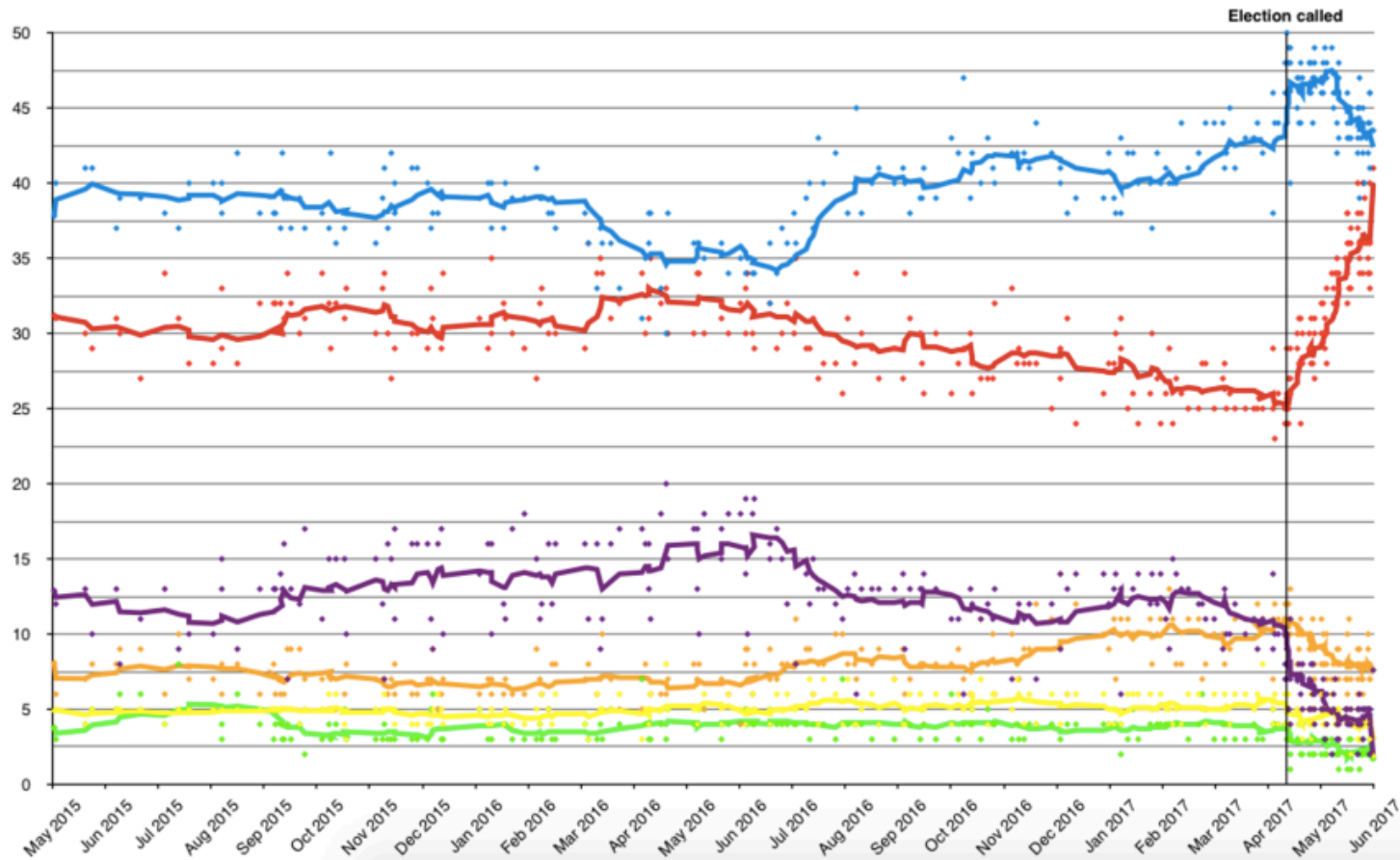


Now we wait

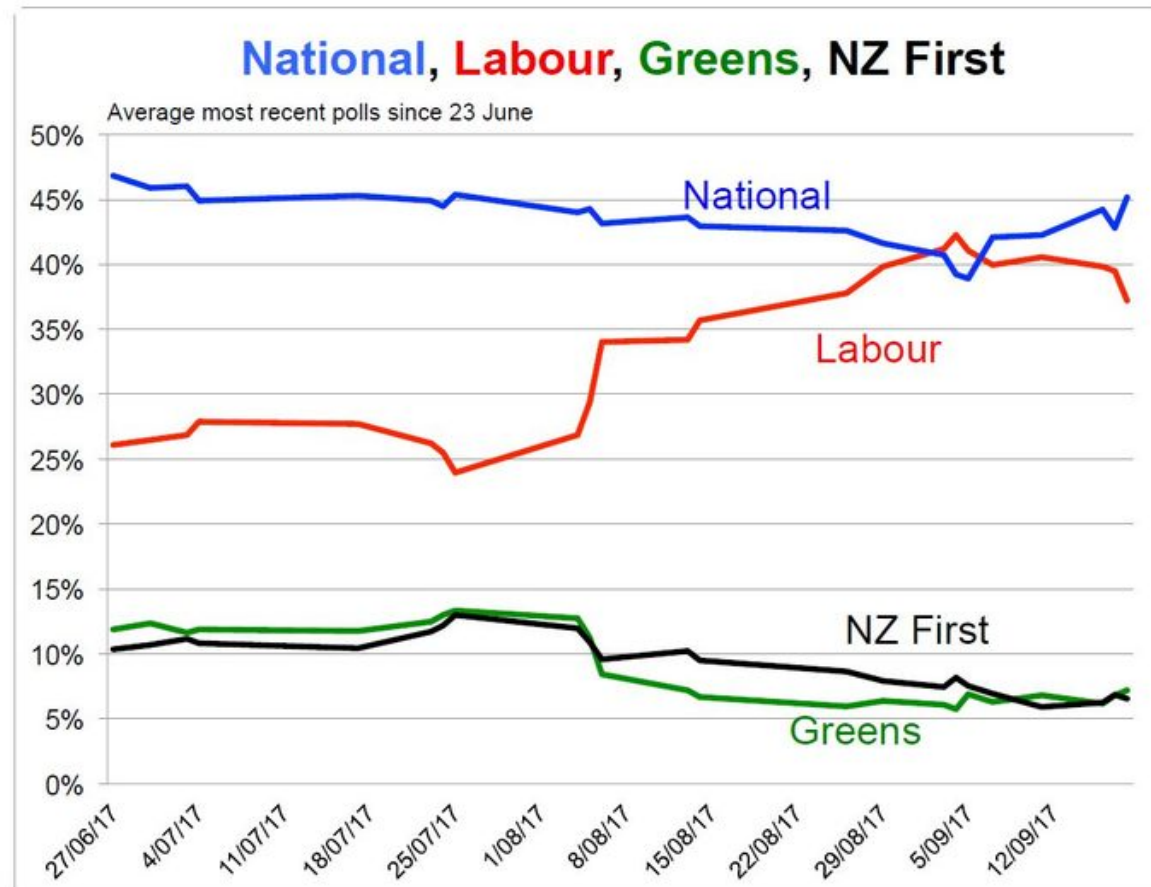
The Hugo Group, September 2017



Campaigns can matter



Labour's rise



Legitimacy

- NZ First will speak to National first
- But there are no hard and fast rules
- And will go with National if there is no change to election night seat allocation
- Because a 2-seat majority available with Labour-Greens is too unstable
- If special votes shift 2 seats from right to left, NZ First may still go left
 - Majority of 6 available

Labour's problem

		Election night			1 seat shifts left			2 seats shift left	
	left		right	left		right	left		right
National		58			57			56	
Labour		45			45			45	
NZ First		9			9			9	
Green		7			8			9	
Act		1			1			1	
Totals	61-59		68-52	62-58		67-53	63-57		66-55
Majority	2		16	4		14	6		11

National's problem – the unexpected disappearance of the Maori Party + United Future

The case for National

- The numbers
- A two way coalition is easier than three and more stable
- Easier to claim clear policy wins – an eye to the future
- Antipathy with the Greens: historical with Winston; talking versus doing

The case for Labour-Greens

- Better inter-personal relationships
 - or at least, a relative absence of bad blood
 - Parker, Davis, King – Peters, Jones, Martin
 - Vs animosity towards Joyce, Bennett and others
- Siding with the “mood for change”
 - Vs “propping up” a tired govt
- NZ First caucus, on balance, leans left
