New Zealand rail company prepares further job cuts

Our reporter
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A New Zealand Treasury Department report released last month recommended that the government consider shutting down "most or all" of the country's railway freight network, leaving only the passenger commuter services in Auckland and Wellington. Treasury noted that freight had suffered due to the global slump in demand for commodities including coal, timber and dairy products, New Zealand's main export.

The National Party-led government rejected the proposal, but Finance Minister Bill English declared that the current level of funding for the state-owned company KiwiRail was "unsustainable" and ordered it to "identify savings." The government allocated funds of $400 million for KiwiRail for the next two years, rather than the usual commitment of three years' funding.

As New Zealand is buffeted by the latest stage in the global economic crisis, including plummeting commodity prices, the National Party-led government is responding by deepening its austerity measures. These include job cuts and the privatisation of state-owned assets. NZ Post is being downsized with hundreds of redundancies. Thousands of state houses are to be sold off to private companies. More for-profit charter schools are planned and state-owned farming company Landcorp is threatened with privatisation. The government-owned coal mining company Solid Energy has gone into voluntary administration, threatening 700 jobs.

The plan to restructure KiwiRail, which has already experienced hundreds of job cuts in recent years, is part of this agenda. In an opinion piece in the *Dominion Post* on August 11, KiwiRail CEO Peter Reidy agreed with the government that "the current level of taxpayer support for KiwiRail cannot continue." He called for the closure of "uneconomic" freight lines, as well as "looking at our labour costs." In other words, the company is preparing further layoffs and attacks on working conditions.

The opposition Labour Party's transport spokesman, Phil Twyford, told Radio NZ on July 9 that "to consider actually shutting down the rail network is just nuts." However, according to Fairfax Media, Twyford accepted the government's rationale for cutbacks, agreeing that KiwiRail's "freight business should be expected to run profitably in its own right."

The situation facing KiwiRail workers is the outcome of the railway's long-term decline in the wake of the privatisation programs pursued under both Labour and National-led governments, enforced by the unions, for the past three decades.

The Labour government of Prime Minister David Lange prepared KiwiRail's predecessor, the state-owned NZ Railways Department, for sale in the 1980s. Government departments were transformed into profit-making State-Owned Enterprises—resulting, in the case of the railways, in the elimination of over 9,000 jobs and the mothballing of branch lines.

In 1993 the National government sold the railways for $328 million to a joint NZ-US private consortium, led by New Zealand merchant bank Fay Richwhite and US-based rail operator Wisconsin Central Transportation Corporation, renaming it Tranz Rail. A further assault on jobs, safety and working conditions saw the company post annual net profits from 1997 to 1999 of $60.6 million, $48.2 million and $70.2 million.

The corporate owners cashed up, stripped assets and ran down infrastructure and services. Rail workshops throughout the country closed and many regional services stopped running in the early 2000s, leaving only four long-distance passenger services. The Labour government of Prime Minister Helen Clark bought back the rail and ferry business in 2008 for $690 million, essentially to bailout the then-owner, Toll Holdings. Staff levels remain at just over 4,100 today, compared with 21,000 in 1982.

The Rail and Maritime Union (RMTU) is currently in discussions with KiwiRail to slash jobs throughout the

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country. The union reported in its publication, the *Activist*, on August 7 that KiwiRail proposed to cut eight locomotive engineers' and two rail operators' jobs in Westport and Otira on the South Island's West Coast, and five more jobs in Taranaki as a result of the mothballing of the Stratford-Okahukura branch line.

The *Activist* report made clear that far from opposing layoffs, the RMTU is ready to assist in imposing them more "fairly." It stated: "One demand we have put to KiwiRail is that a nationwide call for voluntary redundancy goes out and we try and match up [West] Coasters who are willing to shift to the consequent vacancies."

This is only the beginning. RMTU general secretary Wayne Butson told Radio NZ that coal transported by rail through the South Island Coal Route, known as the Midland line, to Lyttelton Port, had declined from 1.4 million tonnes to 1 million this year. The union boss said that 150 KiwiRail jobs "could go" if Solid Energy closes down.

The RMTU has a long record of enforcing job cuts, including 158 at KiwiRail's Infrastructure and Engineering division in 2012, as well as the "orderly closure" of the 130-year-old Hillside railway workshops in Dunedin.

The record of Labour and the union bureaucracy makes clear that rail workers can only oppose the onslaught on jobs and working conditions through a rebellion against these organisations. Workers must form rank-and-file committees, independent of the trade unions, which seek to link up coal miners, postal workers and others facing redundancy in New Zealand and internationally.

Such a struggle is possible only on the basis of a new political perspective: the mobilisation of the working class in the fight for a workers' government and socialist policies, including the nationalisation of rail and other major industries under democratic workers' control.

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