Unemployment soars in New Zealand

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New Zealand's ruling elite is responding to the economic crisis triggered by the COVID-19 pandemic with job cuts, wage reductions and other attacks on the working class.

Announcing the Labour Party-led government's annual budget on Thursday, Prime Minister Jacinda Ardern declared: "New Zealand is about to enter a very tough winter" and "the coming months and years will be some of the most challenging our country has faced in a very, very long time."

Internationally, a savage restructuring of class relations is underway. While failing to properly fund public health systems, governments have seized on the pandemic as a pretext to give trillions to the banks and corporations. At the same time, ordinary working people are being told they must sacrifice their living standards, or risk their health and lives by returning to work before it is safe.

In New Zealand, the number of people receiving the Jobseeker (unemployed) benefit increased from about 145,000 before the country went into a lockdown in mid-March, to 184,400 at the start of May. Forty-five percent of the new welfare applicants were young workers aged in their 20s.

The Treasury says unemployment, which was officially 4.2 percent in March, will likely reach 9.8 percent in September. This is undoubtedly an underestimate. Documents leaked from the Ministry of Social Development this month show it is preparing for 300,000 benefit applications by January 2021. This would mean an unemployment rate of 13 percent, a level not seen since the 1930s.

The scale of job losses will be even greater. Many people made redundant will be ineligible for the Jobseeker benefit if their partner is still employed. Others who suffer reduced hours or become discouraged from looking for work will not be counted as unemployed.

The tourism industry, which supports 400,000 jobs and accounts for 10 percent of gross domestic product, has virtually collapsed. A survey of 1,619 businesses by Tourism New Zealand confirmed that almost 300 were at "high risk" of closing down, 16 had already closed. Thirty-seven percent had cut staff already and another 21,381 layoffs are expected.

Tourism Minister Kelvin Davis told an industry webinar on May 15 that the government would not "pay people to exist" and any state support would be targeted to businesses that are deemed "strategic."

Ngai Tahu Tourism, a major Maori tribal-owned business in the South Island, recently confirmed 309 of its 348 staff will lose their jobs. Skyline Enterprises, which runs businesses in Rotorua, Dunedin, Christchurch and Queenstown, sacked 500 people last month, more than half its workforce.

Aoraki/Mt Cook Alpine Village Limited, which has received $1.2 million in subsidies, has announced it is sacking 157 staff from its Hermitage Hotel.

Queenstown Airport Corporation (QAC) has cut contracted and temporary staff and slashed wages for remaining staff by 5 to 20 percent. This is despite QAC getting more than $400,000 in wage subsidies from the government. It is one of many companies that have attacked workers despite benefiting from the government's multi-billion dollar wage subsidy scheme.

Almost 2.5 million airline passengers went through Queenstown in the year ending June 2019. This has completely dried up, with devastating consequences for the region.

On May 7, the Air Line Pilots Association (ALPA) agreed with Air New Zealand to slash the wages of 900 pilots by 30 percent and make another 300 pilots redundant. Union president Andrew Ridling presented this attack as a "fair" outcome, telling *Stuff* there was an agreement to bring back pilots once the industry

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restarts.

The national airline, which is 52 percent owned by the government and has received more than $70 million in wage subsidies plus a $900 million government loan, signalled in April that at least 3,750 staff will lose their jobs.

E Tu, which represents about 5,000 Air NZ workers, has accepted mass redundancies. On April 9 the union stated merely that the process was "too rushed." At the same time, E Tu applauded the government's appointment of former Council of Trade Unions president Ross Wilson as an "independent advisor" to Air NZ's board, falsely claiming this would ensure "a worker's voice" is heard.

Unions are assisting the government and big business by blocking any organised resistance to the most brutal attacks on the working class in decades. These organisations do not represent the interests of workers; they are an upper middle class bureaucracy, with close ties to the Labour Party and corporations, whose aim is to ensure their own privileged position within capitalism.

While tourism and travel are the worst-hit industries, workers in virtually every sector of the economy are being made to pay for the economic crisis.

SkyCity, a casino and convention centre operator, recently announced 700 more redundancies, on top of 200 confirmed last month, together representing almost a third of the company's workforce in Auckland. Cleaners, hotel workers, gaming, bar and cafe staff are affected.

Unite union organiser Joe Carolan, who leads the pseudo-left group Socialist Aotearoa, told the *New Zealand Herald* on May 11 that the union had negotiated "a very good redundancy clause," amounting to just four weeks' pay for the first year and two weeks for every subsequent year of employment. He blamed the layoffs on a "drop in international business," social distancing requirements and people having less money to spend.

SkyCity regularly posts annual profits in the hundreds of millions of dollars. Despite this, as of May 3 the company had claimed $21.7 million in subsidies from the government, while slashing wages by 20 percent during the COVID-19 lockdown.

Other job cuts include 230 at sports-betting company TAB, 30 percent of its workforce. Hardware chain Bunnings Warehouse has proposed seven store closures in regional or rural towns, with 145 redundancies. Online retailer Trade Me, with 600 staff, intends to cut 20 percent of its wage bill.

In the manufacturing sector, building products company Steel & Tube is considering up to 200 redundancies. NZ Steel expects to shed 60 jobs.

Local councils are also imposing austerity. Auckland Council, led by the Labour Party's Phil Goff, has cut 450 temporary or contract staff since the onset of the pandemic, and slashed wages for others.

New Zealand was already experiencing a severe social crisis and economic downturn when the coronavirus pandemic began. In 2018 and 2019, New Zealand saw an upsurge in anti-austerity walkouts and protests, including nationwide strikes by teachers and health workers, which were strangled and sold out by the unions. The rapid destruction of tens of thousands of jobs and livelihoods, however, is paving the way for an even greater eruption of the class struggle.

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