

New Zealand unions push through below-inflation pay deals for nurses, teachers

John Braddock
11 August 2023

This week the New Zealand Nurses' Organisation (NZNO) and Post-Primary Teachers' Association (PPTA) cancelled industrial action and pushed through below-inflation pay deals affecting tens of thousands of nurses and secondary school teachers.

Amid soaring living costs and vast social inequality, the ruling elite and the crisis-ridden Labour-led government are depending on the trade unions to suppress emerging struggles of the working class in defence of jobs and living standards.

Following international trends, the NZ Reserve Bank increased the official cash rate by 25 basis points to 5.5 percent in May, the 12th consecutive rate rise since October 2021. Wages have largely stagnated while household living costs surged 7.2 percent in the 12 months to June, according to Statistics NZ—higher than the current 6 percent inflation rate. Costs are driven by interest rates which rose by 28.8 percent, and food prices up 13.2 percent.

On Monday, the NZNO announced a “last minute” pay offer by Te Whatu Ora Health New Zealand and called off a nationwide 24-hour strike by 35,000 nurses and midwives, due to be held on Wednesday. The union's CEO Paul Goulter said the membership vote to accept the deal was “close,” showing that a “serious level of concern and discontent” remained among nurses.

The agreement includes salary increases of \$4,000 and an additional flat rate increase of \$1,000 to senior nurses, nurse practitioners and senior midwives. Another rise of \$2,000 or 3 percent, whichever is higher, will apply from April 2024 along with a lump sum of \$750 to NZNO members.

Goulter admitted the deal “doesn't provide a wage rise that meets the cost of living” and fails to address a critical nurse shortage severely impacting workloads

and care in public hospitals. “It is pretty light on important issues such as health and safety at work and minimum staff to patient ratios,” he said. Goulter claimed these issues would be “at the heart” of the NZNO's bargaining for a new agreement next year.

The only reason the deal was accepted was the NZNO's announcement a week earlier of the completion of a separate, long-running ‘pay equity’ settlement that nets some nurses up to \$29,000 in lump sum payments. The deal came out of mediation between Te Whatu Ora, the NZNO and the Public Service Association, following litigation in the Employment Relations Authority and Employment Court since early 2022.

The claim, lodged by unions in 2017 under the Equal Pay Act, was meant to fix long-standing “gender-based” discrimination and bring healthcare workers' wages into line with comparable male-dominated professions. Last year, the union was forced to back out of an earlier agreement as a result of furious opposition from nurses who had expected it to include backdated pay to 2019.

Te Whatu Ora paid out lump sums of \$10,000 in March. With back-pay on revised pay rates, it meant staff were owed between \$17,000 and \$29,000, depending on role and seniority. The final settlement amounted to a 4.5 percent boost to basic pay, and a 6.5 percent increase for senior nurses.

Since the 1980s, the union bureaucracy and Labour have held out promises of an eventual pay equity deal as a mechanism to stifle industrial action by nurses and public sector workers.

This process was underlined in the NZNO's sell-out in the 2021 nurses settlement. Under threat of a government wage freeze, nurses held a nationwide strike after rejecting two offers of just 1.38 percent. The

NZNO initially claimed it was pushing for a 17 percent increase over two years but attempted to disguise a final deal of 7.5 percent for nurses at the top of the pay scale, by including a downpayment from the pay equity deal which was then still under negotiation.

The latest settlement will do nothing to resolve the immense problems facing the health system, including a crisis of unmet need following decades of funding cuts and privatisation. Nurses and doctors face an impossible situation in overwhelmed and understaffed hospitals, which continues to be exacerbated by COVID-19.

On Wednesday, the PPTA announced secondary school teachers had “overwhelmingly” voted to ratify a new agreement. Acting president Chris Abercrombie said there are still issues with teacher recruitment, “but today is for celebrating.” “This settlement is a significant step in the right direction,” he declared.

In fact, the deal is a blatant sell-out, imposed by the union at the direction of the state. An arbitration panel ruled last week that the 20,000 teachers should get a 14.5 percent pay rise spread over three instalments. Abercrombie immediately declared PPTA was “pleased” with the offer and would urge its acceptance.

The panel recommended a 6 percent pay rise backdated to the start of July, plus 4 percent in April next year and 3.9 percent in December next year. Teachers have not had a pay increase since July 2021 and their previous collective agreement expired in July 2022, meaning that the pay rise of 14.5 percent across three years (2022-2024) is a wage cut in real terms.

The move to arbitration, which the union endorsed, overruled teachers’ plans to ramp up industrial action by refusing to supervise extra-curricular activities such as sport and to teach particular year groups on different days.

Over 15 months of negotiations, teachers had consistently rejected successive pay offers while the PPTA, publicly at least, insisted members would only accept a settlement at or above inflation. The previous offer from the Ministry of Education (MoE), which was rejected, included a lump sum of \$4,500 and pay rises totalling between 11 and 15.5 percent by the end of 2024.

The PPTA’s move to mediation was a desperate attempt to shut down the dispute following a sell-out deal by the primary teachers’ union, the NZ

Educational Institute (NZEI). It pushed through a below-inflation pay deal following four previous rejections by its members. The PPTA settlement has a knock-on effect for early childhood and primary teachers. Under pay parity rules, the MoE must offer any changes to teachers’ unified salary scale to primary teachers and then in turn to kindergarten teachers.

Teachers will effectively pay for their own nominal salary increase through cuts to services. Prime Minister Chris Hipkins flatly declared “we don’t have a great money tree in the backyard” to meet the pay increases, which will be funded by “reprioritising” \$374 million from other parts of the Education Budget. Meanwhile, facing an election in October, Labour has ruled out imposing wealth or capital gains taxes to fund public services.

Throughout the drawn-out pay disputes, PPTA and NZEI deliberately kept the teaching workforce divided and scuttled a growing movement that saw a 50,000-strong unified one-day strike by teachers in March, the country’s largest ever. Teachers and nurses meanwhile remained isolated from each other, and from academics fighting job cuts in the universities while the unions worked to protect the Labour-led government.

The lesson of the sellouts is that workers need to build new organisations of struggle that they control, independent of the corporatised trade union leaderships.

The Socialist Equality Group calls for the building of rank-and-file committees in every hospital, school and workplace to unite workers in a joint struggle against austerity. Links should be established with the struggles of workers in Australia and other countries who are under attack from their governments.

Tens of billions of dollars are needed to build advanced public health and education services. This funding must be obtained from the banks and the corporate elite who have vastly expanded their wealth under the Labour government thanks to ultra-low taxes, subsidies and bailouts. This requires a complete political break from Labour and all its allies, and the fight for the socialist reorganisation of society.



To contact the WSW and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)