- Greater policy alignment

Policy alignment

- Monetary policy
- Labour relations
 - Surprisingly aligned: raise minimum wage; Living Wage for govt employees; parental leave; abolish youth rates; NZ First opposed Nats' pay equity legislation;
- Industry policy
 - Activist regional development; r&d tax credits; pro-rail
- Trade and investment
 - FTAs to restrict foreign land sales; preserve sovereignty
- Immigration
- Age of entitlement for superannuation
- Pike River re-entry
- Not aligned on Maori rights and interests; water charging/taxes; ETS; may oppose regional fuel taxes

Govt combinations

- Minority govt – horse-trading on every piece of controversial legislation (1993-96 – pre-MMP)
- Confidence and supply agreement – policy concessions for support, but no portfolios (2002-05)
- Confidence and supply agreement – policy concessions, ministers outside Cabinet (2005-08)
- Full coalition – policy concessions, ministerial portfolios shared (1996-99)

Conclusion

- A less stable government, whoever NZ First chooses
- But talk of an early election is premature
 - Peters has not survived in any coalition Cabinet, but has also never sparked an early poll
- NZ First's influence in either combination implies:
 - a govt less inclined to take swift action on climate change
 - a government less willing to finalise water policy
 - a more interventionist economic policy, particularly investment on regional infrastructure
 - a more socially conservative govt