

Key points to note from the new Ardern ministry

Rather than analyse the minutiae of the balance that Jacinda Ardern has sought to strike in her new ministry, we concentrate in this note on key signals in major policy areas, and comment briefly on the dynamics created by the cooperation agreement signed with the Greens over the weekend.

Oceans and fisheries policy

The appointment of David Parker to a new oceans and fisheries ministry is highly significant and **perhaps the most significant, unanticipated announcement in the Cabinet line-up.**

Parker is the Cabinet's most committed advocate of complex, far-reaching reforms, as his three year project to prepare for RMA reform demonstrates. He is left in charge of that task by retaining the Environment portfolio, but expands that portfolio with the **new marine environment responsibilities, which cover aquaculture as well as fisheries.**

This is about much more than making progress on areas that NZ First had blocked, such as placement of cameras on fishing boats, although they will now advance.

Rather, expect Parker to bring a **spatial planning approach to oceans policy**, probably in synch with the recommendations the Environmental Defence Society has been making for some years.

More problematic may be the stalled proposal for a fisheries sanctuary around the **Kermadecs**, as that requires a settlement with Māori rightsholders, among whom there are disparate views.

Labour law reform

Former union negotiator Michael Wood's elevation to the Workplace Relations and Safety portfolio confirms that **Labour will want to move forward quickly on reforms** such as the introduction of national Fair Pay Agreements, which also foundered on opposition from NZ First.

Wood has long been regarded as a high-flier and his workload as a first-time minister proves the weight of those expectations. **As well as labour law reform, he will lead the transport portfolio**, with responsibility for key projects such as the **Auckland light rail** system.

On the labour law front, **CTU president Richard Wagstaff was quick out of the blocks to nominate the union movement's expectations** of the new minister. This 'list of demands' approach was in contrast with a swathe of warm encomiums from industry groups welcoming back or anew their relevant ministers.

Wagstaff nominated expectations of "swift action" on:

- Sick leave: increased from five to 10 days within the first 100 days of the new govt. The CTU will also seek repeal of medical certificate requirements introduced by the last National-led govt;
- Fair Pay Agreements: "All the work has been done, and now is the time for implementation including the passing of legislation in line with the Framework for Fairness principles for a good FPA law and the Joint Working Group recommendations," Wagstaff said;
- Increase funding to WorkSafe, review the Health and Safety at Work Act, ensure elected Health and Safety representatives in all workplaces, ensure better protections against psychosocial harm;
- Extending the Living Wage to all contractors in the public sector.

Infrastructure and urban development

By making Grant Robertson responsible for infrastructure as well as finance, and by **getting rid of the Urban Development** portfolio pioneered by Twyford, Ardern is hoping for smoother, more joined-up execution of policies that are essential to the success of the govt's fiscal stimulus spending and enactment of fast-tracked urban housing and public transport initiatives.

Expect Robertson to work closely with Wood on the stalled Auckland light rail plan, although it is not yet clear whether the NZ Super Fund/LPDQ model is favoured, given the Crown's capacity to borrow at close to zero to fund this massive project.

Nanaia Mahuta's performance as Local Govt Minister sees her keep that role, particularly to pursue the implementation of three-waters policy, funding for which will be an immediate and pressing focus for the new govt.

Foreign affairs

Ardern is simultaneously rewarding Mahuta as a quiet achiever of the Cabinet and using the Tainui minister's elevation as a way to assuage some hurt felt among Maori supporters about Kelvin Davis not becoming deputy PM.

While Davis genuinely did not want the job, the media commentary about his competence in the House and as a public orator has been hurtful.

Mahuta will be the first woman to hold the post. However, Ardern also gave a clear hint that **it will be a similar arrangement to the Helen Clark era, when Clark as PM also acted as the lead Foreign Minister to all intents and purposes.**

Davis's quiet replacement as Tourism Minister by the more flamboyant and ambitious Stuart Nash is a further dent to his mana.

An area to watch will be Davis's interaction as Minister for Children, with responsibility for Oranga Tamariki, with Marama Davidson, who has taken the Family and Sexual Violence portfolio. Between them, these two Maori ministers might be expected to demand significant change to the treatment and care of Maori children in state care.

Energy and resources

We are a little surprised that **Megan Woods** has kept energy and resources as she seemed to be being used increasingly in high-risk covid response roles prior to the election.

She is **likely to have insisted that she kept this combination**, which should be read by the energy sector as a sign that the govt remains serious about

the Lake Onslow pumped-hydro initiative, its 100% renewable electricity policy, and **willingness to consider commercially challenging big new ideas**, such as green hydrogen production.

Further electricity reform cannot be ruled out in this scenario.

Revenue

We see **Deborah Russell doing most of the day-to-day work in the Revenue portfolio**, which David Parker has inherited from Stuart Nash. Russell is possible ministry material, but she will have to succeed in this understudy role first. Her unguarded, if accurate, comments on small business under-capitalisation to the pandemic select committee earlier this year damaged her in colleagues' eyes.

