

Assessing the economic and political environment in New Zealand

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Confidential to HUGO members

Implications of the Ardern resignation

First, an admission: we got that one wrong. We didn't pick Jacinda Ardern for a quitter and, harsh as that assessment may be, that is what she has done. Her reasons for departure are clear and understandable - it has been a very tough five years and the toll on any leader would have been enormous.

She says the upwelling of personal nastiness directed at her was not a factor, but in practice, she has simply followed the John Key playbook: get out before being defeated, with slumping personal popularity being the bellwether for deciding the timing.

The most significant implication of today's announcement must be that it further entrenches National's likely ability to form a government after the Oct 14 general **election**, the date for which was announced today.

Christopher Luxon may never be lovable, but he doesn't need to be now. His reputation is for corporate competence at a time when the country is facing tough economic times. The likely Ardern replacements won't be lovable either. The most **obvious candidates** at this early stage are Chris Hipkins, Michael Wood and, perhaps if he's asked, Grant Robertson, who has otherwise ruled himself out.

So Luxon has an opportunity to double down on the stability he has brought to National while Labour goes through a period of poorly timed disarray and grief.

His pitch to his caucus in Napier today was that NZ needs a government that "gets things done" after five years of a government that has shown poor ability to execute.

Businesspeople need to start examining National Party policy with forensic interest and aligning it with ACT Party policy to judge where coalition talks might lead.

It also makes more relevant whether National would countenance working with NZ First and Ardern's departure may yet portend a further shakeout on the left of politics.

Two thoughts to conjure with: will the Greens move fast against James Shaw? And if so, might Shaw join TOP, on the slim but credible possibility that Raf Manji might win Ilam and bring two or three MPs to Parliament?



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