

New Zealand: Inland Revenue Department to axe nearly 2,000 jobs

Tom Peters
10 August 2017

New Zealand's Inland Revenue Department (IRD), responsible for tax collection, last month confirmed plans to slash its staff numbers by 25 to 30 percent by 2021.

At least 1,500 and as many as 1,947 workers will be made redundant, out of a total workforce of 5,647. This is part of the IRD's "Business Transformation" project, which aims to save the national government up to \$7.65 billion by 2024.

Further details have not been made public. According to the Public Service Association (PSA), which has some 3,000 trade union members at the IRD, the department also plans to cut wages for new staff. The PSA says up to 4,000 staff will be affected in varying ways by the restructure. Many will have to reapply for new positions.

Staff members were informed on July 19 that layoffs could begin in February 2018. The IRD has 17 offices around the country and has not said which will be affected. The IRD first announced last year it was planning the redundancies, partly attributing them to technological changes.

In fact, the cuts are part of the National Party government's ongoing austerity drive. Since 2008, following the global financial crash, more than 5,000 core public sector jobs have been eliminated. Health and education are severely underfunded and access to welfare has been cut for thousands of people.

Government-owned companies have also sacked thousands of workers, including NZ Post, which has eliminated over 2,000 jobs. The collapse of state-owned coal mining company Solid Energy has led to about 2,000 layoffs and devastated entire towns.

This assault has been carried out with the full collaboration of the trade unions, including the PSA. The union has helped to ensure orderly lay-offs at

several departments, including the Ministry of Business, Innovation and Employment (MBIE), Ministry of Justice, Department of Conservation and Ministry of Agriculture.

The PSA announced from the start that it agreed with the IRD restructure, and would help implement it. In a statement on April 4, 2016, the union said it would collaborate with the IRD "at every step of the way" and praised management for being "proactive so far in communicating with us about the change process." PSA national secretary Erin Polaczuk said: "It's inevitable jobs will go, but we are committed to retaining as many as possible."

Polaczuk reiterated the message on May 10, 2017. Criticising the IRD's threat to withhold redundancy from workers who refused to accept new job descriptions, she stated: "We understand Inland Revenue's desire to maintain a flexible workforce ahead of the proposed job cuts... Change happens, and our members understand this."

Having supported the cuts, the union has made tactical criticisms of IRD's "process." On July 19 Polaczuk told Radio NZ: "I just think they're being a bit hasty by thinking that they can reduce the number of staff by that amount."

In a statement on July 31, Polaczuk declared that "despite working closely with IRD for more than a year," the PSA was forced to conclude that the management's final document "includes sweeping changes to members' roles, risks putting staff under extreme stress and could negatively affect New Zealand's ability to pursue tax avoidance and compliance."

In other words, the union's main concern is to keep "working closely" with the IRD to find means to impose the job cuts, so as to overcome members'

resistance and ensure “tax compliance.”

Doubtless under pressure from PSA members outraged over the union’s sellout, Polaczuk sought to deflect the blame, stating that “the leadership at Inland Revenue has failed PSA members.”

Like other unions, the PSA is seeking to drum up support for the opposition Labour Party and the Greens ahead of the September 23 election. A union press release on July 20 said Labour was committed to “a restoration of funding to vital public and community services.”

The Labour Party has made limited criticisms of the IRD restructure, saying it would undermine the government’s stated goal of reducing tax avoidance by multinationals. New Zealand has one of the most deregulated tax environments in the world. As the leaked Panama Papers revealed, it is also a haven for foreign trusts, where the world’s elites stash hundreds of millions of dollars.

Labour’s revenue spokesman Michael Wood told TVNZ: “Improving IRD does not require a whole-scale gutting of the organisation and loss of experienced workers.” However, the party has made no commitment to reverse the cuts to the IRD and other departments if it wins the election.

Despite its campaign rhetoric, the Labour Party has no substantial differences with the government’s agenda. Labour and the Greens have committed themselves to “Budget Responsibility Rules,” limiting spending to 30 percent of gross domestic product, about the same as the current government.

In Auckland, thousands of jobs have been slashed by Labour- and Greens-backed municipal councils, including 1,200 following the amalgamation of Auckland’s local councils from 2010 to 2012. The current city council, led by former Labour Party leader Phil Goff, is cutting hundreds of library jobs and preparing hundreds of redundancies in public transport. The PSA has fully collaborated with the library cuts, just as the union is doing at the IRD.

In recent months workers in several industries have faced job cuts and attacks on wages and conditions, including transport and library workers, engineers and meat processing workers. In every case they confront unions that work hand-in-hand with the government and corporations to suppress any struggle against this offensive.

There is a growing mood of rebellion among workers and distrust of the unions and Labour. The Socialist Equality Group (NZ) says bluntly to workers that the way forward is not through these reactionary, anti-worker organisations but in a rebellion against them on the basis of a socialist perspective.

For IRD workers to defend their jobs they must take matters into their own hands. Worker-run rank-and-file committees must be formed, independent of, and in opposition to, the PSA and the Labour Party, to unite workers nationally and internationally who are facing similar attacks. We urge IRD workers who are looking for a program to fight the job cuts and pro-business “restructuring” to contact us at sep.wellington@gmail.com.

The author also recommends :

Job cuts planned for Auckland rail services
[28 July 2017]

The way forward for New Zealand meat workers
[27 June 2017]

Gender pay deal used to promote unions, government
[3 May 2017]



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact