

As healthcare crisis worsens, New Zealand government pushes for privatisation

Tom Peters**27 March 2025**

As the crisis in New Zealand's public health system continues to deepen due to ongoing austerity measures, the right-wing coalition government plans to outsource thousands of operations to private hospitals.

Last year the Health NZ agency slashed more than 560 so-called "back office" jobs; now it is seeking to cut around 1,500 more positions, including data and digital workers and public health advisors. Hospitals have imposed unofficial hiring freezes in an attempt to meet the National Party-led government's \$2 billion annual cost-saving target.

The aim of the ruling class is to shift the full burden of the country's economic crisis onto the working class, while keeping taxes down for the super-rich and freeing up billions of dollars for military spending. The National Party-led government is also seeking to boost the profits of private health companies, at the expense of the public system.

The cuts are being imposed on a run-down hospital system that has been starved of funding for decades and cannot cope with increasing levels of illness in the population. Figures from Health NZ show a sharp increase in waiting times for patients in the years following the COVID-19 pandemic.

In July 2018, 6 percent of patients were waiting longer than four months for specialist treatment. By mid-2022, after the Labour Party-led government had removed almost all measures to stop the spread of COVID, the figure had reached 37.6 percent, which has remained roughly unchanged.

In September 2024, there were 27,497 people who had been waiting more than four months for treatment. This underestimates the crisis, since thousands of people in need of care do not get onto the waiting list, sometimes because they can't afford to see a doctor.

Those forced to wait include people in severe pain,

such as those needing joint replacements, or with life-threatening conditions. Dr Sarah Fairley, medical director of the Heart of Aotearoa New Zealand Kia Manawanui Trust, told Radio NZ on March 21 that thousands of patients who urgently need a heart scan to diagnose their condition face wait times of 10 months or longer in parts of the country.

Dr Fairley and the trust's chief executive Letitia Harding wrote to Prime Minister Christopher Luxon last October saying "waiting lists have blown out of control... The system is broken, and New Zealanders are paying with their lives." They called for more staff and funding for theatres and medications. There was no response from the government.

In another appalling consequence of the staffing crisis, RNZ reported on March 24 that terminally ill children may not be receiving appropriate care because "the country's only publicly-funded paediatric palliative care specialist is on extended leave."

An estimated 3,000 children need end-of-life care every year, but the vast majority, 75 percent, don't receive it because they live outside Auckland, where the children's palliative care unit is located. Successive governments have refused to fund a nationwide service.

The government is using the crisis in public hospitals, for which it is responsible, to justify moving more treatment to the private sector. The recently installed far-right Health Minister Simeon Brown has directed Health NZ to outsource 10,579 procedures by the end of June. The government will divert \$50 million to private companies under the scheme.

This will further entrench the country's two-tier healthcare system. Already, nearly 70 percent of all elective (non-emergency) surgeries are carried out in private hospitals. The proportion of publicly-funded procedures done in private hospitals has increased from

6 percent in 2015 to 12 percent in 2023 (mostly under the previous Labour government).

Dr David Bailey, lead obstetrician-gynaecologist for the Northland region, told RNZ that patients who benefit from outsourcing are generally better-off and less severely-ill. Private hospitals only want patients who are easiest to operate on, leaving the under-funded public system to deal with more complex cases.

Dr Bailey said he and his team had offered to do more procedures to clear the backlog of more than 100 people in the region who had waited longer than four months for gynaecology surgery, but Health NZ refused to fund the necessary staffing hours.

Healthcare workers and the wider working class are trying to fight back against the government's deeply unpopular agenda. About 250 people protested in Napier on March 23 against cuts to the town's after-hours urgent care clinic, which replaced the Napier Hospital in 1998. Health NZ has refused to provide an on-site doctor at the clinic, which serves an area with more than 60,000 people.

Last September, more than 35,000 people protested in Dunedin against a decision to scale back the city's hospital redevelopment.

Tens of thousands of nurses held two nationwide strikes last December after rejecting Health NZ's offer that would slash real wages and do nothing to address the staffing shortage.

More than 850 medical laboratory workers at private companies went on strike for two days in February and have held further strikes this week. The privatisation of these services began under the 1999–2008 Labour government and the workers are now paid 30 percent less than those in the public system doing similar tasks.

The trade union bureaucracy has kept each struggle isolated and suppressed any unified movement by workers across the public and private sector against the unrelenting attacks on wages, jobs and vital services.

The Public Service Association (PSA), which has 25,000 members in the health sector, has not taken any strike action against Health NZ's job cuts. Instead it is taking legal action through the Employment Relations Authority, arguing only that there has not been enough consultation on the government's plans.

The PSA has already overseen thousands of redundancies in numerous government departments, and prior to the 2023 election the union publicly

supported Labour's proposed layoffs across the public sector.

The New Zealand Nurses Organisation (NZNO) has been silent on the nurses' pay dispute since December. It is negotiating behind closed doors with Health NZ to prepare what will be a sellout, like many previous agreements backed by the union leadership. Meanwhile, the NZNO is attempting to stoke divisions among nurses by arguing for race-based staffing quotas.

To defend public healthcare, workers must break politically from the Labour Party—which has no real disagreement with the government's austerity and privatisation agenda—and take matters into their own hands and out of the grip of the pro-capitalist union bureaucracy. This requires the building of new organisations, rank-and-file committees controlled by workers, in every hospital and clinic.

These organisations will provide the means to link up with workers in schools and across the public sector, and private businesses, to prepare a general strike against the government. To succeed, this fight must be infused with a socialist political perspective, based on the principle that society's wealth and resources must be expropriated from the billionaires and used to meet urgent social needs, including a vast expansion of the public health system.



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