New Zealand: Gender pay deal used to promote unions, government

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In a settlement acclaimed as "historic" by New Zealand's media and political establishment, the National Party government has announced it will fund a $NZ2 billion package to address gender pay equity in the aged and disability care sector.

More than 55,000 predominantly female workers will, over 5 years, receive a minimum pay rise of between 15 and 50 percent depending on qualifications and experience. A worker on the current legal minimum of $15.75 per hour will move to $19 in July and eventually reach $23 in 2021.

The decision follows a declaration by the Supreme Court in a legal challenge begun in 2012 by the then Service and Food Workers Union (SFWU)—now part of the E Tu union—under the 1972 Equal Pay Act.

The test case was taken by SFWU member Kristine Bartlett, an aged-care worker, who was being paid only $14.46 an hour after 20 years' work at the same rest home. She argued that her employer, TerraNova, was underpaying its staff because most were female. The courts ruled that the Equal Pay Act applied and that care workers must be paid the same as workers in male-dominated industries who perform similar tasks, such as corrections workers.

The government pays the wages through subsidies to the private health care companies. The ruling National Party strenuously opposed the pay equity case over a period of five years, including three court cases and two appeals. In 1991 and 2008 National governments had dismantled pay equity laws put in place by previous Labour governments. Successive Labour governments, however, did not implement any pay equity measures.

Now, five months out from a general election, the settlement is being universally acclaimed as a landmark for low paid workers. The *Dominion Post* said it represented "a huge change in New Zealand's approach to wage setting" that is "wholly welcome." The *Otago Daily Times* declared it meant "redistributing the wealth in a more equitable manner."

The case and its reception is a desperate attempt to shore up support among profoundly alienated sections of workers for increasingly discredited capitalist institutions. As the assault on jobs and living standards intensifies, workers are being told that they can achieve wage "justice" through the framework of the unions, courts, and parliamentary parties.

Prime Minister Bill English said he expected other sectors to lodge similar claims, which would be dealt with by a new process for resolving pay equity cases, rather than direct negotiations. Legislation will be presented to parliament later this year. English warned, "The hurdles will be pretty high. This is a fairly unique set of circumstances—it's not readily or easily applicable outside of government for instance." According to the Council of Trade Unions, which has been collaborating with a government-employer pay equity working party since 2015, the Bartlett case would not have succeeded under the new law.

The government's deal is yet to be ratified by workers, but the trade unions have declared it a major victory. E Tu assistant national secretary John Ryall announced it will mean a "once in a lifetime pay rise, which will end poverty wages for this mainly female workforce and set them on the path to a better life."

This is a lie. Low wages at one end of society are required to support obscene wealth, mainly obtained through financial speculation, at the other. Households with an income of less than $30,000, i.e., 60 percent of the median disposable income, are considered in poverty. This now includes one third, or more than 300,000, of children, increasingly from families designated as the "working poor." The numbers living

below the poverty line increased by 45,000 in a year and are now double those in 1984.

While a pay increase of 15–40 percent is not insignificant, the settlement will not lift chronically underpaid workers out of conditions of poverty and grinding exploitation. The same trade unions claim that a "living wage" of $20.20 an hour is the minimum required to provide families with the basic necessities of life. The 20,000 care workers currently on the minimum wage will not even reach this inadequate threshold in the first year of the agreement.

Moreover, the majority of carers work part-time, and will still earn well below the poverty line. It is unclear what the pay rise will be worth by the time it is fully implemented in five years, given the soaring cost of living. The median rent for a 3–4 bedroom house has risen by 30 percent over the past five years, adding $6,000 to yearly household bills.

The pay equity campaign, which is promoted by a raft of unions, employers, academics and women's organisations, has nothing to do with addressing the vast and deepening issues around social inequality which are rooted in the class relations of capitalism. While gender inequality persists, the main division in society is class, not gender.

Employers certainly use every device available to them to divide workers according to gender, ethnicity, nationality and even age to suppress wages and increase profits. Under the framework of pay equity however, there is nothing to prevent businesses from paying poverty wages, as long as men and women get the same for the same tasks. This cannot be fought on the basis of identity politics, which is promoted by affluent, privileged layers of the middle class, to oppose a genuine struggle for social equality.

The ruling elite has seized on the settlement to boost the unions. For decades the unions have suppressed strikes and collaborated in destroying tens of thousands of jobs, as well as entire industries such as car manufacturing. Union membership has plummeted to 17.7 percent of the country's workforce, compared with about 40 percent in 1970.

The government and big business are concerned that the decimation of the unions will undermine their ability to police the working class. English praised the unions' "constructive approach" in negotiations following the court ruling. Health Minister Jonathan Coleman also hailed the agreement and he has in turn been applauded by union leaders.

In a revealing interview with Radio NZ, former conservative Prime Minister Jim Bolger last week feigned concern about growing inequality and declared it was time "to give some power back" to the unions. In fact, the Bolger government's attacks during the 1990s, including cuts to welfare and the anti-worker Employment Contracts Act, were made possible by the betrayals of the unions.

The aged care deal will give a major boost to the private operators, which insisted for years that they could not "afford" to improve pay rates without increased public funding. Ryman Healthcare managing director Simon Challies welcomed the settlement, saying the increase will be passed on to 45 percent of the company's workforce.

Ryman boasted last year that its profit had grown 16 percent to a record $158 million, with the company entering "a new era of growth." Since listing on the NZ Stock exchange in 1999, Ryman has paid out more than $500 million to shareholders.

Inevitably, the money funnelled by the government to these companies will be funded by cuts in spending on basic services. Costs for aged care residents could also increase. The health sector as a whole has been starved of funds, particularly since the onset of the 2008 economic crisis, leading to lengthy waiting lists for treatment and chronic staff shortages.

The vast majority of low-paid workers will gain nothing from gender equity legislation. In recent weeks the Meat Workers Union and the Taylor Preston company have pushed through an agreement that entrenches the poverty wages and insecure conditions at the plant, which has some of the country's lowest paid workers. It includes an extra 70 cents an hour, mirroring the government's recent pitiful 50 cent increase to the minimum wage. Most Taylor Preston workers, men and women, will still receive little more than the minimum wage. This situation is repeated in industry after industry.