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POLITICAL UPDATE

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Confidential to HUGO members

Bill English delivers small 'c' conservative Cabinet reshuffle

- Winners: Simon Bridges, Amy Adams, Michael Woodhouse, Alfred Ngaro, Mark Mitchell, Jacqui Dean, Paul Goldsmith
- Survivors: Nick Smith, Louise Upston, Gerry Brownlee, Judith Collins
- Losers: Jo Goodhew, Jonathan Coleman
- In Prospect: Todd Muller, Chris Bishop
- Nowhere to be Seen: Scott Simpson

Bill English has delivered less of an overhaul to the John Key administration's Cabinet than many political commentators had expected. **Notable is the survival of Nick Smith**, who retains control of the RMA reforms, freshwater management policy and **construction**, as the former 'housing' portfolio is tactfully renamed.

Also notable is the retention of **Murray McCully** as Foreign Affairs Minister. English's explanation – that he needs McCully's institutional knowledge as one of the developed world's longest serving foreign ministers – is credible. **So was the implied threat from McCully that he might force a by-election** if he was removed from the role. By May, it will be too late for by-elections.

By keeping both McCully and Education Minister Hekia Parata in place until May next year, English hopes to get the best of both worlds: stability now and a measure of pre-election rejuventation next year. This, and other judgements delayed, is consistent with English's willingness to be patient and not to rush into decisions.

However, **Smith now has plenty of help**. **English will inevitably remain closely engaged** as PM with **housing issues** – as both the architect of social housing policy and because he needs to win Auckland at the general election next year. **Amy Adams is also now freed up from her more technocratic communications portfolio to take on social housing and social investment**. As an Associate Finance Minister with **Simon Bridges**, she effectively enters the new inner Cabinet. Reviving the **infrastructure portfolio for Steven Joyce** reflects the large new allocation for public works in the latest Budget Policy Statement.

A refreshed 'kitchen Cabinet'

Where this was previously Key, English, Steven Joyce, Murray McCully and Gerry Brownlee, **the English** administration's 'kitchen Cabinet' is: English, Bennett, Joyce, Brownlee, Adams and Bridges.

That is a more significant rejuvenation at the top of the Cabinet than might initially meet the eye, and **puts Adams, Bennett and Bridges on a fast track to challenge for leader after English.** Note that Bennett has added police and women to her portfolios, the latter dragged from outside Cabinet to second spot, and police being a major political portfolio. She retains climate change and takes over from Key in tourism, while also taking the role of go-between with a more activist caucus.

Bridges, at 5th in the Cabinet now, relinquishes energy to Judith Collins, while picking up Adams's communications responsibilities, Joyce's economic development portfolio, and retaining transport.

Jonathan Coleman, by comparison, is relatively harshly treated. A pretender for the leadership over the last fortnight, the fact he has kept the same portfolios as before and drops one place in the rankings is the **political equivalent of English saying: "don't get ahead of yourself"**.

Coleman was widely tipped for the foreign affairs portfolio, which it's believed he would welcome and would have some appropriate qualifications for. When McCully steps down, Coleman appears a likely choice. **Michael Woodhouse** rises from 17th to ninth in the Cabinet, but his immigration, labour and health and safety

Continues page 2

HUGOvision

December 5 2016

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changes are little-changed, beyond picking up ACC. English singled him out as an up and comer at the Cabinet announcement. **Could he replace Coleman in health, come May?** While **Nikki Kaye would seem a natural replacement for Parata in education,** that will depend on how her cancer treatment goes. As Minister for Youth Affairs and associate education minister, she is effectively in a place-holder position for the moment. **Paul Goldsmith** becomes an understudy to Joyce, taking on the science and innovation and tertiary portfolios, the latter an area of pre-parliamentary work experience, Goldsmith having advised then University of Auckland vice-chancellor John Hood on communications in the early 2000s.

