Wages plummet in New Zealand

Tom Peters
17 July 2026

The OECD Employment Outlook published on July 7 revealed that wages in New Zealand fell by 6.4 percent in real terms in the five years between early 2021 and the first quarter of 2026. It was the biggest decline out of all 38 countries in the OECD—worse than Italy (where wages fell 6.1 percent), Czechia (-5.8 percent) and Australia (-5.1 percent).

The OECD report is an official confirmation of what tens of millions of workers experience daily: that capitalism is waging a relentless war on their living standards. Median real wages increased across the OECD by a negligible 1.2 percent between 2021 and 2026. Wages dropped by 1.4 percent in the United States and 1.8 percent on average across 21 European countries.

The ruling classes in every country have made the working class pay for successive economic crises triggered by the COVID-19 pandemic, the US-NATO proxy war against Russia over Ukraine, and the US-Israeli war against Iran.

While corporations have been bailed out and taxes repeatedly slashed for the rich, governments have imposed brutal austerity measures, including cuts to healthcare, education and welfare programs. An increasing share of public funds is being diverted from essential services to pay for imperialist wars.

The soaring social inequality in New Zealand is a stark expression of these global processes. The wealth of the super-rich has been protected at the expense of working people.

Last month's *National Business Review* Rich List reported that the country now has 26 billionaires, up from 18 last year, in a country of just 5.3 million people. Over the past five years, while workers' incomes went backwards by 6.4 percent, the 27 banks operating in NZ reported $37.8 billion in after-tax profits, equivalent to about $13,083 for every worker.

The entire political establishment bears responsibility. The period covered by the OECD's report includes both the last Labour Party-Greens government and the current National Party-led coalition. Labour lost the October 2023 election after presiding over soaring living costs and increased homelessness and child poverty.

Under prime minister Jacinda Ardern and her replacement, Chris Hipkins, Labour imposed wage freezes across the public sector after handing out billions of dollars to prop up big businesses during the pandemic.

In the year to June 2022 the country's inflation rate peaked at 7.3 percent, more than twice the 3.4 percent increase in wages (based on the Labour Cost Index). In 2023 tens of thousands of nurses and teachers held nationwide strikes, but were betrayed by the union bureaucracy, which pushed through below-inflation pay deals.

The current finance minister Nicola Willis hypocritically blamed the previous government for low wages, telling the *New Zealand Herald* on July 11 that under Labour "price increases outpaced wage increases and that has left structural scars in our economy, which we have been working hard to recover."

The decline in real wages has continued, however, under the National-led government: inflation is currently 3.1 percent, outstripping the 2 percent increase in wages in the 12 months to May. The impact of the criminal war against Iran is likely to push inflation to 4 percent or higher.

Unemployment has risen from 3.3 percent in mid-2022 to 5.3 percent amid a wave of redundancies and factory closures. The BNZ bank expects it to reach 5.9 percent by the end of 2026. The unemployment rate for people under 25 years old is 17.3 percent—a 30-year high.

Roughly one in five children lives in poverty, more than 100,000 people are homeless and over half a million people—one in 10—rely on food banks.

With an election approaching in November, the Labour Party and its supporters, including the Greens, the union bureaucracy and pseudo-left groups, are stoking illusions that if Labour is elected it will finally bring some improvements to workers' lives.

In a July 14 statement, Council of Trade Unions (CTU) secretary Melissa Ansell-Bridges declared: "Strong unions mean better wages. The OECD calls in this report for collective bargaining to be put at the heart of labour market policies—but this Government has relentlessly attacked working people and their unions since coming to power."

The CTU has endorsed a Green Party proposal for new employees to be automatically enrolled in unions in workplaces covered by a collective agreement.

In reality, the union bureaucracy is playing the central role in preventing any real struggle against austerity. The unions ceased to function as workers' organisations decades ago; they now serve as the instruments of corporate and state management, enforcing wage cuts on behalf of the ruling class.

Last October, more than 100,000 teachers, nurses, doctors and other healthcare workers held a one-day strike after rejecting below-inflation pay offers from the government—New Zealand's biggest strike in nearly 50 years.

The unions—the NZ Nurses Organisation, the NZEI, the Post Primary Teachers' Association, the Public Service Association and the Association of Salaried Medical Specialists—moved to quickly shut down this movement. They did not call any further joint strikes and instead returned to backroom negotiations with the government, with the aim of isolating workers and persuading them that they had no alternative but to accept a pay cut.

One sellout agreement after another was rammed through, in most cases delivering a 2.5 percent pay increase in the first year, and 2 percent in the second—well below the increase in the cost of living. These pay cuts set the benchmark for similar attacks on workers across all industries.

Another Labour-Greens government will continue to deepen these attacks, with the assistance of the unions. Labour has ruled out any substantial increase in government spending or tax on the rich. The Greens propose a small tax on wealth, which will not change anything fundamental and will not be implemented in any case.

Labour also fully agrees with the National Party on the need to double the military budget, which will be paid for through cuts on social programs. Spending on the armed forces began to ramp up during the last Labour-Greens government, in order to integrate the country into US war plans against China and elsewhere.

The only way forward for workers is to organise independently and in opposition to the union bureaucracy and all the capitalist parties. The Socialist Equality Group calls on workers to build rank-and-file committees, which they themselves control, and unite workers across industries to carry out a real fight against austerity and war.

To mobilise their full power against multinational corporations, workers must link their struggles to those of workers in Australia and other countries by joining and fighting to expand the International Workers Alliance of Rank-and-File Committees.

Such a struggle requires a new political leadership, not to sow illusions that the capitalist system can be reformed, but to fight for its overthrow. Capitalism is plunging the world into mass poverty, fascism and imperialist war. The alternative is socialism: the wealth amassed by the billionaires and corporations must be expropriated and used to address urgent social needs. We urge readers who agree to contact the Socialist Equality Group.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact