

# New Zealand government introduces drastic austerity measures

A correspondent  
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New Zealand's minority National Party government, led by Prime Minister Jenny Shipley, is facing growing opposition to a series of austerity measures introduced in response to the country's economic downturn. The country is officially in recession after two consecutive quarters of negative growth.

Polls have shown a dramatic slump in support for the National Party, which is now trailing the opposition Labour Party by up to ten percentage points. Angry pensioners have attended rallies around the country, organised by the 'Grey Power' group, at which government spokesmen have been booed and denounced.

Following the breakup of its coalition with the NZ First party in August, the National Party has been a minority in the 120-seat parliament. It has ruled for the past two months by relying on an unstable series of political relationships with the right-wing Association of Consumers and Taxpayers (ACT), which has eight MPs, the United Party's single MP and nine so-called 'independents', most of them defectors from NZ First.

Under the pressure of big business and ACT, the Shipley government has implemented 'Policies for Progress' which will result in further cutbacks to public services, welfare and a lowering of living standards for broad layers of working and middle class people. These include:

- \* A reduction in state pensions from 65 percent of the average wage to 60 percent. Due to be brought in next year, this measure will reduce the average single pension by \$25 per week, slashing \$2.6 billion from the welfare budget. About 85 percent of retired people depend either totally or mainly on the aged pension for their income.

- \* The reversal of a promise to do away with asset testing for people requiring long-term hospital care. As

a result, elderly people who require long-term medical treatment have to use up their savings before qualifying for financial assistance.

- \* A 'back to basics' drive in primary schools to introduce national testing in reading and mathematics, combined with increased powers of enforcement by the Education Review Office. Such measures have already been used to stigmatise working class schools, leading to lower enrolments, less funding and eventual closure. The Minister of Education has confirmed that Petone College, a secondary school in a working class area of Wellington, will shut before the end of the year.

- \* A work-for-the dole scheme, planned by former NZ First Minister of Employment Peter McCardle. Under this 'Community Wage' scheme, a number of Auckland schools, faced with a lack of government funding, are replacing their support staff, including teacher aides, with less expensive and untrained community workers.

- \* A fresh round of asset sales. Government Property Services, which owns and leases government buildings, including offices, has been put on the market.

- \* Tough new measures against young people, including curfews for juvenile offenders, a reduction in the age of prosecution for juveniles, and compulsory parenting courses for designated parents.

- \* New proposals, announced in the past week, to force welfare recipients to have their money managed for them by financial managers.

These measures are being brought forward as unemployment rises rapidly. The government has to budget an extra \$143 million to cope with the expected rise in dole payments--an increase of 9.8 percent on the original allocation. The official unemployment rate has risen from 7 percent to 7.7 percent in the recent months and is expected to soon exceed 8.5 percent.

The Shipley government increasingly appears to be

under siege. Facing popular outrage, it is also under pressure from conflicting sections of the ruling class. It has backed off previous plans to break up the primary industry producer boards after scathing criticism from the powerful Dairy Board and the farmers' lobby. Farmers have been a traditional backbone of electoral support for the National Party. A backbench revolt is also likely to scuttle the planned purchase of a third Anzac frigate for the navy.

ACT is turning up the heat on the government, calling for immediate tax cuts and threatening to force an early election. National Party ministers favour further tax cuts but claim it will be two years before they can be afforded. ACT leader Richard Prebble said his party was reviewing its support for the government, and could decide to vote against it in a confidence motion due to come before parliament in February.

Big business is increasingly preparing for a Labour government. The Labour Party has begun receiving favourable coverage in the media, notwithstanding a recent announcement that it is prepared to raise the top personal tax rate from 33 to 39 cents in the dollar. Most of the anticipated \$300 million revenue will go into corporate handouts under a newly-announced industry assistance scheme.

Recent polls have given the Labour Party a sufficient margin over the Nationals to enable it to govern in its own right, without having to call on another opposition party, the Alliance, as a coalition partner. Both Labour and the Alliance have been presenting themselves as a 'responsible' alternative government. Labour's finance spokesman Peter Cullen has emphasised that a Labour government would not expand public spending.

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