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2005 New Zealand Election and Political Briefing July 2005

Contents

New Zealand's Parliamentary and Electoral Systems	3
Background – The 2002 Election	4
Profile – The Parties	5
Profile – The Leaders	5
The Current Parliament	6
The Cabinet	7
Ministers Outside the Cabinet	9
Election Issues	10
Polling	12

New Zealand's Parliamentary and Electoral Systems

New Zealand has had a unicameral system since the Legislative Council was abolished in 1951. The executive branch of the New Zealand government, the Cabinet, is drawn from the Parliament based on which party or parties can form a majority. The Prime Minister leads the government, appointed by the Governor-General from the party or coalition with the majority. This appointment is immediately tested through a motion of confidence.

Election to the New Zealand parliament is by the Mixed Member Proportional (MMP) system, which replaced the single member district first-past-the-post system in 1993. New Zealand's parliament consists of 120 seats. Currently, 69 of these are held by electorate MPs, chosen from single member geographical constituencies on a first-past-the-post basis. The remaining 51 are held by "list" MPs selected from closed party lists on a proportional representation basis.

The proportional representation election of the 51 "list" MPs allows minor parties a good chance of gaining seats, meaning governments are often formed as coalitions. The 69 single member electorates help provide stability by favouring larger parties.

Voting is non-compulsory. However, enrolment is compulsory and turnout is high: at the 2002 election, it was 72.5%, which was a considerable drop from previous elections. Everybody over the age of 18 is given two votes, a party vote and an electorate vote. The party vote is the proportional representation vote for the 51 "list" MPs, while the electorate vote is for the local single member district election.

How is the number of electorates decided?

The South Island has a fixed quota of sixteen seats. The number of seats for the North Island and the number of special reserved seats for Maori are then calculated in proportion to the populations in these seats. The current seven Maori and 62 general electorates are therefore geographical areas of similar populations, with the Maori seats overlaying the general ones. The number and boundaries of electorates are updated every five years to take account of population changes and Maori electors' choice to be on either the Maori electoral roll or general electoral roll.

Under this system, electorates will have similar populations, regardless of how large or small it makes the geographical area of an electorate..

1. There are 16 South Island general electorate seats. This number is fixed by law. To find out the population quota for South Island general electorates the population of the South Island (not including those enrolled on the Maori electoral roll) is divided by 16.

In 2001 the calculation was:

$868\ 923 / 16 = 54\ 308$ South Island general electorate population quota

2. Because the population of the electorates is meant to be similar, the numbers of Maori electorates and North Island electorates are calculated by dividing the relevant electoral populations by the South Island quota.

In 2001 the calculations were:

$371,690 / 54,308 = 6.84$ rounded to 7 Maori electorates

$2,497,596 / 54,308 = 45.99$ rounded to 46 North Island general electorates

How votes are counted

All party votes are counted and the percentage of party votes won by each party calculated. All electorate votes are counted, and the seats in electorates are declared.

Parties which have failed to win an electorate seat or gain at least 5% of the party vote are excluded.

The total number of seats (party seats plus electorate seats) is calculated by using the percentage of party votes won by each party (in a complicated system not covered here). The number of total seats to which parties are entitled are then compared to the number of electorate seats they have won. Each party is then allocated enough party list seats to bring its total number of seats up to the number to which it was entitled.

Background – The 2002 Election

Helen Clark and the Labour Party came to power in 1999, defeating the National Party led by Jenny Shipley.

In the 2002 election Clark and the Labour Party were then reelected with the National Party scoring their worst ever performance, gaining only 21% of the list votes. The Labour Party gained 41% of the list votes.

Labour increased its lead from 49 to 52 seats and formed a coalition government with the Progressive Party.

A major controversial issue of the 2002 election was the end of the moratorium on genetic engineering. This was strongly opposed by the Greens and caused a rift with Labour.

Labour formed an "agreement", not a formal coalition, with the United Future Party in order to secure the numbers in parliament for issues of confidence and supply.

New Zealand First picked up some votes to secure thirteen seats. So did United Future, increasing from one to eight seats.

ACT retained the same number of seats as before the 2002 election. The Green Party gained two seats, increasing from seven to nine. The Progressive Party picked up two seats.

