

New Zealand government moves to scrap regulations that constrain corporate profit

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19 January 2025

New Zealand's National Party-led coalition government is preparing to introduce a new Regulatory Standards Bill (RSB) which will entrench a set of far-right principles designed to prevent government regulations from negatively impacting private property rights, "productivity" and profit-making.

The bill is being drafted by the libertarian ACT Party, which received 8.6 percent of the votes in the 2023 election but is playing a leading role in implementing the government's agenda of tax cuts for the rich, savage slashing of public services and attacks on workers' rights. ACT's Workplace Relations Minister Brooke Van Velden recently introduced new anti-strike laws and announced a reduction in the minimum wage.

The government last year created a new Ministry for Regulation, with ACT leader David Seymour in charge, to review regulations and, in Seymour's words, "to look for red tape to cut." The RSB will provide the framework for the ministry's work.

In a speech to the Wellington Chamber of Commerce on November 19, Seymour complained that in 2015 "the cost for businesses to comply with tax and regulatory requirements [was estimated at] \$5 billion, or around 1.3 percent of GDP." He promised to return New Zealand to the de-regulatory environment of the 1990s, when corporate taxes were slashed and social welfare, public education and other services were systematically attacked and state-owned corporations were privatised.

ACT has been calling for something like the RSB for nearly two decades, supported by the New Zealand Initiative (formerly the Business Roundtable), the country's main lobby group for big business.

An official discussion document on the RSB lists several principles that will be used to evaluate new and existing regulations. The most important one states:

"Legislation should not unduly diminish a person's liberty, personal security, freedom of choice or action, or rights to own, use, and dispose of property, except as is necessary to provide for, or protect, any such liberty, freedom, or right of another person."

As several academics and environmental groups have pointed out, this excludes any consideration of the good of the environment, society, and collective rights and duties. For example, it may be argued that deforestation and pollution by corporations do not directly diminish individual liberty, despite contributing to climate change and the destruction of ecosystems.

Similarly, laws and regulations to limit the availability of junk food, alcohol or tobacco might be considered contrary to "liberty," "freedom of choice" and property rights, even if such measures would reduce rates of obesity, diabetes and cancer.

The discussion document states that legislation should not "take or impair" a person's property without "good justification" and the owner receiving "fair compensation for the taking or impairment." Such compensation must be "provided to the extent practicable, by or on behalf of the persons who obtain the benefit of the taking or impairment."

In a submission on the law, public policy professor Jonathan Boston noted that under this principle someone whose business is "impaired" by environmental regulations could be entitled to "fair compensation," paid by the "beneficiaries" of such regulations, i.e. the public/taxpayers.

"In effect, the principle of 'polluter pays' would be replaced with the principle of 'non-polluters pay'," Boston wrote. He likened it to compensating slave owners for their loss of "property," instead of compensating slaves for what they have endured.

Employers might also argue that costs related to

workplace health and safety laws are inconsistent with the RSB, unless they get “fair compensation” provided on behalf of the people who benefit, i.e. workers.

The RSB would impose sweeping limitations on taxation and levies. Speaking to researcher Melanie Nolan on her Coherent podcast, Boston said: “Potentially, depending on how you interpret some of these provisions, it would be difficult for the government to justify many of the current taxes that it has, and fees and levies that it imposes.”

According to the discussion document: “Legislation should impose, or authorise the imposition of, a levy to fund an objective or a function only if the amount of the levy is reasonable in relation to ... the benefits that the class of payers are likely to derive, or the risks attributable to the class, in connection with the objective or function.”

In other words, businesses cannot be levied for anything unless it is demonstrated that businesses themselves are likely to benefit. This could call into question, for example, the levies currently paid by businesses to the state-owned Accident Compensation Corporation, which provides limited support to people injured in the workplace and elsewhere. Employers could argue that they derive no benefit from assisting people who are unable to work and can no longer be exploited for profit.

The RSB will create a streamlined process for corporations to challenge virtually any piece of legislation. A Regulatory Standards Board will “assess complaints about existing regulation that is inconsistent with the principles” and issue recommendations. If the Board finds that there is inconsistency, “the governing Minister must respond to justify deviation from principles.”

The RSB is part of an intensifying social counter-revolution. In New Zealand, as in the US and throughout the world, the government is tearing up social rights and protections that were won by the working class in struggles during the past century, and placing unprecedented power in the hands of billionaires and their representatives.

The corporate media has published only a handful of reports on the RSB and is downplaying its far-reaching implications. By contrast, the media provides non-stop coverage to the ACT Party’s Treaty Principles Bill, which is aimed at fuelling racism towards Māori and

diverting attention from attacks on the working class. That bill is not likely to become law, since it is opposed by the rest of the government.

The opposition Labour Party has criticised the RSB, with MP Duncan Webb calling it a “power grab” by Seymour. In a December 20 statement Webb said the focus on property rights would “limit [the] government’s right to make rules in the interests of all New Zealanders” and address climate change, safety and inequality.

All of this is utterly hypocritical. The wholesale destruction of regulations in favour of the so-called “free market” began in the 1980s under the then Labour Party government of prime minister David Lange and continued under subsequent National and Labour governments. The dismantling of building regulations led to hundreds of thousands of substandard and leaky buildings and contributed to disasters such as the 2011 CTV building collapse, while laws that allowed mining companies to self-regulate led directly to the 2010 Pike River mine disaster.

The 2017-2023 Labour government did not rule “in the interests of all New Zealanders.” It engineered an historic transfer of wealth to the rich and, after making empty promises to reduce inequality, oversaw an increase in homelessness and child poverty. In 2022 it bowed to big business demands for the removal of all restrictions on the spread of COVID-19, leading to tens of thousands of hospitalisations and more than 4,500 deaths. All of this was enabled by the trade union bureaucracy, which suppressed opposition from workers.

The record shows that workers cannot defend their living standards and basic democratic rights by relying on any of the capitalist parties. What is required is the building of a new party, based on socialist and internationalist principles, to lead the struggle to abolish the source of social inequality and imperialist war, which is the capitalist system itself.



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