

Job cutting escalates across New Zealand

Tom Peters
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With the assistance of the union bureaucracy, the New Zealand government and businesses are carrying out a savage program of austerity measures and job cutting which is ratcheting up unemployment and putting downward pressure on wages.

Official figures released on October 16 show inflation has been brought down to 2.2 percent from 7.2 percent at the end of 2023. This has been achieved through drastic increases to benchmark interest rates by the Reserve Bank. Since early 2022 the official cash rate has gone from 0.75 to 5.25 percent, with the explicitly stated goal of increasing unemployment and triggering a recession.

In the 12 months to June 2024, gross domestic product (GDP) fell by 0.2 percent; on a per capita basis, which more accurately reflects the impact on the population, the economy shrank 2.7 percent. The last time GDP per capita increased was in September 2022. “It’s effectively a recession that’s lasted two years,” Kiwibank chief economist Jarrod Kerr told the *New Zealand Herald* on September 19.

While the banks, property developers and other corporations continue to make billions year after year—helped by low taxes and government handouts during the first years of the pandemic—the previous Labour Party-led government and the current National Party-led coalition have made the working class pay for the economic crisis.

Unemployment was recorded at 4.6 percent at the end of June, but the real figure is much higher. A record 391,224 people, 12 percent of the working age population, are on welfare payments. More than half are getting JobSeeker support—the unemployment benefit—with the rest receiving illness and disability-related benefits or sole parent benefits.

Pointing to falling inflation, Prime Minister Christopher Luxon declared on Monday: “we’re turning a corner and ... brighter days are ahead for Kiwis

and their families.”

Such statements fly in the face of reality. Wages have fallen well behind soaring rents, mortgages and other costs, and now mass redundancies are being announced nearly every week.

On Monday, Health NZ Te Whatu Ora (HNZ) confirmed about 450 staff had accepted “voluntary” redundancy after the government demanded hundreds of millions of dollars in cost cutting across the country’s public health system. The latest cuts follow a mass protest in Dunedin last month against the government’s decision to scrap a promised hospital redevelopment.

Across the public sector, the government has eliminated about 7,000 jobs so far this year. Recent announcements include a total of 562 job cuts at Kainga Ora, the public housing agency, 59 from GNS Science, the scientific research agency, and 140 from WorkSafe, the workplace safety regulator.

Private companies are likewise slashing thousands of jobs. On October 18, meat processing company Alliance Group confirmed the closure of its factory in Smithfield, Timaru, which has been in operation for more than 139 years, due to a drop in sheep numbers. About 600 jobs will be destroyed in the town of 28,900 people, and \$40 to \$50 million a year will be lost to the community.

In September, Oji Fibre Solutions announced the closure of its recycling plant in Auckland, resulting in 75 job losses. This followed the destruction of 230 jobs with the closure of Winstone Pulp International’s sawmill and pulp mills in the Ruapehu district. The companies cited increased power prices and other costs.

Last week, the state-owned company KiwiRail, which runs the country’s railways and Interislander ferries, emailed its 4,500 staff with an offer of voluntary redundancy. KiwiRail chief people and communications officer Andrew Norton said it was

necessary to “reshape the business, lower our costs and create a solid footing for future growth.” This is in addition to proposals to sack 50 Interislander workers, dozens of railway job cuts in Napier and Palmerston North, and two dozen jobs with KiwiRail’s Zero Harm Group, responsible for health and safety.

The Rail and Maritime Transport Union, which is currently seeking to impose a wage cutting deal on Wellington train workers, criticised KiwiRail’s processes while making clear it will not oppose the cuts. Acting general secretary Karen Fletcher told *Stuff* on October 17: “[Management] need to work out where the surplus jobs are and identify and do a bit more of a needs assessment.”

The state-owned NZ Post is seeking to cut costs by up to \$40 million this financial year at the expense of jobs and conditions. According to *Stuff*, about 100 workers could be made redundant or have their hours reduced. Last year NZ Post announced plans to cut 750 jobs over a five-year period.

In every case the unions have enforced redundancies and prevented any unified campaign against austerity by the working class. Following the Smithfield meatworks closure, the Council of Trade Unions said it was “calling on the government to show leadership” and “support workers with retraining and pathways into employment.” The unions know full well that the government will do nothing to meaningfully assist the tens of thousands of people being thrown out of work.

The Labour Party’s Camilla Belich issued a similarly hypocritical statement, falsely claiming that the previous Labour-led government had “supported workers and businesses to keep people in jobs.” Unemployment increased from 3.4 to 4 percent last year, and Labour campaigned in the 2023 election promising to cut thousands of public sector jobs.

Meanwhile, FIRST Union has embraced the nationalist, anti-immigrant NZ First Party which is part of the National-led government. The aim is to deflect anger over the social crisis away from the capitalist system and to divide the working class by blaming immigrants.

The only way to fight back against the wave of job losses is to unite the working class, of every ethnicity and nationality, against the capitalist system and all its parties.

This also requires a rebellion against the trade union

apparatus, which enforces the dictates of the corporate and financial elite. The unions agree that businesses can sack whoever they like and that workers must sacrifice for the good of the economy, i.e. profits.

Workers must form rank-and-file committees—independent workplace organisations controlled by workers, not union bureaucrats. This will provide the starting point for a national and international struggle against austerity, as well as the squandering of society’s resources on militarism and war.

What is required is nothing less than the socialist reorganisation of society. The major industries must be placed in public ownership, under workers’ control, and the wealth hoarded by the financial elite must be used to pay for fundamental social needs, including the provision of high-paying jobs and a vast expansion of public healthcare, education and other vital services.



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