In 2004, Tariana Turia, a junior minister in the Labour Government, resigned from the party. This was in protest at the Government's intention to legislate for the State ownership of a portion of seabed, overriding a court ruling that some Maori may have the right to seek formal ownership. Turia formed the Maori Party and regained her seat at a by-election.

Profile - The Parties

Labour	Centre-left and socially liberal. Led by Helen Clark.
National	Centre-right. In the past referred to as the 'natural party of government' but received only 21% of the vote in 2002, for worst ever defeat. Led by Don Brash.
NZ First	Radical centrist and nationalist, opposed to current immigration policies. Picked up some seats in 2002. Led by former National MP, Winston Peters, also founder of the party.
ACT	Strongly free market liberal, more right-wing than National Party on economic issues. Focused on tax and crime. Failed to capitalise on reduced support for National in 2002. Led by Rodney Hide.
United Future	Centrist, formed from merge of centrist United Party and Christian-dominated conservative Future New Zealand. Went from one to eight seats in 2002, largely due to performance of leader, Peter Dunne.
Green Party	Focused on environmentalism, also left wing economics, progressive social policy, non-violence. Strongly opposed to genetic engineering. Co-lead by Jeanette Fitzsimmons and Rod Donald.
Maori Party	Newly formed in 2004. Wish to unite all Maori into a single political movement. Intend to contest all seven Maori seats.

Profile – The Leaders

Helen Clark – Labour

Helen Clark has served as Prime Minister since 1999. She was first elected to the House of Representatives in 1981. She has served in previous Labour cabinets as Minister for Housing and Conservation, Minister for Health and Deputy Prime Minister. She is a former lecturer in political science, an advocate for the arts and a feminist.

Don Brash – National

Don Brash entered parliament in 2002 after a number of failed attempts in a 1980 by-election and 1981 general election. He became leader of the party in 2003 when he successfully challenged Bill English who was blamed for the party's poor performance in 2002. He worked as an economist for the World Bank group in Washington. From 1988 to 2002 he was Governor of the Reserve Bank of New Zealand and focused very much on strict inflation controls. He is opposed to what he terms 'Maori racial separatism'.

Winston Peters – New Zealand First

Winston Peters first entered parliament in 1978 as a member of the National Party. After continually and publicly criticising the National Party, he resigned in 1993, prompting a by-

election in his seat, which he won as an independent. He established the New Zealand First Party shortly before the 1993 general election. He is distrustful of the corporate world, which sometimes brands him as left-wing, but is conservative on social policy, advocates of which at times brand him as right wing. He campaigns strongly against immigration, displaying nationalist, some would say racist, inclinations. In 2002 he campaigned on reducing immigration, increasing punishments for crimes, and ending the "grievance industry" around Treaty of Waitangi settlements.

Rodney Hide – ACT

Rodney Hide entered parliament in 1996 as an ACT member and took over leadership of the party in 2004 when Richard Prebble retired. He is known for his confrontational style, strong views and media profile. He is a board member of the Institute of Liberal Values.

Peter Dunne – United Future

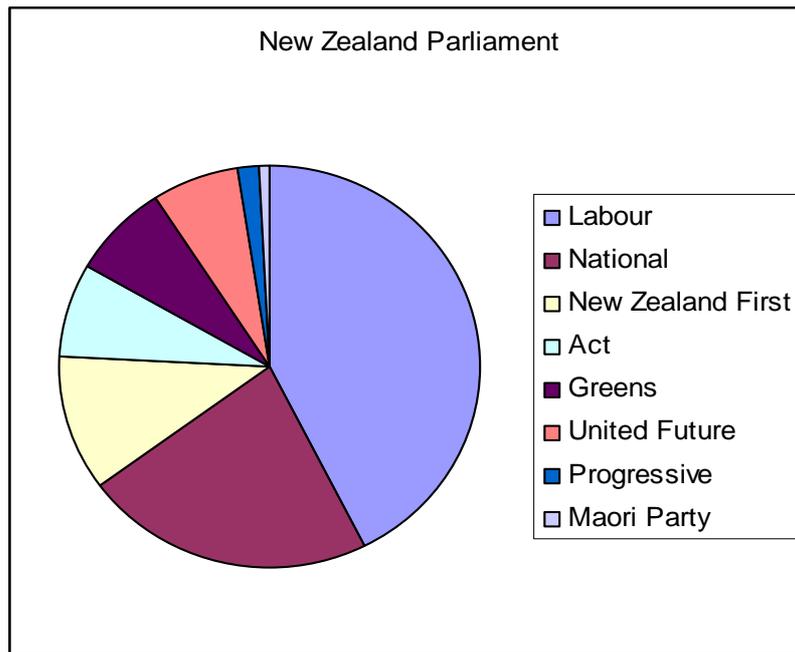
Peter Dunne first entered parliament as a Labour MP in 1984. However, in 1994 he resigned and became an independent. In 1995 he and defectors from Labour and National formed the United New Zealand Party. In 2002, this merged with Future New Zealand to become United Future, with Dunne retaining leadership. He sees himself as a centrist and has served as a member of Cabinet in governments led by both Labour and National. He is opposed to drug reform, the Civil Union Bill (homosexual marriage rights), supports the tobacco industry and emphasises family values.