Given Parker's deep concern about the impact of social media on society, he would seem to be just the man to **push through a digital services tax** if the OECD BEPS programme continues to stall. Labour promised this along with a higher top personal tax rate before the election.

The cooperation agreement

The Labour/Greens agreement has caused significant angst among hard left sections of the Green Party who appear not to accept that **Labour won a clear majority at the election and that voters legitimately expect them to govern on that basis.**

Ardern also hopes to keep a lid on criticism from the left and avoid scaring off too many of the NZ First and National voters hoovered up in October 17's historic result ahead of the 2023 election.

Labour will have to demonstrate to 'Te Atatu Man' that his family's house won't be taxed, that he can keep his double-cab ute and that there'll be more motorways, rather than fewer.

However, long-time Labour and Green voters also expect a working relationship to emerge between the two and that the **Greens will get some policy wins since Labour will most likely need them in 2023.**

A close look at the agreement shows the **Greens obtained no tangible or specific policy concessions** on climate change, housing or poverty. There was no mention of agriculture in the section on the Zero Carbon Act and only homelessness, rather than housing affordability, was mentioned in the parts of the deal talking about policy, and without any tangible targets.

There are **no suggestions of policies that would require any change in the current fiscal track** the govt is on, **or any shift to the tax system**, other than the new top tax rate Labour proposed.

CABINET APPOINTMENTS SPECIAL

Cabinet	Portfolios	Other responsibilities
1. Rt Hon Jacinda Ardern	Prime Minister National Security and Intelligence	Child Poverty Reduction Ministerial Services Associate Arts, Culture and Heritage
2. Hon Grant Robertson	Deputy Prime Minister Finance Infrastructure Racing Sports and Recreation	
3. Hon Kelvin Davis	Māori Crown Relations: Te Arawhiti Children Corrections	Associate Education (Māori Education)
4. Hon Dr Megan Woods	Housing Energy and Resources Research, Science and Innovation	Associate Finance
5. Hon Chris Hipkins	Covid-19 Response Education Public Services	Leader of the House
6. Hon Carmel Sepuloni	Social Development and Employment ACC Arts, Culture and Heritage Disability Issues	
7. Hon Andrew Little	Health Responsible for the GCSB Responsible for the NZSIS Treaty of Waitangi Negotiations	Responsible for Pike River Re-entry
8. Hon David Parker	Attorney-General Environment Oceans and Fisheries Revenue	Associate Finance
9. Hon Nanaia Mahuta	Foreign Affairs Local Government	Associate Māori Development
10. Hon Poto Williams	Buildings and Construction Police	Associate Children Associate Housing (Public Housing)
11. Hon Damian O'Connor	Agriculture Biosecurity Land Information Rural Communities Trade and Export Growth	
12. Hon Stuart Nash	Economic and Regional Development Forestry Small Business Tourism	
13. Hon Kris Faafoi	Justice Broadcasting and Media Immigration	

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14. Hon Peeni Henari	Defence Whānau Ora	Associate Health (Māori Health) Associate Housing (Maori Housing) Associate Tourism
15. Hon Willie Jackson	Maori Development	Associate ACC Associate Justice
16. Jan Tinetti	Internal Affairs Women	Associate Education
17. Michael Wood	Transport Workplace Relations and Safety	Deputy Leader of the House
18. Kiri Allan	Conservation Minister for Emergency Management	Associate Arts, Culture and Heritage Associate Environment
19. Hon Dr David Clark	Commerce and Consumer Affairs Digital Economy and Communications State Owned Enterprises Statistics	Responsible for the Earthquake Commission
20. Dr Ayesha Verrall	Food Safety Seniors	Associate Health Associate Research, Science & Innovation

Ministers outside Cabinet

Hon Aupito William Sio	Courts Minister for Pacific Peoples	Associate Foreign Affairs Associate Education (Pacific Peoples) Associate Justice Associate Health (Pacific Peoples)
Hon Meka Whaitiri	Customs Veterans	Associate Agriculture (Animal Welfare) Associate Statistics
Hon Phil Twyford	Disarmament and Arms Control Trade and Export Growth	Associate Environment Associate Immigration
Priyanca Radhakrishnan	Community and Voluntary Sector Diversity, Inclusion and Ethnic Communities Youth	Associate Social Development and Employment

Cooperation Agreement Ministers

Hon Maarama Davidson	Prevention of Family and Sexual Violence	Co-leader of the Green Party Associate Housing (Homelessness)
Hon James Shaw	Minister for Climate Change	Co-leader of the Green Party Associate Environment (Biodiversity)

Parliamentary Under-Secretaries

Rino Tirikatene MP	Under-Secretary to the Minister for Oceans and Fisheries Under-Secretary to the Minister for Trade & Export Growth (Māori Trade)
Deborah Russell MP	Under-Secretary to the Minister of Revenue