

HUGOvision

Assessing the economic and political environment in New Zealand

POST-ELECTION EXTRA

September 21 2014

Confidential to
HUGO members

Full steam ahead as fast as John Key wants

For business the big news from the election is that National can now carry through its deregulatory agenda. Even if it loses a seat on the specials, it will have ACT as an ally. Specifically, that means it can drive through its proposed Resource Management Act and Employment Relations Act amendments but it also allows John Key, Bill English and Steven Joyce to take a deregulatory, business-friendly approach to issues as they come up.

The constraint will be the risk of over-reaching and getting adrift from mainstream public opinion, giving Labour and the Greens air going into the 2017 election. That is why one of the four strategic policy areas for this term is natural resources: initially water but also revisiting the balance between economic development and environmental integrity, with climate change in tow. The government also has some potholing to do on issues like inequality / poverty, house affordability and foreign land ownership.


For a full scan of its likely policy line – continuities, potholing and strategic focuses – see the September 16 HUGOvision.

There is no constraint from support parties on most of what National will want to do. ACT will line up on deregulation. United Future is on life-support: 0.22% party vote and a slimmer electorate majority for Peter Dunne, who is now an “overhang” and the reason Parliament will be 121 MPs again. The Maori party is now ghettoed in Waiariki, with only that seat and one list seat. Both can be kept quiet with some tokens. Neither will be needed for any crunch votes.

But that leaves National without a significant support partner for the 2017 election. Had the Conservatives made it into Parliament, Key could have worked them into a reasonable ally, a bit like the Greens are for Labour. But if New Zealand First fades, along with an ageing Winston Peters, through the next three years, that might open space for Colin Craig to get over the 5% line in 2017.

Labour is in deep trouble. It will need to clean out its president and secretary, both from the old minorities-focused era, and remake its council. It will need to sort its parliamentary leadership and unite around it. It needs to persuade half a dozen of its older MPs to move on and replace them with brighter, younger, more mainstream MPs. The good news for Labour is that (a) it has mainstreamers Stuart Nash and Kelvin Davis in the caucus, (b) there is a tougher reconstruction mindset in the upper reaches of the caucus than three years ago and (c) it has very close to the 35% electorate vote it got in 2011, so, while the party vote percentage has fallen, there is a foundation on which it can build.

The Greens also have work to do: half a per cent below the 2011 election night score when all the pointers were for a rise. They have a useful new MP in James Shaw, who understands that the economy is global. They have learnt a lesson about hubris.

Chance of a fourth term for John Key: 40:60. But there is a long way to run. 

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