

# New Zealand: State-owned mining company announces job cuts

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New Zealand's state-owned mining company Solid Energy announced on May 8 that it will sack 113 workers at its Stockton Mine, the country's largest open-cast coal mine. Thirty-eight vacancies will remain unfilled, bringing the total job cuts to 151. The workforce will drop from 397 to 246.

Just three years ago, the mine, in the West Coast region of New Zealand's South Island, employed 1,103 workers and contractors.

The cuts are the result of an international crisis in the mining industry. In response to a collapse in coal prices, driven by a slowdown in China's economy, companies in China, Europe, Australia and elsewhere have closed mines and eliminated thousands of jobs.

China's coal imports for the first four months of 2015 dropped nearly 38 percent, compared with a year earlier. The price for coking coal, used in steel production, fell to \$US83 a tonne from \$US330 in late 2011.

Solid Energy's announcement pierced the National Party government's repeated claims that New Zealand is a "rock star economy," insulated from the global downturn. In fact, the country's economic growth, currently 3.5 percent, is largely the result of speculative housing bubbles and a temporary construction boom following the 2010-2011 Christchurch earthquakes. The rest of the economy remains stagnant.

Prices for dairy products, New Zealand's main export, have also dropped sharply due to the Chinese slowdown.

Solid Energy has carried out a wave of job cuts, including the closure of Spring Creek Mine in 2012 and 150 redundancies at Huntly East Mine in 2012-2013, in addition to those at Stockton Mine.

The company has accumulated a debt of about \$321 million, despite government bailouts totalling \$155

million. Stockton mine lost \$2.1 million per month in the last financial year. CEO Dan Clifford has announced there will be more job cuts "if the coal price continues to slide," as is widely forecast.

The West Coast region is experiencing depression-like conditions. Development West Coast chairman John Sturgeon, told Radio NZ that Westport, population 3,900, "is a dying town all right; there's no doubt about that."

Another major employer, cement company Holcim, will shut its Westport factory next year, axing 120 jobs. In nearby Reefton, Oceana Gold has begun to mothball its Globe Progress Mine, which employs over 100 staff. KiwiRail and the Port of Lyttelton are expected to be impacted by the job losses.

The widespread job destruction follows the 2010 Pike River Coal mine disaster, in which 29 workers were killed in an underground explosion. No one was held accountable, despite evidence that Pike River Coal, the Department of Labour and successive governments worked with the trade union bureaucracy to speed up production and dismantle mine safety inspections.

The opposition Labour Party and the Engineering, Printing and Manufacturing Union (EPMU) have helped police the job cuts and attacks on miners' working conditions. In 2013 the union convinced Stockton miners to accept a 17 percent wage cut. Organiser Garth Elliot told Radio NZ they had "no choice" and "hopefully this is only a short-term thing."

The EPMU declared in June 2014 that it would ensure redundancies were made "as fairly as possible." That is, it would enforce the cuts and contain any attempts by workers to resist them. Now, once again, workers will face off against one another for the dwindling numbers of jobs.

EPMU assistant national secretary Ged O'Connell

responded to the latest job losses by declaring his “relief” that the mine would remain open. Union organiser Elliot told Newstalk ZB this was “a bright side” to Solid Energy’s announcement.

While helping to impose redundancies and cost-cutting, the EPMU has blamed workers for supposedly accepting the cuts. Elliot reportedly told a May Day meeting, organised by the Coal Action Network conservation group, that “these days consumer society and TV have lulled many people into accepting the unacceptable or expecting the union to negotiate for them without the collective support of its members.”

Such statements reveal the utter contempt of the trade union bureaucrats for their own members.

The Labour Party has no substantial differences with the government’s austerity agenda, including job cutting at state-owned companies like Solid Energy, NZ Post and KiwiRail. Speaking to Radio NZ, Labour’s local MP Damien O’Connor called on the government to “commit a few million dollars to infrastructure projects on the West Coast.” He added: “People are not unrealistic down there. They know there’s not huge money sloshing around.”

In fact, there is plenty of money in the hands of the rich, who have benefited from government bailouts, corporate tax cuts, the driving down of wages, and uncontrolled speculation in shares and property investments.

Mining and manufacturing companies are responding to the intensification of the global crisis of capitalism by restructuring their operations to increase the exploitation of the working class. At the same time, governments are clawing back the limited concessions granted to the working class in a previous period.

The axing of 151 positions at Solid Energy will not be the last. Industries like mining that are deemed unprofitable face complete destruction, just as New Zealand’s auto industry was shut down in the 1990s.

To defend their jobs and working conditions, workers must carry out a rebellion against the Labour Party and the trade unions, which function as adjuncts of the corporations. Miners need to form their own rank and file committees, independent of the unions. This struggle is only possible if it is based on a socialist and internationalist perspective to reorganise society on the basis of human need, not profit.



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