The Current Parliament

The current government is a coalition between Labour and the Progressive Party. The Prime Minister is Helen Clark. The largest opposition party is the National Party of which Don Brash is the leader.

The current composition of seats in the New Zealand Parliament is:

Party	Seats Held
Labour	51
National	27
New Zealand First	13
Act	9
Greens	9
United Future	8
Progressive	2
Maori Party	1
Total	120



The Cabinet

<i>Member</i>	<i>Portfolio</i>
<i>Rt Hon Helen Clark</i>	Leader, Labour Prime Minister Minister for Arts, Culture and Heritage Minister responsible for Ministerial Services Minister in charge of the New Zealand Security Intelligence Service Minister responsible for the Government Communications Security Bureau
<i>Hon Dr Michael Cullen</i>	Deputy Leader, Labour Deputy Prime Minister Minister of Finance Minister of Revenue Attorney-General Leader of the House
<i>Hon Jim Anderton</i>	Leader, Progressive Minister for Economic Development Minister for Industry and Regional Development Minister of Forestry Minister responsible for the Public Trust Associate Minister of Health
<i>Hon Steve Maharey</i>	Minister for Social Development and Employment Minister of Housing Minister of Broadcasting Minister of Research, Science and Technology Minister for Crown Research Institutes Minister of Youth Affairs
<i>Hon Phil Goff</i>	Minister of Foreign Affairs and Trade Minister of Justice

	Minister of Pacific Island Affairs
<i>Hon Annette King</i>	Minister of Health Minister for Food Safety
<i>Hon Jim Sutton</i>	Minister of Agriculture Minister for Biosecurity Minister for Trade Negotiations Associate Minister for Rural Affairs
<i>Hon Trevor Mallard</i>	Minister of Education Minister of State Services Minister of Energy Minister for Sport and Recreation Minister responsible for the Education Review Office Coordinating Minister, Race Relations Associate Minister of Finance
<i>Hon Pete Hodgson</i>	Minister of Transport Minister of Commerce Minister for Land Information Minister of Statistics Associate Minister of Health Associate Minister for Industry and Regional Development Convenor, Ministerial Group on Climate Change
<i>Hon Parekura Horomia</i>	Minister of Maori Affairs Associate Minister for Social Development and Employment Associate Minister of Education Associate Minister of State Services Associate Minister of Fisheries Associate Minister of Youth Affairs
<i>Hon George Hawkins</i>	Minister of Police Minister of Internal Affairs Minister of Civil Defence Minister of Veterans' Affairs
<i>Hon Mark Burton</i>	Minister of Defence Minister of Tourism Deputy Leader of the House Minister in charge of Treaty of Waitangi Negotiations Minister with responsibility for the Fire Service Commission
<i>Hon Paul Swain</i>	Minister of Labour Minister of Immigration Minister of Corrections Minister for State Owned Enterprises Associate Minister of Communications Associate Minister for Information Technology
<i>Hon Marian Hobbs</i>	Minister for the Environment Minister for Disarmament and Arms Control Minister responsible for Archives New Zealand Minister responsible for the National Library Minister responsible for the Law Commission Associate Minister of Justice Associate Minister of Foreign Affairs and Trade (Official Development Assistance) Associate Minister for Biosecurity Minister with responsibility for Urban Affairs
<i>Hon Ruth Dyson</i>	Minister for ACC