Newcomers

Entering the inner Cabinet at 21st ranking, Alfred Ngaro effectively replaces Sam Lotu I'iga as the only Pasifika face in the new Cabinet, and is one of the so-called 'four amigos' who stirred up the leadership vote after Key's resignation. Also from that group, but outside Cabinet, is Mark Mitchell, currently chair of the foreign affairs and defence committee, who picks Land Information (i.e., OIO) from Louise Upston. Jacqui Dean, chair of the justice and electoral select committee, replaces Paul Goldsmith in the commerce and consumer affairs portfolios. David Bennett, chair of the finance and expenditure select committee, becomes Minister of Veterans Affairs and Food Safety, one of two portfolios freed up by the only Cabinet sacking - Jo Goodhew. She may yet turn up as a whip or Deputy Speaker.

What next?

In the May 'transition' reshuffle, the current 21-member Cabinet will shrink back to the usual 20 ministerial posts and outside Cabinet will return to five from the current four. That opens up a couple of spots for new faces, possibly more if other senior MPs decide to retire. Select committee chairmanships may now be in prospect for 2014 intake MPs Chris Bishop, currently deputy chair of finance and expenditure; former Fonterra senior executive Todd Muller, who would need to see off the lowkey Shane Reti to chair the foreign affairs and trade committee; and perhaps former farmer activist Barbara Kuriger, currently deputy chair of the health select committee. Scott Simpson, chair of the local govt and environment select committee, and a 2011 alumnus, might also seek advancement.

The new Cabinet by portfolio and ranking

(previous rank in brackets, italicised = outside Cabinet)

1/ Bill English (2): Prime Minister; National Security and Intelligence, Ministerial Services; 2/ Paula Bennett (5): Deputy PM; Women; State Services; Police; Tourism; Climate Change; 3/ Steven Joyce (4): Finance, Infrastructure; 4/ Gerry Brownlee (3): Chch regeneration; EQC; Defence; Civil Defence; Leader of the House; 5/ Simon Bridges (9): Economic Development; Transport, Communications; Dep Leader of the House; Assoc Finance; 6/ Amy Adams (7): Justice; Courts; Social Housing; Social Investment; Housing NZ; Assoc Finance; 7/ Jonathan Coleman (6): Health; Sport and Recreation; 8/ Chris Finlayson (8): A-G; Treaty Negotiations; NZSIS and GCSB; Assoc Maori Development; 9/ Michael Woodhouse (17) Immigration; Workplace Relations and Safety; ACC; 10/ Anne Tolley (11): Children (new); Social Development; Local Govt; 11/ Hekia Parata (10): Education (*till May*); **12/Nathan Guy** (15): Primary Industries, Racing, Assoc Econ Dev; 13/ Murray McCully (13): Foreign Affairs (till *May*); **14**/ **Nikki Kaye** (16): Youth; Assoc Education; 15/ Nick Smith (12): Environment; Building and Construction (renamed); 16/ Judith Collins (14): Revenue; Energy and Resources; Ethnic Communities; 17/ Todd McClay (18): Trade, SOEs; 18/ Maggie Barry (20): Arts, Culture, Heritage; Conservation; Seniors; 19/ Paul Goldsmith (25): Tertiary Education; Science and Innovation; Regulatory Reform; 20/ Louise Upston (24): Corrections; Assoc Education, Primary Industries, Tertiary Ed, Skills and Employment; 21/ Alfred Ngaro: Pacific Peoples, Community and Voluntary Sector; Assoc Children, Social Housing; 22/ Nicky Wagner (23): Customs; Disability Issues; Assoc Conservation, Health, Tourism; 23/ Mark Mitchell: Land Information, Statistics, Assoc Justice; 24/ Jacqui Dean: Commerce and Consumer Affairs; Small Business; Assoc ACC, Local Govt; 25/ David Bennett: Veterans' Affairs; Food Safety; Assoc Immigration, Transport; 26/ Peter Dunne: (Support Party Minister) Internal Affairs, Assoc Conservation, Health; 27/ Te Ururoa Flavell: (Support Party Minister) Maori Development, Whanau Ora, Assoc Economic Development; 28/ David Seymour: Parliamentary Under-Secretary for Education & Regulatory Reform.

