. A similar process is taking place at nearby Canterbury University, which has axed up to 350 teaching jobs over three years. At the University of Auckland, 109 jobs will be lost under a proposed restructuring of administrative services, driven by declining government per-student funding.

Other recent announcements include 66 job cuts at the Rotorua City Council, another 50 jobs at Tait Communications in Christchurch, in addition to 74 lost last year, and a restructuring at Radio NZ that will involve redundancies. Southern Cross Forest Products is cutting 100 more jobs in Otago, on top of 79 redundancies in April.

Without exception, the trade unions have offered their loyal service as advisors and accomplices of management and employers to extinguish any rebellion in the workforce and push their members into unemployment with as little fuss as possible.

At Lincoln University, the Commerce faculty passed a vote of no confidence in management. The Tertiary Education Union, however, said it is “working with the university” to encourage as many staff as possible to accept “voluntary” redundancy. At Postie Plus, the First Union declared it was “pleased” the company had moved into voluntary administration.

Opposition politicians and the unions demagogically denounced the Stockton mine cuts, but made it clear they will do nothing to defend a single job. Labour leader David Cunliffe said the solution for the West Coast was “diversification.” The EPMU, covering up its own role in pushing through all the previous job losses, labelled the plans “short-sighted greed” stemming from “serious mismanagement.”

In fact, the ongoing slowdown in China and

recessionary conditions in much of the global economy are driving an accelerating attack on the jobs and living standards of the working class in every country. The ongoing job destruction exposes the official bromides that NZ’s so-called “rock star” economy has weathered the worst of the world economic crisis and is heading into a period of growth.



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