

GOVERNMENT



Paul East QC

The 2005 election: An exciting campaign lies ahead

Paul East QC is retained by Bell Gully to advise on public law issues. Here, he summarises the issues likely to arise during the upcoming election campaign.

No major party ever wants to lose an election but if one had to lose then this is not such a bad one to choose.

All the signs are that there will be some tough economic conditions ahead. Growth is slowing, commodity prices will ease, house prices are likely to fall and there will be pressure on inflation and interest rates. As economic activity slows the tax base makes it even more difficult to deliver what the country expects.

The prize of winning is further tarnished with the almost certain prospect of requiring the support of New Zealand First to govern. Like 1996 it may be the kiss of death to the major party that enters into such an arrangement.

National v Labour

For the last six years the Labour Government has been the beneficiary of strong economic growth. The fact that the Government cannot point to any major decision that it has taken to bring about this growth does not prevent it from taking the credit for the country's economic performance. Indeed many would say the growth resulted from policies implemented in the second part of the 1980s and the early 1990s.

The growing economy has allowed Labour to increase Government spending, particularly in the health and education sectors, as tax revenue has increased over the last six years.

This has meant that Labour has enjoyed a substantial lead over its nearest challenger National in the public opinion polls.

Now, just a matter of weeks from a general election, a third term for the Labour Government appears in doubt. Latest public opinion poll figures have Labour trailing National by three or four points with neither party likely to be in a position to command a majority of seats in the House of Representatives following a general election.

National must be ecstatic, if not a little surprised, that under Don Brash they have almost doubled the public support they received at the last election and have a realistic chance of forming the next government. They have certainly regained a level of political credibility which most thought was impossible just three years ago.

The resurgence of National started with Don Brash's "one New Zealand" speech at Orewa last year and that groundswell of support, while waxing and waning a little in the intervening period, has appeared to consolidate in recent months.

During this period the Labour Government has had to fend off a barrage of negative publicity particularly in portfolios such as Police and Education and a number of ministers have been forced to resign as well.

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Given the fact that National is ahead in the polls an election in September seems likely. There is still plenty of time for Labour to catch up and overtake National. First, the air of complacency that has been prevalent in Labour ranks has now well and truly gone with the last few public opinion polls.

Second, National appears to hold the view that its policy on tax cuts will be its trump weapon. In placing its faith in such a policy, National will need to be very careful to ensure that voters will accept the message that they will receive a tangible increase in their income and that this will not be at the expense of a reduction in the standard of health and education.

It can be expected that Labour will campaign vigorously on this issue with the theme that tax cuts will only be enjoyed by the wealthy and that the rest of New Zealand will see a marked reduction in social services.

Another major risk factor for National is that Don Brash is untried as a political campaigner. He clearly has a lot to learn in this area and there is nothing like an election campaign to expose weaknesses. Already his frank and open manner has caused difficulty for the National party on sensitive issues like nuclear power, superannuation and Iraq. The televised debates between leaders will be an especially difficult test.

On the other hand no one can doubt the chord that Don Brash struck when he spoke out on race issues at Orewa. Labour's reaction in starting to dismantle some of its race-based policies confirmed in the public mind that the two parties had very different policies on this subject.

While most New Zealanders want tax cuts, many of the same people also call for improved health and education. National will answer this by saying that it will cut out waste and improve the quality of public spending. The appeal of National's tax cut policy is that it is simple. The Government's working for families package, which it introduced last year, is extremely complicated and very few New Zealanders understand the detail.

The position has become even more serious for Labour following the 2005 budget. Here was a chance for bold and imaginative policy just short of a general election. Instead the much trumpeted tax changes turned out to be miniscule in size and the budget was seen as a lost opportunity. The reaction to the budget that failed to deliver was exacerbated by the fact that it had been built up to be of considerable importance by a number of Labour politicians.

The Prime Minister and the Minister of Finance will take the lead in the campaign. However both are not the authoritative figures they were at the time of the last election. Ministerial sackings and wasteful public expenditure have tarnished the image of a well-oiled Government machine.

Labour's theme is likely to be that New Zealanders have enjoyed six years of considerable prosperity and all that will be put at risk if a Brash-led National Government is elected.

Already the Prime Minister is saying it will be a question of trust. Labour has delivered on its promises and now National is making commitments that are impossible to meet.

In recent weeks we have also witnessed a number of Government announcements involving increased public spending. We can expect this to continue in the weeks up to the General Election with the caveat that such funds are likely to be unavailable if National should take office.

Labour is likely to push hard for the Grey Power vote. Those aged over 60 make up 23% of the population. However, the survival of New Zealand First depends on this support so a lively tussle for votes is ensured.

