

# Secret talks underway to form incoming New Zealand government

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Following the crushing defeat of New Zealand's six-year Labour administration at the October 14 election, discussions are underway behind closed doors to form a new coalition government.

The former main opposition National Party is dealing with two far-right allies, the "libertarian" ACT Party and anti-immigrant populist NZ First, both of which enjoy considerable support from sections of big business.

The election was conducted under conditions of extreme crisis. The Labour government was actively supporting the US-NATO war against Russia over Ukraine and in the last days before the election it supported Israel's genocidal war against Gaza. Labour had already begun implementing austerity measures in healthcare and education and dismantled any public health measures to stop the spread of COVID-19.

As the WSWs has explained, while the final election results will not be declared until November 3, preliminary results reveal widespread popular opposition to the entire political establishment. Labour's support plummeted from 50 percent in the 2020 election to 26.9 percent, giving it just 34 seats in the 121-member parliament.

The new three-party governing coalition will be a highly unstable and unpopular administration, which will rapidly come into conflict with the working class.

National took 39 percent of the votes with 50 seats, ACT 9 percent (11 seats) and NZ First 6.5 percent (8 seats). Adjusting for one in four eligible people—more than 1 million—who did not vote, National's actual support plunges to just over 22 percent while NZ First and ACT have less than 10 percent combined.

National Party leader and incoming prime minister Christopher Luxon has been in regular contact with his preferred coalition partner, ACT leader David Seymour, for some time.

NZ First was in coalition with Labour and the Greens in 2017 but failed to win any seats at the 2020 election. The party has returned to parliament after its leader Winston Peters sought to outflank ACT on the right, waging a Trump-

like campaign full of racist dog whistles, climate change denial, anti-transgender rhetoric and the encouragement of anti-vaccination pseudo-science.

Whatever horse-trading now takes place, the government will be the most right wing in decades. During the campaign all three parties served up a slate of intensifying "free market" policies involving swingeing attacks on the working class, tax cuts for the rich, job cuts in the public service and a likely new round of privatisations aimed at education and health.

With a cost-of-living crisis escalating, there is deeply entrenched social inequality. The country's 311 richest individuals collectively hold \$85 billion in assets—more than three times the annual public health budget—while more than 600,000 people (11 percent of the population) are forced to rely on foodbanks.

Workers sought to fight back against declining living standards under the Labour government, with healthcare workers and teachers repeatedly taking nationwide strike action. The union bureaucracy played the key role in isolating and suppressing these strikes, preventing a unified movement against government and corporate austerity measures.

The ruling elite is now demanding far more brutal measures. Luxon, a first-term MP, was rapidly elevated to the National Party leadership in 2021 based on his experience as CEO of Air New Zealand from 2012-2019. The 53-year-old took over as leader after years of internal crisis in the party and National's second-worst result in the 2020 election. The *Post* newspaper celebrated his election victory with a front-page headline: "Business Class!"

Luxon is a multi-millionaire who received performance bonuses worth nearly \$2 million from the airline. He is a wealthy landlord, owning seven rental properties and, like ex-Australian PM Scott Morrison, is an evangelical Christian who has described abortion as akin to murder.

The three parties jointly gained overwhelming financial backing from big business and individual donors.

New Zealand's richest billionaire, investor Graeme Hart

gave a total of \$700,000 to National, ACT and NZ First. National entered the election with a war-chest of \$8 million while Seymour was gifted the use of a private plane by a NZ-US businessman. Property investors have donated \$1.3 million to National since 2021, supporting the party's promises to restore tax breaks for landlords and measures to scrap rights for tenants.

Although the issue of war was not discussed in the election, all the parliamentary parties support the US-led imperialist war against Russia in Ukraine and the build-up to war against China in the Pacific. Seymour told the *Australian* newspaper on October 5 that ACT will push for New Zealand to join Pillar Two of the AUKUS military pact with Australia, the UK and US, and double the country's defence budget.

Inevitably, the new government will advance New Zealand's collaboration with Washington across the board.

Following the breakout of Gaza led by Hamas on October 7, both Labour and National joined the US and all other imperialist powers in declaring support for Israel's "right to defend itself" against "terrorism"—the fraudulent justification for its unrestrained slaughter of Palestinians. Luxon flatly said "there is no justification" for the actions of the Palestinians.

While there will be billions more dollars for war, the police and prisons, National campaigned for a 6.5 percent cut to most government departments, falsely claiming this could be achieved by targeting "back office" staff and the use of consultants. ACT says National's target is too modest and has called for 15,000 public sector jobs to be cut.

National promises to reduce the welfare budget by \$2 billion over four years, to be achieved by keeping benefit levels down and restricting access. NZ First and ACT have gone further, calling for a two-year cap on unemployment benefits during a person's lifetime.

All three parties campaigned on tax cuts for the rich. National is promising tax cuts of \$14.6 billion, aimed at benefiting the wealthy. Its claim that families would save \$252 a fortnight was revealed to be a fraud: only 0.2 percent or 3,000 households would be eligible for this amount.

The corporate sector will be further enriched through a fresh round of privatisations. Seymour is seeking to push through major plans for education "choice" by allowing any state school to become a Charter school and compete for corporate sponsorship. ACT wants to do away with the national curriculum and establish a private sector "market," a free-for-all in which schools will purchase commercially produced packages off the shelf, which writers can tender for in return for royalties.

With unemployment predicted to rise from 3.6 to over 5 percent, costing tens of thousands of jobs, as the Reserve

Bank continues its high interest rate policy, meagre existing protections in labour law for workers will be scrapped.

National will revive 90-day trial periods for all businesses, allowing bosses to fire new staff within this period without having to give any reason and without facing legal action for unfair dismissal. Labour had kept the law in place for businesses with fewer than 20 staff. Attacks on mandatory sick leave provisions are being targeted with ACT wanting to slash it from 10 to 5 days and get rid of the January 2 public holiday.

As vast attacks on the social position of the working class are launched, a major diversionary exercise will be mounted on racial issues. ACT and NZ First, in particular, are seeking to exploit widespread hostility to racist identity politics promoted by Labour and steer it in a reactionary direction.

NZ First's Peters, for example, has hysterically described the promotion of the Māori language as part of a "socialist" agenda and an "attack being waged on New Zealanders' culture, identity and sense of belonging."

ACT is proposing a referendum on the meaning and status of the Treaty of Waitangi, which it claims has been interpreted to give indigenous Māori special privileges based on race. In fact, while a narrow layer of Māori capitalists has amassed significant wealth through Treaty of Waitangi settlements that involve multi-million dollar payouts to the tribes, which all parties including ACT have supported, the vast majority of Māori are among the most oppressed sections of the working class.

To deal with rising social discontent and opposition, all three parties are also promising to expand the police and the prison system and introduce tougher sentences for youth crime. Luxon and National's police spokesman Mark Mitchell have given media interviews in recent days foreshadowing a "crackdown" on gangs, including bans on gang insignia and new powers allowing police to break up gatherings and carry out warrantless searches of suspected gang members.

These and other anti-democratic, police state powers will not be limited to gangs but will be used against the working class as opposition intensifies to the government's policies of militarism abroad and attacks on living standards at home.

The government's reactionary program will intensify an upsurge of the class struggle, under conditions of a major crisis of the entire political establishment, revealed in the election result.



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