

New Zealand government announces new austerity measures

By Tom Peters
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The New Zealand government of Prime Minister John Key has signalled savage new cutbacks to basic services, including welfare, health and education in coming months, placing new burdens on the working class. In line with the demands of the International Monetary Fund and credit ratings agencies, the ruling conservative National Party has pledged to return the budget to surplus by 2014-15.

On January 22, Finance Minister Bill English told the *New Zealand Herald* the “biggest single effort” to cut costs in 2013 would be through so-called welfare “reform”, “because that is where by far the biggest fiscal benefits lie.” The government aims to “save” \$NZ1.6 billion (\$US1.4 billion) by 2016-17 by cutting welfare beneficiary numbers by 44,000—about 13 percent of the 339,000 people who currently rely on welfare payments.

Thousands of people have already been pushed off welfare through draconian work testing. Unemployed and single parent beneficiaries who are unable to prove they have been looking for work can have their benefits halved or cut off entirely. The Council of Christian Social Services reported on January 18 that there is “a growing gap between those who receive a benefit and those in genuine need who are either losing or unable to obtain social welfare assistance.” Unemployment increased in the last two years from 144,500 to 170,000 people or 7.3 percent, but those on the benefit dropped by almost a quarter from 65,281 to 50,390.

From July the government will abolish the Sickness Benefit and introduce new “work assessments” for the 84,000 severely sick or disabled people receiving an Invalid’s Benefit. In a speech last September, Social Development Minister Paula Bennett complained that “the current assessment system for people receiving Sickness or Invalid’s Benefit tells us that a mere 6.5

percent are fit for part-time work.” The new assessments will be modelled on the British system, which requires disabled people to complete tests to determine if they are “fit to work.” This process, which has been widely condemned by health experts as unscientific, is used to slash spending by shifting vulnerable and ill people onto lower-paying benefits or off welfare altogether.

In order to cut \$30 million in health spending this financial year, the government has set up a National Health Committee to limit or scrap medical procedures “that are not cost-effective.” In January, the NHC recommended restricting access to grommets—small tubes used to treat persistent ear infections known as glue ear, particularly in children. The committee found that New Zealand’s rate of grommets use was 75 percent greater than Britain’s and described this as “wasted expenditure.”

Experts have condemned the finding. Auckland ear, nose and throat surgeon Dr Colin Brown told the *Herald*: “The UK is not a good reference point in terms of whether we do more or less. In my opinion children are substantially under-treated in the UK.” Dr Scott Stevenson, chair of the New Zealand board of the Royal Australasian College of Surgeons, noted that “Maori and Pacific people have a high incidence of middle-ear disease.” He warned that cuts would impact “on our ability to look after some of our most economically deprived and underprivileged kids.”

The opposition Labour Party’s Health Spokesperson Maryan Street criticised the proposed cuts, but added that “Labour supports easing up elective surgical targets.” That is, the party agrees with restricting medical procedures, but differs only on how this should be done.

The government is also planning deep cuts to public

education. Last year, after a public backlash, it was forced to drop a plan to increase class sizes and sack more than 1,000 teachers. After this temporary retreat, National is now using the devastation caused by the 2011 Christchurch earthquake as a pretext to close 11 schools and merge 26 others.

Christchurch teachers have voted overwhelmingly to strike against the closures, but the New Zealand Educational Institute, the primary education union, has limited industrial action to a one-day strike on February 19. The union, Labour and the Greens have criticised the government's lack of "consultation" but not the closures themselves. On January 11, Labour's Acting Education Spokesman Chris Hipkins criticised the plan to introduce charter schools on the grounds that "we already have enough schools, and in some areas, we may even have too many."

The National government has already placed heavy burdens on the working class. In the past four years, it has increased the Goods and Services Tax (GST), reduced the minimum wage for under-20-year-olds and sacked 5,000 public sector workers. The government is also partially privatising state-owned power companies and is planning to introduce privately-run, for-profit "charter" schools in socially oppressed areas.

Labour and the Greens, both parties of big business, agree with the thrust of the government's policies and differ only on how cuts should be made. They have ruled out reversing National's increase to GST and have joined the far-right ACT Party in attacking the government for refusing to increase the pension age from 65 to 67.

Supported by the Maori-nationalist Mana Party and the right-wing NZ First, the parties have gathered 360,000 signatures to initiate a non-binding referendum on the government's part-privatisation of power companies. But Labour and the Greens have ruled out making a pledge to re-nationalise the assets if they win the 2014 election. Nor have they pledged to re-hire 450 workers sacked last year by Solid Energy, one of the companies being prepared for privatisation.

The opposition's only real objection to the asset sales is that companies could end up in the hands of foreign, rather than local capitalists. On January 29, Greens co-leader Russel Norman complained that discussions between Mighty River Power and Australian hedge fund managers had undermined "John Key's promise

that New Zealanders would be at the front of the queue for shares" in the company. Mana, while posturing as anti-privatisation, is supporting a legal bid by Maori business interests to profit from the asset sales.

The opposition parties are attempting to divert workers' anger over unemployment and the assault on living standards into reactionary nationalist channels. Speaking to TV3 on January 28, Labour leader David Shearer attacked the government for "importing foreign labour to work [on rebuilding] Christchurch rather than have our own New Zealanders working there." Mana has also called for New Zealand workers to be given priority over immigrants.

On the same day, without presenting any evidence, the Greens and NZ First blamed foreign, especially Chinese, investors for the soaring cost of housing. Responding to Chinese-language advertisements for Auckland properties, NZ First leader Winston Peters told TV3 that there was a foreign "takeover" underway. Last year Labour and its allies, including Mana, tried to whip up anti-Chinese sentiment over the sale of a handful of farms to a Chinese company.

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