National has learnt from its experience in the 1990s. The New Zealand electorate does not like radical policies. That is why National is selling the message that it can cut taxes without cutting Government services. What the commercial world will welcome, should National win the election, is the opportunity for increased private sector delivery of Government funded services.

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Health, education, corrections, transport and infrastructure are all areas that could be greatly improved with more private sector participation.

What about the other parties?

It is now becoming increasingly apparent that no government is likely to be formed without the support of New Zealand First. At this stage it would seem that New Zealand First will gain at least 10 to 12 percent of the vote. This support will be based on New Zealand First's tested policies which are: 1) We are the only people that elderly New Zealand can trust; 2) The Treaty industry is a gravy train and should be stopped; and 3) Immigration policy is a shambles and we are being overrun by foreigners.

The rise in National's fortunes is not good news for New Zealand First as there are a growing number of conservative New Zealanders, particularly in provincial areas, who are switching their support back to National.

The Green Party is the only other party likely to get over the 5 per cent threshold required to get list seats in Parliament. Even that looks like it is going to be a close call but history would tend to say that in most western societies environmental issues championed by the Greens generally have a support level of somewhere between 5 and 10 per cent.

The Maori Party continues to poll well in Maori seats and it must be favourite to take three or four of those seats. Whether it will have any list candidates elected to Parliament is more debatable. Although the Maori Party has publicly stated that it could align itself with either Labour or National, it is far more likely to find common ground with the Labour party.

Despite the fact that Act has a number of very capable members of Parliament, it is clear that they are unlikely to be re-elected. The failure of National to make an accommodation for an Act MP in a National seat is an opportunity lost and has left them with the impossible target of gaining 5 per cent of the popular vote.

The most that United Future can hope for is two or three MPs and it looks like Jim Anderton's Progressive Party will become a party of one.

There is also the prospect that if the two major parties maintain a clear gap in the polls voters will perceive that their vote may be wasted and turn away from those smaller parties making it even more of a two-horse race.

How will the parties line up after the votes are counted?

The answer to this question depends very much on New Zealand First. If the two major parties obtain fairly similar levels of support then, like it or not, New Zealand First will be in the driver's seat.

If Labour wins more seats than National and can govern with New Zealand First in partnership (i.e. with more than 60 seats in Parliament combined) then we are likely to have a Labour Government.

If, however, National wins more seats than Labour and in combining with New Zealand First is able to hold more than 60 seats in Parliament then we are likely to have a National Government.

If, however, Labour requires the Greens as well as New Zealand First to command a majority in Parliament then it is unlikely that New Zealand First will wish to enter into a coalition government on those terms - although it is not impossible that they may be prepared to support such a government on issues of confidence and supply.

The same could be said if Labour needs the Maori Party as a coalition partner in order to govern. Again New Zealand First would be reluctant to enter into a coalition government.

There are many imponderables and Winston Peters has already enjoyed an unpleasant experience as a coalition partner in the last term of the National administration. He may prefer to play a longer term game and stay on the outside, supporting the Government with confidence and supply and distancing the party from any unpopular decisions.

“Whatever the outcome we are in for an exciting election campaign.”

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For further information, please contact your usual Bell Gully adviser or:

WELLINGTON

Simon Watt

simon.watt@bellgully.com

64 4 915 6854

Peter Castle

peter.castle@bellgully.com

64 4 915 6988

Kirsten Clayton

kirsten.clayton@bellgully.com

64 4 915 6749

AUCKLAND

David McGregor

david.mcgregor@bellgully.com

64 9 916 8920

Garry Downs

garry.downs@bellgully.com

64 9 916 8932

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This would no doubt create a period of considerable political instability.

Having said all that it must be stated that the majority of the New Zealand First members of Parliament are conservative by nature. Most of them would sit quite comfortably in a National Party caucus. They certainly would have little in common with the left of the Labour Party and the Green Party. The issue is what influence they will have or at least what influence their leader will allow them to have.

Whatever the outcome we are in for an exciting election campaign.

Advice and information

If you require further information or advice, our Government group can help you. Contact any of the team members listed on the left.

AUCKLAND

Vero Centre
48 Shortland Street
PO Box 4199, Auckland
New Zealand, DX CP20509
Telephone +64 9 916 8800
Facsimile +64 9 916 8801

WELLINGTON

HP Tower
171 Featherston Street
PO Box 1291, Wellington
New Zealand, DX SX11164
Telephone +64 4 473 7777
Facsimile +64 4 473 3845

www.bellgully.com

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