

# New Zealand Labour government advances pro-union, anti-strike law

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Under conditions of a rapidly developing global economic crisis, attacks on living standards and escalating class struggles, New Zealand's Labour-led government has introduced into parliament new industrial legislation designed to boost the trade unions as the policemen of the working class.

So-called "Fair Pay Agreements" (FPAs) framework formed the cornerstone of Labour's industrial policy during the 2017 election but is only now being brought forward. Labour was hampered during its first term due to opposition from then coalition partner, the right-wing populist NZ First. The bill finally passed its first reading on April 5 with Labour, the Greens and Maori Party in favour, and the opposition National and ACT parties against.

The legislation will establish a tripartite system in which unions, employers and the state will decide what are "fair" minimum pay rates and conditions across an entire occupation or industry.

Labour claims that the FPA system will give power back to workers and improve pay and conditions by preventing employers from competing against each other by lowering wages. In reality, the legislation will establish a corporatist framework of employer-union-government wage setting while further curtailing the right to strike.

The law will entrench low pay across entire industries, enforced by draconian legislation and by the unions. These pro-capitalist organisations, which have worked for decades with business and governments to impose below-inflation deals, are being further empowered and integrated into the structures of the state.

At present, unions can only negotiate collective agreements covering their members at individual companies and, in some cases, across multiple employers. Under the new legislation, if a union persuades 10 percent or 1,000 members of a particular workforce (e.g., cleaners or fast food workers) to pursue a FPA, then the union can

negotiate a nationwide FPA for that entire occupation. The reach of unions will be extended to potentially tens of thousands of workers who are not union members.

When workers are presented with a proposed FPA that suppresses their wages and conditions they will be banned from taking strike action against it: strikes will be illegal during FPA negotiations. This adds to draconian provisions in the Employment Relations Act, passed by the Helen Clark-led Labour-Alliance Party government in 2000 which already make strikes illegal except when collective agreements are being re-negotiated or for health and safety reasons.

Introducing the bill to parliament, Workplace Relations Minister Michael Wood said it would help "essential workers" such as supermarket workers, "who have done so much to get our country through Covid but have been left out in the cold by a 'race to the bottom' labour market."

Wood, however, reassured the business elite by emphasising that "no strike action is allowed" while FPAs are being decided. He stressed that the measure would drive improved productivity through "collaboration, innovation, and investment." Sectoral bargaining, he noted, is common in "many successful economies." The central goal is to defend capitalism through mechanisms to lift the exploitation of the workers and expand profits.

The FPAs were designed by a working group led by former National Party Prime Minister Jim Bolger. As prime minister from 1990-97, Bolger deepened a sweeping assault on the working class, begun by his Labour predecessors, which sharply increased poverty and inequality.

While the opposition parties and organisations such as Business NZ view the FPAs as unnecessary and inflationary, Bolger, one of the more far-sighted representatives of the capitalist class, has voiced concerns

about the historic decline of the unions, and therefore their reduced ability to control the working class.

Bolger told TVNZ's Q+A last November that "obscene inequality" was pushing societies towards revolution. He declared that while National's 1991 Employment Contracts Act (ECA) was essential to stop industrial action "debilitating the country," union membership was now lower than is "healthy," with unions "probably too small now to have the influence they should have."

The ECA reduced legislative backing for the trade unions and resulted in a dramatic fall in multi-employer collective contracts and union membership. "Flexible" work practices were introduced, along with individual agreements, contracting, performance pay and the wholesale elimination of overtime and penalty rates. The onslaught was abetted by the union bureaucracy, then controlled by the Stalinist Socialist Unity Party, which suppressed widespread opposition and demands in the working class for a general strike.

The New Zealand Council of Trade Unions (CTU) actively promotes the FPA legislation. CTU President Richard Wagstaff has re-iterated that strikes, which are at an all-time low, will not be revived under the FPAs. "There's no prospect, zero prospect of industrial action from this," he declared. Employers, Wagstaff told the *Dominion Post* in 2018, "can plan to increase their productivity over the medium and long term."

A key role is being played by pseudo-left organisations. The Unite Union, co-founded by former Socialist Action League leader Mike Treen and linked to the Socialist Aotearoa group, is promoting a CTU "Speak Up Sunday" event on May 1, to "drive home just how important FPAs are." Unite is encouraging its members to make submissions to the parliamentary select committee and to distribute "a short video selfie to show your support."

The unions, which are deeply discredited after decades of pro-company betrayals, are being brought forward to enforce the sweeping assault on living standards. This month the Reserve Bank (RBNZ) lifted the official cash rate by 50 basis points to 1.5 percent, the biggest hike since May 2000. The RBNZ warned that "inflation is above target and employment is above its maximum sustainable level."

ANZ Bank economist Sharon Zollner described the "wall of inflation" as "completely unyielding," and said the RBNZ cannot afford a "softly-softly approach." Inflation is at a 30-year high at 6.9 percent and forecast to hit 7.5 percent by mid-year. Fixed mortgage rates are likely to top 6 percent in coming months. The *New*

*Zealand Herald* declared the labour market has gone "from sizzling to red hot," indicating nervousness in ruling circles over a looming wage push by health sector workers, teachers and others.

Policies pursued internationally by governments of all stripes, particularly since the 2008 financial crash, have seen the printing of trillions of dollars to bail out the rich. These developments have been exacerbated by the COVID pandemic and the US-NATO proxy war against Russia. The ruling class is determined to make the working class pay for the bailouts and escalating costs of war.

In response, an explosive growth of the class struggle is erupting internationally, involving a direct confrontation between radicalised workers against the state and corporatist unions. In New Zealand, 10,000 NZ allied health workers have voted for renewed strike action after a previous strike was called off by the Public Service Association when the Employment Court ruled it illegal.

In Australia, tens of thousands of nurses across New South Wales walked off the job for a second time this month over chronic understaffing and unsafe conditions, made worse by COVID. The striking nurses defied the NSW Industrial Relations Commission which banned the industrial action.

Workers entering struggles against austerity can only go forward in a political struggle against the Labour government and the unions—organisations which represent the interests of a narrow and well-heeled bureaucracy that supports NZ capitalism. Workers need to form rank-and-file committees in every workplace as the means to break the shackles of the unions and to advance their own class demands. This is inseparable from the fight for a workers' government and the socialist reorganisation of society.



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