

New Zealand union collaborates in cuts to mining and steel jobs

Tom Peters
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On October 8, state-owned coal mining company Solid Energy announced it would shut its Huntly East Mine and lay off the remaining 68 workers at the site. The closure follows the company's agreement with its creditors last month to sell-off its assets, and close mines that cannot be made profitable. More than 700 jobs are threatened by the privatisation.

CEO Dan Clifford told the media that the mine was losing \$500,000 a month and "we have determined it has no chance whatsoever of attracting a buyer." Huntly mine's major domestic customer, Genesis Energy, had been importing cheaper coal from Indonesia and cancelled its contract with Solid Energy in August.

In response to plummeting coal prices, driven by the global economic crisis and particularly the downturn in China, corporations around the world are closing mines and sacking thousands of workers. The *Financial Times* reported on October 7 that Australia's thermal coal price, "the main benchmark for the Asian market," has fallen to an eight-year low and is 70 percent below its peak in 2009.

Solid Energy chairman Andy Coupe told Radio New Zealand that the company's other mines in the North and South Islands could be sold, but that there is no guarantee this will take place without more job cuts. UBS resources analyst Daniel Morgan told the broadcaster that internationally there are "more sellers of coal assets than buyers" and that "the amount of assets out there that [buyers] can choose is pretty vast."

The town of Huntly, population 7,000, has relied on coal mining for more than a century. It has already been devastated by 150 job cuts at the Huntly East Mine since 2012. Solid Energy's nearby Rotowaro mine employed 235 workers and contractors in 2009 but now has just 14 workers and 100 contractors from

Stevenson Mining. The company has cut hundreds of jobs in the South Island and closed down its Spring Creek mine in 2012.

News of redundancies at Huntly came after 100 job cuts were announced on October 2 by New Zealand Steel, which employs more than 1,000 people, mostly at a factory in Glenbrook, south of Auckland. Fifty workers have already been sacked since August and a further 50 jobs will go before Christmas. In August the company threatened to close down entirely if it could not cut \$54.7 million in annual costs.

NZ Steel is a subsidiary of Australia's BlueScope Steel, which is demanding at least 500 job cuts and \$200 million of savings at its Port Kembla plant in Wollongong.

Both NZ Steel and Solid Energy are relying on the Engineering, Printing and Manufacturing Union (EPMU), which is playing the critical role in imposing redundancies. The union does not represent workers but works hand-in-glove with management and the National Party government to ensure that corporations remain profitable and internationally competitive at the expense of workers.

In addition to the 100 job cuts at NZ Steel, the deal reached with the EPMU includes a pay rise of just 1 percent over the next two years, and the scrapping of annual bonus payments in unprofitable years.

In an Orwellian press statement, EPMU official Joe Gallagher declared that the agreement "gives the company certainty about its costs and ensures good job security for the workers." The statement did not even mention the 100 redundancies.

More sackings are entirely possible. NZ Steel manager Andrew Garey told Fairfax Media that the job cuts and contract changes would only save the company \$25 million and that there would be further cost-cutting

measures in future. NZ Steel is seeking to lower the price it pays for Solid Energy's coal, which could lead to more attacks on coal miners.

At Solid Energy, the EPMU has also sought to disarm workers by painting the job destruction in the brightest colours. Last month the union's Ray Urquhart endorsed the company's agreement to sell-off its assets, describing it as a "win-win" and claiming that "business will be paid and workers will retain their jobs... in the short term anyway."

Less than a month later, the union has accepted the closure of Huntly East Mine. According to a Newstalk ZB report on October 8, Urquhart "noted that even if they did oppose the closure, it wouldn't make a difference" because the company's decision was "final."

Opposition Labour Party MP Nanaia Mahuta described the redundancies as "sad" but accepted them as inevitable. She told Fairfax Media the Government should "transition local economies to low carbon alternatives" to coal mining.

The Labour Party bears responsibility for the attacks on workers at Solid Energy and NZ Steel. In the 1980s, the Labour government privatised NZ Steel and transformed the State Coal Mines (now Solid Energy) into a profit-making company, as a halfway-house to privatisation.

Huntly was one of many small towns devastated by Labour's pro-business policies. In 1987, 487 Huntly-based coal miners lost their jobs, more than half the company's workforce in the town. Then, as now, the union bureaucracy helped the government carry out the sackings.

As a result of its collaboration with corporate restructuring following the 2008 economic crash, the EPMU's membership collapsed from 39,300 in 2010 to 33,203 in 2014. In response, the EPMU announced on October 7 that it had officially merged with the Service and Food Workers Union to form a new union called E Tu, with 50,000 members. The merger has nothing to do with advancing workers' rights but is designed to secure the privileges of the bureaucracy and strengthen its role as the enforcer of attacks on workers.

There is an urgent need for a united struggle by steel workers, coal miners and others who are under attack throughout the country, including rail, dairy and postal workers. New Zealand workers should coordinate with

their counterparts in Australia's mining and steel industries as part of an international fight to defend every job.

Such a campaign will only take place in a rebellion against the unions and Labour Party. As a first step, the Socialist Equality Group calls on workers to establish their own, independent rank-and-file committees to defend jobs and establish decent wages and conditions.

A new political perspective is needed based on a socialist and international strategy to abolish the capitalist system which is the source of the attacks on the working class. A workers' government should be established to implement socialist policies including the nationalisation of major industries, such as mining and steel, under the democratic control of the working class. These industries should be run for the benefit of society as a whole, not the profits of the wealthy few.



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