

# The political year ahead

January 2019



# 2019 – 3 key tests

- This year must set Labour up to lead a coalition govt again in 2019
- To do so, the govt needs to demonstrate:
  - Momentum
  - Strategic coherence
  - Competence

# Momentum

- Lost over an extended Christmas/New Year break?
- Too little evidence of a masterplan for the year
- Cabinet meeting later than usual, Feb 11
  - Despite Parliament sitting earlier
- Key policies in difficulty
  - KiwiBuild
  - Tax reform
- Others show potential to under-deliver”
  - Well-being Budget
- Or create political headaches
  - Industrial law reform
  - Drug law reform/cannabis referendum
  - Prison reform

# Strategic coherence

- Doing better
  - Wellness/kindness
    - Child poverty
    - Well-being Budget creates a strategic framework for new policy
    - Criminal justice system/prison reform
  - Central government as enabler and confident intervener
    - Home building
    - Transport and other infrastructure (Wellington package soon)
    - Provincial growth
    - Industrial relations reform
    - Education reform to favour centrism/teacher unions
- But
  - foreign policy is messy - who's in charge: Ardern or Peters?
  - Innovation/productivity agenda appears stalled

# Competence

- In short supply
- First major news stories of the year
  - KiwiBuild mess
  - Leaked industrial relations reform
  - Speculation about Peters amok in foreign and defence policy
- Difficult choices for Cabinet reshuffle
  - Faafoi on the rise
  - Little/Robertson performing well
  - Many others middling
  - Lack of middle order strength to promote
- Opposition hammering on Ardern's 'substance' deficit

# Policy progress – next few months

- Fair Pay Agreement working group report and decisions
- Tax Working Group report and decisions
- Major new housing project announcements
- New attempts to incentivise KiwiBuild build starts
- Considering bringing UDA forward
- Electricity Pricing Review
  - Fast-tracked consenting for renewables not yet built?
  - Hydrogen policy – announcements next week
- OIO legislation
- RBNZ second tranche of reform + capital adequacy

# Further out

- May – Well-Being Budget
  - Vulnerable to work-in-progress being cast as flannel
- Mid-year
  - tax legislation from TWG
  - may include moves on multi-national non-taxpayers
  - UDA legislation
  - Infrastructure financing legislation
  - North Island transport logistics study
  - Auckland light rail procurement finalised
  - Freshwater – deal with Maori?
  - Kermadecs sanctuary – desire to complete

# Summary

- Some big risks are apparent for the govt:
- Potential distraction of socially divisive policies dominating the agenda
- Esp if 'hard' policy is seen either as ideologically driven or ineffective
- Jacindamania wearing off?
  - Where's the beef?
- NZ First unruly – Greens the far better partner to date
  - But is a Labour/Greens coalition electable?
- Global backdrop = more chaotic politically, weaker economically