

# New Zealand's largest retail chain axes 1,080 jobs

John Braddock  
29 July 2020

The carnage being inflicted on workers' jobs continued when New Zealand's largest retail chain, The Warehouse, announced on July 19 up to 1,080 sackings. It followed the recent decision by the global conglomerate Rio Tinto to mothball Southland's Tiwai Point aluminium smelter next August, at a cost of 2,600 jobs within the region.

In the wake of COVID-19, the number of jobs fell by a record 37,000 or 1.7 percent in April alone, according to Statistics NZ in June. It was the biggest monthly fall in percentage terms in 20 years since the measurement was established. There are now 208,577 people on either Jobseeker Support or a COVID-19 payment. More than 63,000 have signed up since March 20.

Job cuts by major businesses thus far include: 4,000 at Air NZ, 1,000 at Fletcher Building, 910 at Millennium & Copthorne Hotels, 900 at Sky City casino and 1,100 temporary and contractor jobs at the Auckland Council, led by Labour Party figures. Unemployment is forecast to hit 10 percent this year.

Like other corporates, The Warehouse is using the pandemic and the resulting economic downturn to accelerate a pro-business restructuring involving the elimination of jobs and destruction of working conditions.

Staff at The Warehouse's 92 stores were called into meetings on July 19 to be told of the company's restructuring process, cynically titled "Project Agile." Chief executive Nick Grayston claimed the restructure was made necessary by consumers' changing spending patterns, including the rise of on-line shopping and different on-site hours.

From August 31 staff hours will be reduced across the board while job cuts will hit 782 workers, plus another 137 through store closures. There will also be cuts at the company's head office. The Warehouse

confirmed six store closures on top of three already under way, accounting for the projected 1,080 job losses, 9 percent of the company's total workforce.

The closures involve the Noel Leeming Henderson Clearance Centre, and stores in Birkenhead, Tokoroa, Papanui and The Palms in Christchurch. Stores in Dunedin, Whangaparua, Johnsonville and Warehouse Stationery in Te Awamutu will also now be shut down.

The announcement comes after The Warehouse took \$NZ67.7 million from the Labour government's wage subsidy scheme, paid out following the March COVID-19 lockdown. The cumulative \$12.3 billion in handouts, falsely promoted as a means of saving jobs, have not stopped businesses slashing wages and sacking workers. SkyCity's subsidies reached \$31 million after it was granted a \$9.4m top-up last week, despite already having sacked 900 workers.

The Warehouse had also imposed wage cuts on some staff. At the end of April, those earning more than \$60,000 were told to take a 10 percent salary cut and those earning more than \$100,000 a cut of 20 percent. The cuts were subsequently repaid because sales during the reduced Level 2 COVID-19 restrictions were higher than expected.

The brazenness of The Warehouse's money-grab forced Prime Minister Jacinda Ardern, who is facing an election in September, to cynically declare she was "angry" after the company first foreshadowed the closures last month. Ardern told Radio NZ that The Warehouse had promoted itself as being "in the community and for the community." She contrasted the company with small-business owners "trying to keep their staff and stay afloat" by running down their reserves.

The Warehouse founder Stephen Tindall regularly postures as a "socially conscious" businessman and

philanthropist. He was among an international group of 83 millionaires who, fearing the growth of anti-capitalist sentiment, recently called on governments to tax them more to counter the economic blow of COVID-19.

The company has grown into a billion-dollar enterprise by exploiting the social crisis confronting working people at home and abroad. In 1982, Tindall set up his first “Red Sheds” in working class suburbs, selling large volumes of cheap imported items from low-wage countries. The operation grew exponentially, benefitting from decades of attacks on the social conditions of working people, including its own employees, buttressed by the wholesale deregulation of business.

Many workers will be devastated by the recent announcements. One Hamilton worker told *Stuff* she broke down crying when she heard her hours will be cut. “I will be losing between eight and 10 hours a week. It doesn’t seem like much, but that’s more than \$250 a week after tax,” she said. “That’s a huge chunk of money to lose when you’re on a sole income.”

Single mother Anna Grey told Radio NZ she was being made redundant after more than 10 years working at the Birkenhead store. “To be honest, it’s going to be really hard,” she said. “I can tell you now I will be really struggling... Everybody else is losing their jobs, and there’s nothing there.”

Far from launching a struggle to defend jobs and conditions, FIRST Union, which represents about 2,000 Warehouse workers, is playing a central role facilitating the company’s onslaught. General secretary Dennis Maga told the media that the union had received advance “information about the new model in confidence,” but withheld it from workers while engaging in “consultation” with management behind closed doors.

Maga said union delegates had “brought ideas to the table and generally felt the discussions were meaningful.” The company, he complained, then “went ahead and did everything they’d already decided.”

The union’s crocodile tears flowed. Maga declared: “Members are expressing their frustrations. They would like to know and understand what this process is all about. They need to understand if they will keep their jobs after the consultation.” He fraudulently claimed the union will “continue to engage with The

Warehouse executives and challenge the business model” as it is imposed around the country.

This dishonest and bankrupt perspective yet again exposes the unions for what they are: corporatised entities that function as an industrial police force of governments and big business. Throughout the COVID-19 crisis the unions applauded the Ardern government’s billion dollar bailouts while pushing for worksites and schools to remain open regardless of health risks.

FIRST Union has a long history of enforcing closures and mass sackings. Following nearly 200 redundancies in 2013 at Summit Wool Spinners in Oamaru, for example, the union boasted it was “expert now in looking after people after these events. We coordinate with WINZ [social welfare], with local mayors, MPs ... to try and get things in place for those workers.” That is, the union provided its services to ensure that layoffs went ahead smoothly.

The fight against this assault on jobs and working conditions cannot be carried out through the trade unions. To protect jobs and living standards, workers need to build their own independent organisations: rank-and-file committees, to link up workers in different industries and internationally. Such struggles must be guided by the fight for a workers’ government that will implement socialist policies, including the nationalisation of major industries under democratic control.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**