	Minister for Senior Citizens Minister of Women's Affairs Minister for Disability Issues Associate Minister for Social Development and Employment (CYF) Associate Minister of Labour
<i>Hon Chris Carter</i>	Minister of Conservation Minister of Local Government Minister for Building Issues Minister for Ethnic Affairs
<i>Hon Rick Barker</i>	Minister for Courts Minister of Customs Minister for the Community and Voluntary Sector Minister for Small Business Associate Minister of Justice Associate Minister for Social Development and Employment
<i>Hon David Benson-Pope</i>	Minister of Fisheries Associate Minister for the Environment

Ministers Outside of Cabinet

<i>Member</i>	<i>Portfolio</i>
<i>Hon Judith Tizard</i>	Minister of Consumer Affairs Associate Minister for Arts, Culture and Heritage Associate Minister of Commerce Associate Minister of Transport Minister with responsibility for Auckland Issues
<i>Hon Dover Samuels</i>	Minister of State Associate Minister for Economic Development Associate Minister for Industry and Regional Development Associate Minister of Housing Associate Minister of Tourism
<i>Hon Damien O'Connor</i>	Minister for Racing Minister for Rural Affairs Associate Minister of Agriculture Associate Minister of Health Associate Minister of Immigration
<i>Hon Harry Duynhoven</i>	Minister for Transport Safety Associate Minister of Energy
<i>Hon Taito Phillip Field</i>	Minister of State Associate Minister of Justice Associate Minister of Pacific Island Affairs Associate Minister for Social Development and Employment
<i>Hon David Cunliffe</i>	Minister of Communications Minister for Information Technology Associate Minister of Finance Associate Minister of Revenue Associate Minister for State Owned Enterprises
<i>Mita Rinui</i>	Minister of State Associate Minister of Health Associate Minister of Corrections

	Associate Minister in charge of Treaty of Waitangi Negotiations Associate Minister of Forestry
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Election issues

On Monday 25 July Prime Minister Helen Clark announced that an election would be held on 17 September 2005.

The early notice of the election, which is unusual in New Zealand politics, appears to be a political tactic aimed at forcing the Nationals to unveil their tax policy, giving Labour sufficient time to critically examine the Nationals' tax policy..

Tax

New Zealand has a top personal tax rate of 39c in the dollar over \$60 000. The top company tax rate is 33c in the dollar.

Tax has emerged as a central election issue, with the Nationals' promises of tax cuts at the centre of their campaign. The Nationals have attacked what they say are New Zealand's high tax rates, which they blame for much of the NZ "brain drain" (630 New Zealanders leave permanently for Australia every week). They have proposed significant cuts, including tax rebates for childcare and interest on student loans, cutting the corporate rate and abolishing the carbon charge, without specifying details or costings.

Labour has attacked this position on two fronts. On the timing of the Nationals' announcement, Finance Minister Michael Cullen said: "They are still slithering all over the place on timing. First they were going to release their tax policy once the election date was announced. That went out the window and was replaced with a promise simply to name the date of their announcement once the election date was known. Now that promise has been broken too..."

Second, Labour claims the tax policy will cost too much. John Key, the Nationals' finance spokesman, has said the tax policy will cost about \$2 billion a year. Dr Cullen has said this year's operating surplus was largely spent and deficits were predicted for the next three years, making such cuts unrealistic.

Labour has extended its attack on the tax cuts, pointing out that the service cuts necessary to pay for the tax cuts will have to be "massive".

A Colmar Brunton poll exclusive to TVNZ's Sunday program shows tax is now neck and neck with health as the top election issue. Overall, 25% of all voters identified tax as the issue that concerns them most and while health funding and resources was identified as the most pressing issue by 26% of respondents, tax may be a defining issue of the 2005 election.

Student loans

The Nationals had announced they would make interest payments on student loans tax-deductible. This week, the Labour Party went several steps better, making a \$300 million-a-year commitment to abolish interest on student loans entirely.

