

Newman Weekly

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The New Zealand Centre for Political Debate

Private Property Rights...& Wrongs

New Zealand is a property owning democracy. As Kiwis, we subscribe to the belief that our home is our castle. Property rights play an integral part in our common law tradition and are enshrined in Article II of the Treaty of Waitangi.

The right to acquire and use property is essential in a free democracy. It is critical to economic growth, with home ownership being well recognised as a common route to financial independence.

Fundamental to the protection of private property rights is an understanding that these rights cannot be confiscated by government, without compensation being paid. However, there is no such legal requirement for the payment of compensation, if the government erodes the value of a property through the imposition of regulations.

According to Wolfgang Kasper, in his book *Building Prosperity*: “regulations of market interactions are frequently used to redistribute incomes and wealth on the sly. Governments find it increasingly convenient to pursue political goals and fulfil undertakings to special interest groups such as environmental and social lobbies by interfering in private markets through regulation”.

These days our property rights are under constant threat, no longer from marauders who attempt to take our land by force, but from the State, which seeks to confiscate private land using the key weapon of central planners, the Resource Management Act. Designed by Labour and foolishly passed into law by a National Government, the RMA contains mechanisms that undermine private property rights by giving planners and bureaucrats the power to confiscate private land use rights without compensation.

Under the auspices of the RMA, every 10 years, councils are required to review their district plans. One council that I know of engaged consultants to carry out

their review, whose principal is a director of the Environmental Defence Society (an environmental advocacy group involved in landscape protection). As a result, land assessed as being of national significance - equivalent to Mount Cook or the Franz Joseph Glacier - has leapt from less than 1 percent of the district to 17 percent! This is largely as a result of applying revised assessment criteria, which uses new and questionable planning concepts such as the “mystery”, “vividness”, “cohesion”, and “legibility” of a property.

The whole review process has been captured by environmental activists and is now nothing short of a socialist land grab. In fact Karl Marx advocated the abolition of private property rights in his 1848 communist manifesto!

But what is so hypocritical is that many of these radical environmentalists are using the RMA process for self-interest – they want to halt progress in order to protect their own patch of paradise and to prevent anyone from altering

the landscape values that they enjoy but don't have to pay for. They are the first to claim that private property owners who live in nice homes on well maintained properties in the countryside are greedy - in case they may want to subdivide (often to be able to afford to continue paying escalating rates) - yet in reality, it is they that are the greedy ones, because they seek to prevent others from enjoying the same sort of lifestyle that they hold dear

.In New Zealand, the public ownership of land has been shown to be little short of a disaster. With 40% of the country already locked up in Department of Conservation reserves, native forests and other endangered species continue to decline. In contrast species under threat flourish if they live in land areas where private property owners are allowed to exercise proper management. As Thomas Jefferson once said: “the small landholders are the most precious part of a

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State”.

My prediction is that the confiscation of property rights without compensation, under the guise of conserving the environment for future generations, will continue unabated until a “no regulation without compensation” clause is introduced into the Resource Management Act. Again, as Wolfgang Kasper has suggested: “full compensation for loss of market value of someone’s property as a consequence of a new regulation, also seems desirable as this will act as a counterweight against regulatory overkill”.

The tension between those who say they want to protect the environment against those they say will exploit it, has far reaching consequences. With greenies and planners alike pushing for the use of the regulatory process to shut down the supply of new land for subdivision purposes, in many areas around the country, land prices are going through the roof. This not only forces the establishment of unpopular high-density housing developments, but it artificially inflates the value of houses.

According to the Housing Affordability Survey (see www.demographia.com), co-authored by Christchurch based Hugh Pavletich, all major urban cities in New Zealand are severely unaffordable. Affordable cities should have house pricing at no more than three times household income,

yet as at September of last year, Auckland scored a rating of 6.6, Wellington 5.2, and Christchurch 5.9. When a house is three times the median wage, young couples can pay off a home on one income and begin a family before they turn 30. At five and six times the median wage, they have no hope at all of doing so.

The scarcity of land supply is the root cause of the dramatic decline in housing affordability. Proponents of urban consolidation claim that restricting land use is good for the environment as it protects the loss of farmland. But the reality is that

restricting land use creates a housing shortage: not only pricing young couples out of home ownership, but as rental yields decline, deterring rental property providers as well.

In the guest opinion piece this week property advisor Andrew King examines the government’s planned approach to residential property investors. He warns that if Labour introduces their planned unpopular and unwarranted initiatives, such as tenant advocates, property registration and warrant of fitness checks, then they may well drive investors out

of the property market creating a critical shortage of rental housing as a result. (See www.nzcpd.com).

This weeks poll. This week’s poll asks: *How satisfied are you with the Resource Management Act? And do you believe a “no regulation without compensation” clause should be introduced?*

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