

New Zealand paper mill workers locked out for nearly a month

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For nearly four weeks, 145 workers at the Essity paper mill in the town of Kawerau, New Zealand, have been locked out after they rejected an effective pay cut and 67 workers took limited strike action.

The lockout, which began on August 9, demonstrates the increasingly ruthless measures that big business is taking against workers, in New Zealand as throughout the world, in order to drive down wages and ramp up exploitation. The ruling class is making working people pay for the worsening economic crisis, triggered by the pandemic and the US-NATO proxy war against Russia.

The workers, who make Purex toilet paper and similar products, rejected an offer of just 3 percent per year, for the next three years, plus a lump sum of \$4,500. With annual inflation currently at 7.3 percent, which constitutes a significant pay cut.

Essity falsely claims it cannot afford a decent pay rise. On August 25, the Kawerau mill's general manager Peter Hockley made the threatening statement to *Stuff* that even the Pulp and Paper Workers Union's (PPWU) call for the company to match inflation, which would be an effective pay freeze, "has real potential to cost local jobs." This is from a multinational Swedish-based company that employs 46,000 people globally and made a \$NZ1.8 billion profit in 2021 and \$330 million in the first half of 2022.

In fact, PPWU secretary Tane Phillips (who is also a member of the ruling Labour Party) has said publicly that he is willing to negotiate an annual increase lower than inflation. He evidently felt unable to immediately impose the company's demand of 3 percent, because of the intense anger among workers.

On September 1, the PPWU and Essity management entered facilitated bargaining, overseen by the government's Employment Relations Authority. The next day, Essity said there had been "positive

progress," without providing any details. It said the mill would "remain shut while talks continue" next week. The statement must be taken as a warning that the company and union leadership are preparing a sellout agreement.

Meanwhile, Essity has launched punitive attacks on the locked-out workers, in an effort to crush their resistance. On August 26, the union revealed that workers were being blocked from making "hardship withdrawals" from their own retirement savings in Asaleo Care Super (ACS), the Essity-controlled superannuation scheme. A letter sent to one worker by ACS said: "We have been informed by your HR this week, that all financial hardship requests must be approved by the company, and they will not be consenting to any withdrawals during this time."

On August 29, PPWU announced that Essity had initiated legal action against the 67 individual employees who took several days of strike action prior to the lockout. The company alleges that the action was unlawful and wants to make the workers liable for a total of \$542,852 in financial damages plus costs, or \$8,102 per worker.

The PPWU's Phillips denounced Essity's actions as "starvation tactics." At the same time, he attempted to divert workers' anger away from local management in New Zealand, by demagogically blaming "the Australian management" for being responsible for the lockout.

Council of Trade Unions (CTU) president Richard Wagstaff, after remaining silent during the first three weeks of the lockout, told Radio NZ on August 30 that Essity was "trying to intimidate this union and their workers so they don't need to negotiate. They want these workers sort of forced back to work and to accept a cut in pay."

The unions, however, are complicit in seeking to isolate and wear down the workers. The CTU has launched a website where people can donate to the PPWU, and other unions have also announced donations. But the fact that some workers have tried to withdraw their retirement savings indicates that they are clearly not getting enough to survive. This is despite the enormous resources of the unions, which collectively take tens of millions of dollars in membership dues each year.

The WSWS understands that locked out workers are receiving one \$200 supermarket voucher and one \$50 fuel voucher per week from the PPWU. Some have been forced to apply for government welfare in order to make rent and mortgage payments and to feed their families.

The mother of a young worker told the WSWS that her son had weekly bills of \$700 to \$800, including \$380 in rent, “so he’s had to go on the unemployment benefit, which is \$240; then he gets his \$200 voucher from the union, which still leaves him behind.” She said there were probably many workers in similar or worse situations.

Another worker, Francis, said that workers were worried about the length of the lockout and wanted it to be over. He described the attempted legal action by Essity against those who went on strike as a “load of crap” designed to scare them into accepting a low offer, while prices for “petrol, diesel, food, everything has gone up.”

Francis felt that the PPWU was “doing the best that they can,” but that its strength had declined over the years. He said the fact that union members at Essity were “split up” into three groups with separate collective agreements based on their occupation, rather than being united, had “weakened” their position. This meant that only one group of workers had gone on strike prior to the lockout.

Francis agreed that more support from workers across the country was needed, saying: “Imagine if the rest of the unions around New Zealand shut down [their workplaces] to support us and we all stood together like that. That would be amazing.”

Decent-paying jobs in Kawerau are becoming more scarce, Francis explained: “When I first came to Kawerau in 1995, it was a booming town. A lot of people worked either in the mills, or the companies that

supplied the mills, and everyone else worked in the forestry.” Last year’s closure of one of the town’s three mills, owned by Norske Skog, “had a big impact,” with more than 160 people made redundant.

The issues confronting workers at Essity are far from unique. Practically every workplace in the country faces the same determination by employers to drive down pay and conditions. The Labour Party-led government and businesses are relying on the unions—staffed by privileged bureaucrats who act as an arm of management and the Labour Party—to keep each dispute isolated and prevent a unified movement against austerity.

Firefighters, for instance, held nationwide strikes last month after rejecting a below-inflation pay deal, which contained nothing to address the dangerously low level of staffing and faulty equipment. After just two one-hour stoppages, on August 31 the Professional Firefighters Union abruptly cancelled all further industrial action and re-entered secret talks with the government and the agency Fire and Emergency NZ. The union declared it would make no further statement on the dispute until September 30.

To break through the isolation imposed on them by the union bureaucracy, workers need new organisations: independent rank-and-file workplace committees that they themselves control. With such a committee, Kawerau workers can fight to link up with workers across the country and internationally—including tens of thousands of Essity workers throughout the world. This requires a socialist and internationalist strategy, in opposition to the nationalism promoted by the unions in order to divide workers.



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