Both policies are directed at stemming the “brain drain”, by only being made available to people living in NZ.

Labour also announced they would provide an added incentive to come home, in the form of an amnesty on penalty interest for people who return to NZ next year.

Within a day of Labour’s announcement, the website explaining the changes had taken over 75,000 hits. One in six voters have student loans.

Experience

Prime Minister Helen Clark has emphasised that she and her Finance Minister Michael Cullen have a combined 48 years in parliament, compared to just six for the Opposition Leader Don Brash and his finance spokesman John Key.

Brash argues that his experience as Governor of the Reserve Bank, a role he held for over a decade, stands him in good stead.

Coalitions

It is unlikely that any party will be able to form government on their own. The likely scenario is that Labour will attempt to form a coalition with the Green Party, while the Nationals may link to New Zealand First. There is also a small party, the United Future Party, a mix of liberal centrists and Christians, which will probably play a small role in the election. The Maori Party may also play a small role and is likely to pick up between two and five seats.

Economy

The NZ economy is exceptionally strong. New Zealand’s \$97 billion economy expanded 4.2 percent in the year ended March 31, buoyed by consumer spending and house construction. The nation’s jobless rate is 3.9 percent (a record low) and house prices rose 14 percent in June from a year earlier, boosting consumer confidence. The Prime Minister is seeking to compare Labour’s economic record with the non-Labour past: “the days of asset sales, big borrowing, spending cuts, growing poverty, instability and the deeply divided society of the 1990s.”

The election-year budget has been described as “miserly”, and is thought to have hurt Labour in the polls. Tax thresholds, effective 2008, were raised, indexed to inflation; but the resulting cuts were low enough to actually attract criticism for their meagerness.

In response to the Nationals’ tax plan, Helen Clark is promoting the “Working for Families” program amounting to \$1.3b annually, which includes various allowances and tax credits, as tax relief.

Maori issues

The National Party has spoken out against the “slippery slope to separatism, with different rights and different responsibilities depending upon your ethnicity”. Specifically, the National Party plans to abolish the Maori seats and does not support Labour’s new law providing for separate seats on councils for Maori.

Other issues

The dominant issues in the NZ election are similar to those in other western nations. Health, tax, education, law and order and the economy top the list of voters' concerns.

Ms Clark has hinted at further big announcements on policing and apprenticeships.

Polling

The following gives some sense of the various polls conducted over the past eight months. Some speculative discussion of the possible reasons behind polling figures has been included.

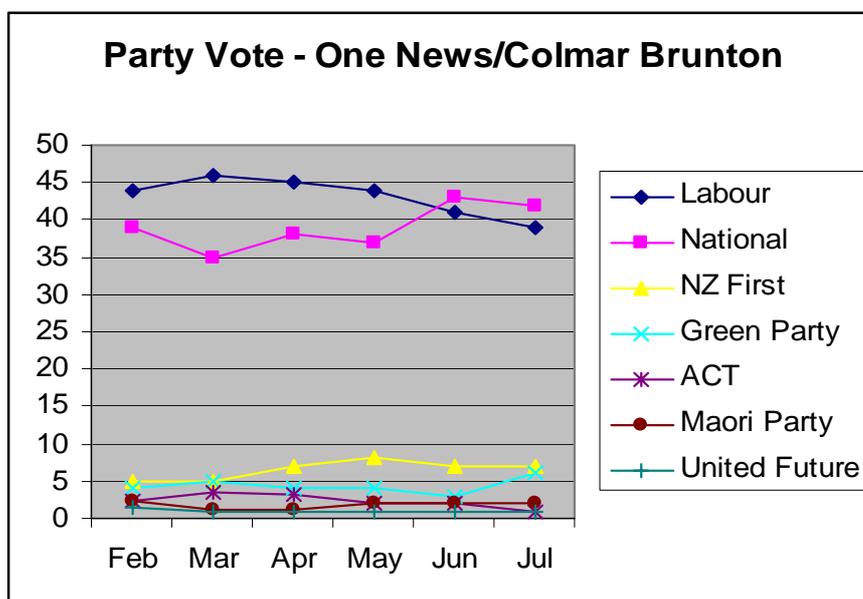
Party Vote

One News/Colmar Brunton poll

Labour fell three points from 47% in December 2004 to 44% in February 2005. In the same period National jumped four points from 35% to 39%. This coincided with Don Brash's plan to abolish race-based government policy.

