

Government formation 2023

What we think we know



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Themes

- Chronology
- Parliamentary arithmetic
- Centre-right alignment
- Areas of common policy
- Early challenges
- Early wins



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Chronology – where to from here?

- Nov 3 – final vote count
 - Parties already talking
 - National MPs already seeking policy costings and advice from PSC under caretaker arrangements
 - Conditions appear reasonable for a fast resolution post-Nov 3
 - Theories abound about special votes
- **Nov 6/7 – ideal time for government formation**
- Nov 8-10 – Pacific Islands Forum (preferable for new PM to attend, but not vital)
- Nov 16-17 – APEC (important for new PM to attend)
- Nov 25 – Port Waikato by-election
 - Irrelevant to government formation – already banked as a National win



Parliamentary arithmetic

- Potential for up to 124 seats
 - Port Waikato adds one
 - Te Pāti Māori may win two-three more seats than its party vote entitlement
- National more likely than not to lose a seat from election night
- Implication: **majority will require 63 seats**
- With NZ First – 66/67
 - Comfortable majority
 - Creates room for ructions



Centre-right alignment

- Fiscal outlook of great concern to all parties
 - Competitively aggressive spending cut proposals
 - NZ First's the largest by far (and least credible)
- Mobilising private capital for public infrastructure
 - NZ First doesn't like foreign capital, but biddable
- RMA reforms undone
- Fair Pay Agreements gone, 90 day trials back
- Law and order/tough on crime
- Concern about quality of public education
- Concern at te ao Māori over-reach
 - agreement to wind back/tone down
 - Remove co-governance from three waters
 - **Nats/NZ First don't favour a Treaty-based referendum**



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The big idea – nine years

- Election result is a decisive shift to the right
 - Is there an opportunity to entrench that?
- New negotiation dynamic
 - Peters has nowhere to go but right
 - Short term wins and brinksmanship less available
- All parties see potential to entrench centre-right government
 - For six to nine years
- Potential to pursue a multi-term agenda



What could go wrong?

- NZ First feels disrespected and spits dummy
- Act feels disrespected and spits dummy
 - Either could choose the cross-benches rather than government
 - To produce a minority government with guarantees on confidence and supply
 - Messier, less capacity for centre-right dominance/cohesion
- All parties mindful of public expectations that the new government will “get stuff done”
 - Acts as a disincentive to delay and inter-party friction busting out
 - But not a guarantee that won’t happen



So, what the hell is Winston up to?



- Conspiracy theorist Tweet re mosque massacre
- Almost daring Luxon to discipline him
- Luxon resisted media pressure to engage
- What is the point?
- A warning that politics is not business as usual?
- A desperate bid for relevance?
- Erratic behaviour?



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Early challenges

- Pre-Christmas mini-Budget
 - Chance to open the “real” books?
 - Likely to put pressure on the scale and timing of National’s promised tax package
 - The obvious time to announce the most savage fiscal cuts
 - **Expect business incentives to be on the block**

