

# New Zealand row over government bonus for union members

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A dispute that briefly occupied the front pages and letters columns of the New Zealand newspapers just before Christmas has served to shed some light on the role of the trade unions as the main arm of employers for imposing job losses, productivity increases and pay cuts.

In late November, the Wellington based *Dominion Post* reported that the Labour Party led government had signed agreements with the largest public sector union, the Public Service Association (PSA), giving lump-sum bonus payments to its members. Figures obtained from Finance Minister Michael Cullen showed that PSA members in the Inland Revenue Department received an extra \$800, in addition to pay rises and other benefits negotiated as part of a 22-month collective agreement.

Other government departments have negotiated similar agreements. The Ministry of Social Development recently paid \$600 to union members in “recognition of the collective contribution of PSA members” to the efficient running of the department. Defending the payments, State Services Minister Trevor Mallard said the government “recognised the role the unions played in improving the quality and efficiency of services delivered to taxpayers and in staff-working conditions”.

Various politicians and commentators weighed in over the payments. MP Rodney Hide, deputy leader of the Association of Consumers and Taxpayers (ACT), called the bonuses an “outrage,” saying they were a “bribe” to force government employees to join the union. The *Dominion Post* accused the government of “using taxes to buy union loyalty” in order to shore up its own position and questioned the legality of the practice under the government’s industrial legislation.

Throughout the 1990s, employers used a raft of

inducements and threats contained in the Employment Contracts Act (ECA), enacted by the previous National Party government, to force workers onto individual contracts. These agreements commonly destroyed collective rights and contained only the most meagre of legal protection for employees.

The Labour government, initially elected in 1999, changed tack to promote collective bargaining between employers and the trade unions. Its own industrial legislation, the Employment Relations Act (ERA), framed with considerable input from the Council of Trade Unions (CTU), gave legal preference to collective agreements, with unions as the sole bargaining agents. The change had nothing to do with improving the social position of workers. Labour’s aim was to use the unions as the means for disciplining the workforce and pushing through further cutbacks to jobs and conditions.

In its first term in office, Labour’s bolstering of the unions had the desired effect. The real value of wages was kept down, while the level of industrial stoppages was the lowest since 1935. Employers, who had initially opposed the ERA, were soon applauding the unions for their “responsible” and “judicious” use of the new legal powers. Employers Federation policy manager John Pask said low strike figures pointed to “a great maturity among the players in employment relations”.

Over the past 12 months, however, significant sections of the working class have come into conflict with the government and the unions themselves. Early last year nurses in Canterbury voted for unprecedented industrial action over pay and critically low levels of health funding. A year-long pay dispute in the education sector saw secondary school teachers, with the active support of tens of thousands of school

students, reject government-union deals and walk out on strike in defiance of union orders. In both cases, the union leaderships barely avoided major industrial battles with the government in the leadup to last year's election.

The widening gulf between working people and the entire structure of official politics has led to renewed efforts by Labour to maintain the unions. Hostility or indifference among workers to the unions is reflected in the slump in union membership to just 17.8 percent of the workforce, down from nearly 50 percent a decade ago. Hence recent decision to pay the public sector bonuses as a "reward" to disguise the bitter pill of more cutbacks to jobs and conditions.

PSA national secretary Richard Wagstaff defended the bonuses, saying they were in recognition of the union's "contribution" toward "positive and constructive" relationships with state sector employers. Wagstaff maintained that the union believed, "as do the employers," that such an approach "achieves a much more mutually beneficial result than the traditional confrontational employer-union relationship".

The collaboration between the PSA and the government is enshrined in a "Partnership for Quality". PSA official Lynn Middleton said the agreement was based on recognition by both parties of "a common interest to secure the viability and prosperity of Government departments and agencies.... [G]ood workplace relationships are created when there is an environment of openness, respect and recognition that both employers and employees have a common interest in making their workplace work".

What this means in practice is the close integration of the union in implementing the government's demands for greater cost-effectiveness. Measures include participation in various "working parties" on pay, "performance management", "change management" and the introduction of new methods of work. Interviewed on National Radio, State Services Minister Mallard explained that it was a major advantage to have the PSA directly involved in implementing job-shedding procedures.

None of this is a recent innovation. When Labour came to power in 1984, New Zealand achieved international notoriety for the far-reaching extent of its "market reform". In the public sector, a ruthless privatisation program resulted in bargain-basement

sales of public enterprises and the elimination of thousands of public sector jobs. Under the State Sector Act, enacted by Labour, what was left of the state sector was required to be "profit driven" rather than focussed on providing public services. One 1991 international review described these changes as "the most far reaching and ambitious of any of their kind in the world".

Throughout this drastic restructuring, which seriously undermined job security and conditions, the PSA lined up with the rest of the union bureaucracy in suppressing any resistance by workers. No serious campaign was organised to defend state sector jobs or conditions. Nearly two decades on, the PSA is so much a cog in the functioning of the public sector that it defends its "Partnership for Quality" with the government without a hint of embarrassment. The same cringing perspective animates the entire union leadership.

It is in this context that the government has tossed the PSA a small carrot—bonuses for union members—with which to attempt to arrest its terminal decline.



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