

# Mounting job cuts in New Zealand

**Tom Peters**  
**12 March 2021**

The global economic crisis triggered by the coronavirus pandemic is continuing to worsen in New Zealand. Working people are bearing the full burden, through job losses and the soaring cost of living, especially in housing, pushed up by landlords and investor speculation.

In the 12 months to September 2020, New Zealand's economy shrank by 2.2 percent. While there was a return to growth in the September quarter, some economists believe the country is now in another recession. The tourism, retail and education industries have all been severely affected by the border closure, imposed nearly a year ago.

Prime Minister Jacinda Ardern's Labour Party-led administration responded to the crisis, like governments internationally, by protecting the rich, with tens of billions of dollars in subsidies, tax concessions and loans to big businesses. The Reserve Bank in a one-off quantitative easing program is printing up to \$100 billion to buy back bonds held by commercial banks.

Officially, unemployment dropped from 5.3 to 4.9 percent in the December quarter, but this is still 25,000 more unemployed people than a year earlier, an increase of about 22 percent. The figures do not reflect the real scale of the crisis. Since March last year, the number of people receiving the main Jobseeker welfare benefit has increased by 63,000. The underutilisation rate, including people not actively looking for work and workers who want more hours, is 11.9 percent.

*Stuff* reported on March 4 that from September to November 2020, "16,234 businesses closed permanently, compared to 7,154 in the same period in 2019... an increase of 127 percent." Tourism areas are among the worst affected. Business revenue in the Queenstown Lakes District has collapsed by 23 percent and in the past year 9.1 percent of its jobs, about 2,000 jobs, have vanished.

Other sectors are also being hit with redundancies. On

February 23, the Whakat?ne Mill, which produces paper and packaging products, announced a plan to close by the end of June, after more than 80 years of operations, destroying 220 jobs. The mill's parent company, Switzerland-based multinational SIG Combibloc, decided to stop purchasing its products, instead opting for cheaper third-party suppliers.

The closure will devastate the already-struggling district of 35,700 people, which in 2018 had a median income of just \$26,300—17.3 percent below the national median. *Stuff* reported that up to 100 contractors and other businesses are indirectly supported by the mill.

FIRST Union and the E t? union, which have 100 and 40 members at the mill respectively, responded to the announcement by calling on the government to subsidise local forestry businesses and help redundant workers find new jobs. No industrial campaign has been launched to stop the closure and defend every job.

In the retail sector, Australian department store chain David Jones announced last month that its Wellington store, which employs 150 people, will close in 2022. Auckland homeware store Nido is also closing, with 60 redundancies. Consumer spending has declined for five months in a row, with more than half of all retailers reporting a drop in sales in the last month, according to Retail NZ.

Hundreds of bank staff are losing their jobs, even as the banks' profits are propped up by the state's money-printing program. The Bank of New Zealand recently announced plans to close 38 branches, mostly in rural areas. Kiwibank, ANZ, ASB and Westpac are likewise closing dozens of regional branches.

The country's major universities have recently announced around 700 redundancies, in response to the sharp decline in international students, thousands of whom were stranded overseas by the border closure. The total number in the country has halved to around 10,000.

In addition, universities are scrapping many part-time and temporary roles, including tutors, who are usually postgraduate students. A student union spokesperson told RNZ, “dozens if not hundreds of students at some institutions who would be employed in a normal year... now aren’t.” As a result, many undergraduate students are missing out on tutorials.

The Tertiary Education Union (TEU) has accepted the cuts as inevitable and is helping to impose them.

On March 10, *Stuff* reported that Victoria University of Wellington (VUW) had ruled out “large scale” sackings. The TEU posted the article on Facebook presenting this as a victory, with the comment: “The Vic Uni branch has shown how much is achieved when we stand together.” According to *Stuff*, branch leader Dougal McNeill, a leading member of the pseudo-left International Socialist Organisation (ISO) “said he welcomed the announcement,” but the union “remained concerned” about staff workloads and called on the government to increase funding.

In fact, as *Stuff* notes, around 60 staff at VUW are taking “voluntary” redundancies. Vice-chancellor Grant Guildford made clear that further cost cutting is likely, saying: “It will still be necessary to keep a very tight rein on operational costs, including pay levels this year.”

The TEU reportedly advised its members at VUW not to take redundancy. But it provided no alternative way forward. The union has made no attempt to unite staff at all universities and polytechs in a nationwide strike campaign against the cuts.

The University of Auckland has so far signed up 300 permanent staff for redundancy. Massey University aims to sack 74 people, Auckland University of Technology 71, Lincoln University 72, the University of Canterbury 40 and University of Waikato 25.

In the 2017 election, the TEU supported Labour, falsely stating that it offered “a credible and popular alternative” to the former National Party government’s austerity measures. Universities continued cutting jobs in 2018, while Labour froze funding. But the union, and the ISO, again supported Labour and the Greens in the 2020 election.

To defend jobs, as well as conditions for students, requires a political fight against the Ardern government, the unions and their pseudo-left allies. New organisations, rank-and-file committees of

students and staff, must be built to oppose the pro-business onslaught. They must link up with workers in factories such as the Whakatāne Mill, and with retail, tourism and workers internationally who are facing the same onslaught of pro-corporate restructuring.

Above all, the fight against austerity requires a socialist political perspective. Why should workers and young people suffer while the government hands over tens of billions of dollars to the banks and big business? This money must be urgently redirected to provide high-paying, secure jobs and well-resourced public services, including free and accessible tertiary education.



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