Labour gained a few points in March, up two to 46%, then fell steeply in June to 41%, described by many commentators as a post-budget slump, then to 39% in the latest July poll. Meanwhile National, after dropping a few points in March down to 35%, then spiked with 38% in April then up six points to 42% in July, overtaking Labour.

New Zealand First have also made some ground from 5% in December 2004 up two points to 7% in July, making them likely contenders to hold the balance of power. The Greens are up one point in the same period from 5% to 6%; ACT look likely to be eliminated from parliament down 2.8% to 1% and have suffered from National's success and United Future are more or less steady on 1%. The Maori Party are up slightly from 1.3% to 2% and are likely to retain their seat currently held by Tariana Turia.

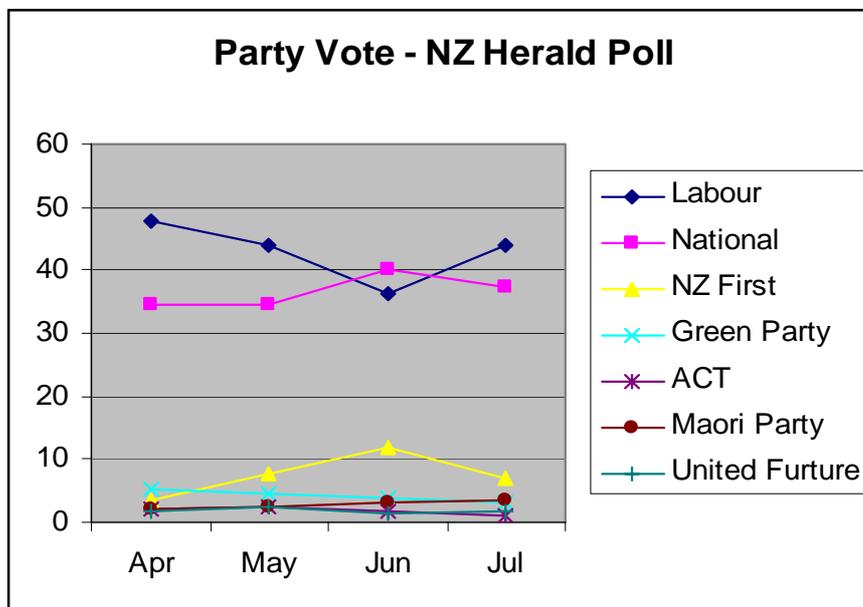


NZ Herald poll

The convincing lead held by Labour over National faltered after the May Budget. In June, National overtook Labour and led by 3.9 points. However, this has dramatically reversed in the latest poll of 29 July with Labour up 7.7 points to 43.9% while support for National has fallen 2.6 points to 37.5%. Labour now leads by 6.4%.

These results were almost identical to a *National Business Review* poll from the same day which also showed Labour up and National down. Its results showed Labour at 41% and National at 37.5%.

This may be in part due to Labour's student loans policy, with support increasing for Labour among the student-age group 18 to 24 and the parents-of-students 40 to 54 age group. Some commentators have also linked Labour's increased support to fear and anxiety after the London bombings.



Fairfax/AC Nielsen poll

The latest July poll has National leading at 42% up four points from 38% in June. Labour is down three points from 40% in June to 37% in July. As in the One News/Colmar Brunton poll, the Nationals are now leading.

New Zealand First is down one from 9% in June to 8% in July, while the Green Party is up one point from 5% to 6% in the same period. United Future, ACT and the Maori Party are all steady, each on 2%.

Perhaps surprisingly, New Zealand First voters preferred that their party form a coalition with Labour at 52% above National at 29%.

Electorate Vote

One News/Colmar Brunton poll

Labour has been fairly steady at 45% for most of 2005 then dropping two points to 43% in May then to 42% in June and July. In the same period National fluctuated between 40% and 42% then spiking with 47% in June, and down two to 45% in July.

