

# New Zealand government ignores asset sales referendum result

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A citizens' initiated referendum (CIR) conducted in New Zealand over recent weeks has rejected, by a two-to-one majority, the National-led government's sale of 49 percent of five state-owned assets. Official results released on December 17 showed 67.3 percent of voters against the sales and only 32.4 percent in favour.

The privatisation program is the largest since the 1980s, when Labour sold a string of companies including Bank of New Zealand, Telecom and NZ Rail. Minority shareholdings are now being sold in three power companies—Meridian Energy, Mighty River Power (MRP) and Genesis Energy—and Air New Zealand. The government has already sold 49 percent of Meridian and MRP, as well as an initial 20 percent stake in Air NZ. Genesis will go on the block early next year. The sale of coal producer Solid Energy has been deferred, due to its precarious financial position.

The referendum is non-binding. Even before the vote, the government had made clear that it would ignore the outcome. The sales have proceeded although the total proceeds are expected to reach, at best, \$NZ4.8 billion, 25 percent below budget estimates.

Viewing the referendum as pointless, a majority of eligible voters simply abstained: turnout was just 45 percent. This is also in line with broad disaffection with the political establishment as a whole after three decades of pro-business policies by governments of all stripes that have devastated jobs and living standards.

Earlier this year, just 40 percent of voters cast a ballot in local government elections. Following the previous low-point in 2007, the participation rate in Auckland, the country's major city and industrial centre, plummeted from 50 percent to 34 percent. In the 2011 general election, when National was returned to office for a second term, the 74 percent turnout was the lowest since 1887.

Key and his finance minister Bill English claimed a

mandate for the asset sales from the National's 2011 election platform. However, National's election victory hinged on the mass abstention of working-class voters who viewed Labour and the Greens as no alternative. National is a minority government, relying on a cabal of unpopular minor right-wing allies—ACT, United Future and the Maori Party. The asset-sales legislation was passed by one vote, with the support of United Future's sole MP Peter Dunne and ACT's John Banks.

The citizens' initiated referendum was introduced by National in 1993, along with the mixed-member proportional representation electoral system, in a bid to restore waning confidence in the parliamentary set up. The asset sales referendum has exposed that the CIR was only ever a meaningless "democratic" gesture that has done nothing to stem the relentless assault on the jobs and living standards of working people.

The dead-end of the asset sales referendum is also a damning exposure of the perspective that animated the 18-month anti-privatisation protest movement. Led by Labour, the Greens and the Maori nationalist Mana Movement, and supported by the unions and pseudo-left groups, the campaign's purpose was not to defeat the privatisation agenda. Rather, it aimed to block any independent struggle by the working class to defend jobs and conditions.

Throughout 2012, nation-wide protest rallies were organised under the nationalist slogan "Aotearoa [New Zealand] is not for sale." Posturing as opponents of privatisation, Labour and the Greens sponsored a "Keep Our Assets" petition, which gained the more than 390,000 signatures needed to trigger the CIR over the sales.

The basic objection by all these parties was that the companies could end up in the hands of foreign rather than local investors. The Greens promoted a "No" vote in the referendum with a flyer distributed to households complaining that the sales would "send profits offshore

instead of benefiting New Zealand.” The Greens falsely proclaimed that Key could not “afford to ignore New Zealanders” with an election due next year.

Labour and the Greens have ruled out making any pledge to re-nationalise the assets if they win the next election. Labour leader David Cunliffe said he would “reserve the right to buy back our hard-earned assets”—with the caveat that this will depend on the state of the government’s books.

Moreover, under Labour, state assets have since the 1980s operated on its so-called State Owned Enterprise model—as commercial enterprises driven to return profits, not provide public services. Power prices rose by 70 percent between 1999 and 2008, under a Labour government. Labour and the Greens recently floated a proposal to keep the sales intact, but to establish a single state purchasing agency to regulate power prices.

The middle-class pseudo-left groups, Socialist Aotearoa, Fightback and the International Socialist Organisation, played the key role in promoting the protests as a means of forcing the National government into halting privatisations. These organisations’ politics was exposed by their craven support for the reactionary nationalist campaign waged by Mana.

Mana and the pseudo-lefts worked with Labour, the Greens and the anti-immigrant NZ First to divert anger over asset sales into a chauvinist campaign against Chinese investment. Far from being “anti-privatisation,” Mana endorsed legal action by the Maori Council, representing the wealthy tribal business elite, in a bid to secure shares in the electricity companies.

In response to the referendum result, sections of the political establishment, including major newspapers such as the *New Zealand Herald* and the *Dominion Post*, are calling for the CIR to be scrapped. In other words, the “democratic” charade has outlived its usefulness and other, more repressive, methods will be used to deal with the widespread opposition to the pro-business agenda implemented by successive governments.



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