

## A less stable govt, whoever leads it

- No rush to form a new govt before final vote count, due Sat, Oct 7;
- Both National and Labour expect one or two seats to shift to the centre-left after special votes are counted, giving the centre-left more than the weak, one-seat majority implied by election night results;
- NZ First will control the next govt's majority, whether in coalition or supporting from the cross-benches;
- Therefore, the next govt is fundamentally less stable than the last three;
- National's post-election confidence reflects a remarkable result from Bill English, but it does not necessarily translate to govt formation;
- Jacinda Ardern is not behaving like a leader who believes she could form a govt, although her senior colleagues insist they believe a deal can be done. Does her caution reflect defeatism or "tactical patience?";
- Policy alignment is greater between Labour-Greens and NZ First.
- Conversely, a two-party National-NZ First coalition is easier to create and manage;
- And Ardern's leadership lacks institutional underpinnings, resting solely on her campaign performance;
- Forget the talk of a National/Greens coalition – great on paper, impossible in practice;
- A simpler Parliament – Maori and United Future are gone. Act is no longer needed by National. With larger parties in control, the 5% threshold is entrenched;
- John Key's gamble worked.

The Electoral Commission is scheduled to finish counting special votes and declare a **final outcome on Saturday, Oct 7.**

We believe it **unlikely that a new govt arrangement will be announced before then**, but that any delay beyond early the following week would be unjustified and politically damaging for the source of any hold-up. Winston Peters has previously said Oct 12, the day the Writs are formally returned to Parliament, is his deadline.

However, **that was before support for NZ First collapsed**, along with other minor parties, following the replacement of Andrew Little by Jacinda Ardern to lead the Labour Party some seven weeks before polling day.

The 2017 election produced the **strongest turnout since the last time there was a change of govt, in 2008.** Evidence of a "youthquake" vote is limited, although advance votes so far show a slight advantage for parties of the centre-left.

**Special votes total 384,000, around 15% of the total**, and will include voters who both enrolled and voted in the pre-election voting period.

**Both the right and left expect special votes to move at least one, if not two, seats from National to the Greens or Labour.** That is crucial to determining whether Labour could credibly lead a three-way arrangement with the Greens and NZ First, because on current results, it would command only a one-seat majority in a 120 seat Parliament, whereas a National/NZ First combination delivers a comfortable six-seat majority;

As Hugo members are aware, Bill English regards govt with Winston Peters as toxic, but he is adopting the advice of the first National PM to negotiate a coalition with Peters, Jim Bolger, to treat Peters with the respect this prickly, ego-driven politician requires.

## 2017 ELECTION SPECIAL

For his part, **English has won a defining personal victory**. He was targeting 46% support and won it. The only thing that went wrong was that the Maori Party didn't return to Parliament, robbing him of the potential to create a slender majority on election night.

Because of that, National is projecting a winner's stance and discussions between the chiefs of staff of National and NZ First respectively are under way to set up a first discussion.

**Ardern, by contrast, appears unlikely and unwilling to make a first move to contact Peters**, although there is some 'reaching out' occurring at lower levels. Existing relationships are strong between Peters and Shane Jones, and Labour's David Parker and Kelvin Davis.

**First engagement between NZ First and any potential governing partner is unlikely before mid-week** and, because Peters ran a shambolic campaign, he may require more permission than in the past for his next move.

All leaders and their key staff are also exhausted after an intense campaign.

### Less has changed than it appears

The table below compares every election result since the advent of MMP voting in 1996. The 2017 result is similar to the previous seven elections, in that the

NZ electorate clusters to the centre and consistently delivers slender majorities, if not minority govts.

Compared to the beginning of the year, the only major change in terms of govt formation is that Labour has re-established itself as one of the two dominant parts of govt.

That was not a guaranteed outcome before Jacinda Ardern became leader.

There is no talk now of Winston Peters seeking a year as PM, as there was when Labour and NZ First were converging at around 20% support earlier this year.

### Key's gambit worked

While National is more likely to end up with a final result closer to 44% than 46% support, John Key's bet on Bill English has essentially paid off.

Key National advisers on election night were unanimous in insisting that the 2017 poll would have been an "anti-Key" vote, had he remained as party leader.

Should he form a govt, expect English to put the pedal to the metal on policies to more swiftly address child poverty – which Key said was his priority in 2014 but didn't follow through on – housing supply, and freshwater quality.

Prioritising climate change may take a bit longer. 🇳🇿

Party	1996	1999	2002	2005	2008	2011	2014	2017 <sup>8</sup>
National	33.8 <sup>1</sup>	30.5	20.9 <sup>2</sup>	39.1	44.9	47.3	47.0	46.0
Labour	28.2	38.7	41.2	41.1	34.0	27.5	25.0	35.8
Green	- <sup>3</sup>	5.2	7.0	5.3	6.7	11.6	10.7	5.9
NZ First	13.4	4.3	10.4	5.7	4.1 <sup>4</sup>	6.6	8.7	7.5
Alliance	10.1	7.7 <sup>5</sup>	1.27	1.2	0.9	-	-	-
United Future	0.9	0.5	6.7 <sup>6</sup>	2.7	0.9	0.6	0.2	0
Act	6.1	7.0	7.1 <sup>7</sup>	1.5	3.7	1.1	0.7	0.5
Maori	0.2	0.25	0.25	2.1	2.4	1.4	1.3	1.1
Mana	-	-	-	-	-	1.1	1.4	0.1
Conservative/TOP	-	-	-	-	-	2.7	4.0	2.2
<b>Turnout</b>	<b>88.3</b>	<b>84.7</b>	<b>76.9</b>	<b>80.9</b>	<b>79.5</b>	<b>74.2</b>	<b>77.9</b>	<b>78.8</b>

Red = formed government

<sup>1</sup> only election won where the governing party scored under 35% – first under MMP – NZ First's best ever showing, 13 seats

<sup>2</sup> Bill English was leader for 10 months prior to election

<sup>3</sup> Greens still part of the left-wing Alliance party

<sup>4</sup> NZ First left Parliament for one term

<sup>5</sup> Alliance's last election, Greens contested separately. Subsequent years, Alliance = Jim Anderton's Progressive party

<sup>6</sup> United Future's best showing – 8 seats

<sup>7</sup> Act's best showing – 9 seats in 1999 and 2002 – leader, Rodney Hide

<sup>8</sup> election night result prior to final count including special votes, due Oct 7