New Zealand First gained some ground from 4% in February to 5% in July. The Green Party has fluctuated between 3% and 4%. After some fluctuations Act is down from 1.6% in February to 0.4% in July. The Maori Party is sitting on around 2% while United Future is sitting on around 2%.

Preferred Prime Minister

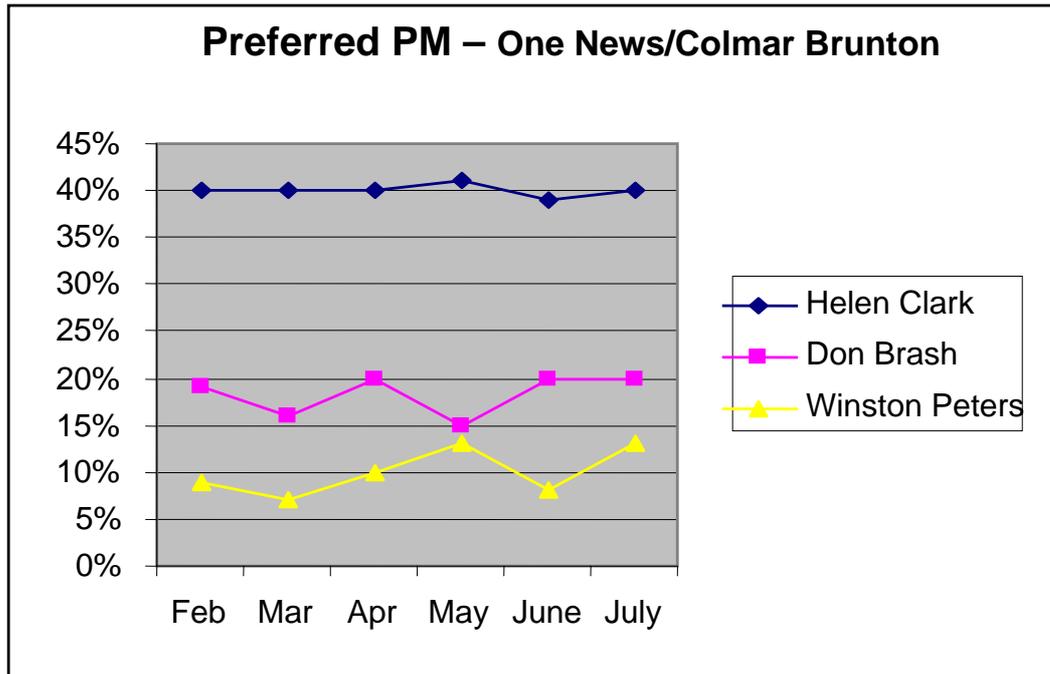
One News/Colmar Brunton poll

Helen Clark's personal approval rating as Preferred PM has remained strong despite Labour's fall in the polls. It has remained between 39% and 42% from December 2004 with the latest July poll showing 40%. This was despite the Labour party facing some difficulties in May with a foot and mouth scare, a critical review of the police emergency response system and the presence of former Hussein regime Iraqis in New Zealand. Clark attributed this to her Government's decisive responses to these issues.

Don Brash's approval as Preferred PM meanwhile fell from 21% in December 2004 down five points to 16% in March, then up to 20% in the latest July poll.

Winston Peters has made some ground from 7% in December up six points to 13% in the latest July poll.

The significant lead held by Helen Clark could be a decisive factor in the outcome of the election.



NZ Herald poll

In the latest July poll, Helen Clark's approval has risen by five points to 53.8%. Don Brash has also had a rise, up 3.3 points to 28.3%.

Fairfax/AC Nielsen poll

Helen Clark's approval as Preferred PM is steady across June and July at 39% while Don Brash's rating has increased from 24% in June to 29% in July. Winston Peters has dropped two points from 9% in June to 7% in July.

Government Performance

One News/Colmar Brunton poll

Public approval of the Government's Performance has gradually fallen from 53% in December 2004 to 44% in June then up three to 47% in July.

Expectations of New Zealand's economic outlook improving in the next 12 months fell from 44% of people in December 2004 with 30% believing it would worsen, to 26% believing it would improve in May and 39% that it would worsen. In the latest July poll, it rose to 35% expecting the economy would improve, while 34% believed that it would worsen.