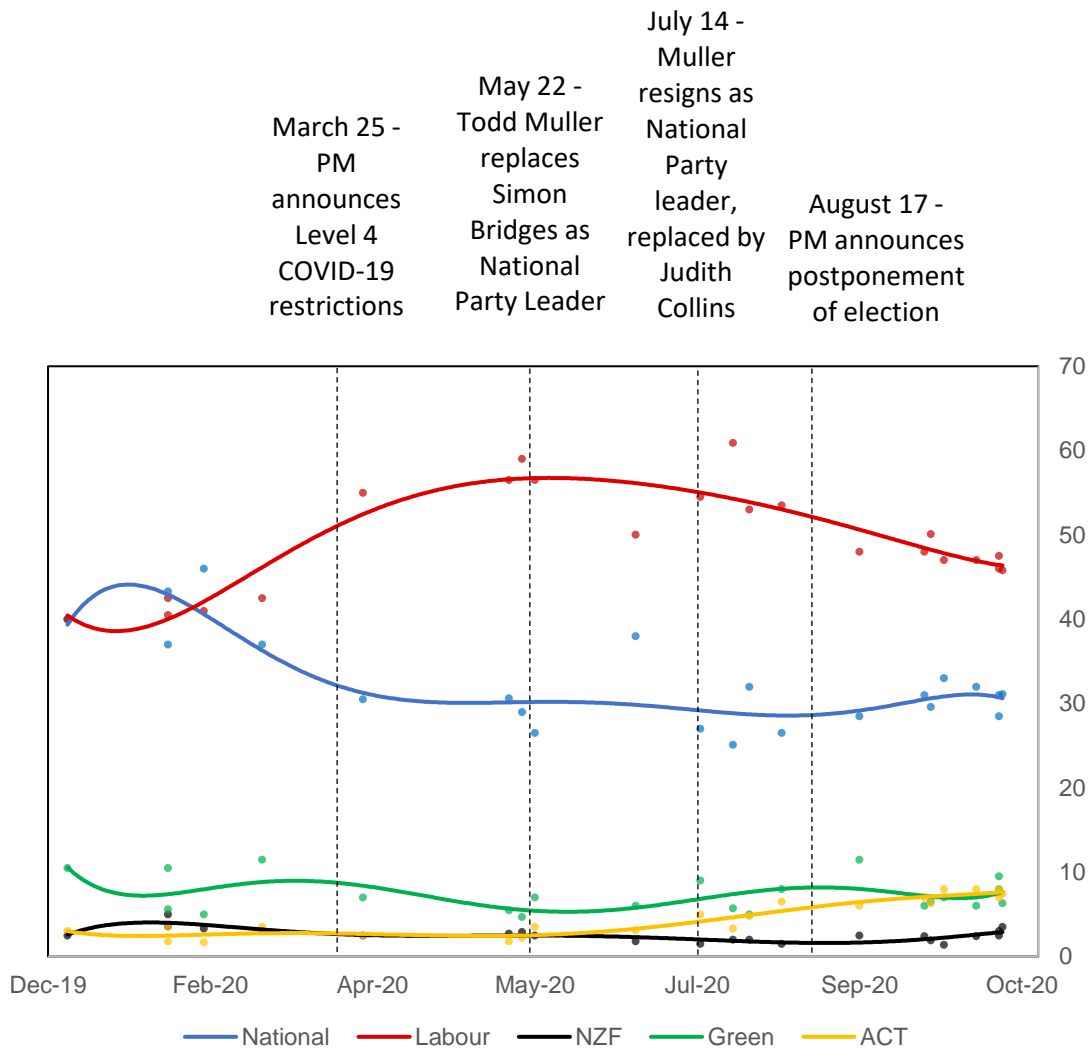


MNI POLITICAL RISK: Ardern On Course For Re-Election In Delayed New Zealand Poll

By Tom Lake

Incumbent New Zealand Prime Minister Jacinda Ardern is set to be re-elected in the country's legislative election to be held on October 17. The vote was delayed from 19 September due to an outbreak of COVID-19 in August, but this has done little to damage Ardern's standing, with opinion polling pointing towards her centre-left Labour Party on course to either win a narrow majority or be in a position to form a two-party coalition with the environmentalist Greens.

Chart 1. Opinion Polling for New Zealand Election, % and Trendline



Source: Newshub-Reid Research, 1 News-Colmar Brunton, Roy Morgan Research, MNI

Electoral System

New Zealand uses a mixed-member proportional system to elect members to its unicameral parliament, the House of Representatives. Under a MMP system, individuals are allowed two votes. One is for the 'electorate vote', which determines the member of parliament for that individual's geographic electoral district (known as an 'electorate' in New Zealand). The candidate winning a plurality of votes in any electorate is declared the winner. Individuals then have the 'party vote', where voters will vote on a nationwide party list.

Any party winning over 5% of the nationwide vote is entitled to a share of the party list seats, even if they do not win any electorates. The second threshold is that any party winning one or more electorate seats is entitled to an additional share of the party list seats, even if it does not cross the 5% nationwide threshold. The parliament usually has 120 members, although this can increase by one or two 'overhang seats' should the share of the party's nationwide vote entitle it to fewer seats than the number of constituency seats that it won.

In the House of Representatives, 72 seats are filled by electorate Representatives. Of these, seven electorates are reserved for voters that have registered on a roll of those who state they are of ethnic Māori descent (candidates in these electorates do not have to be Māori, nor on the Māori roll). This leaves 48 seats filled by party list candidates.

Table 1. Main Party Candidates, Current and Projected Seats

Party	Leader	Political Stance	Current Seats	Forecast Seats
Labour	Jacinda Ardern	Centre-left, social democrat	46	59-61
National	Judith Collins	Centre-right, liberal conservative	54	40-41
Green	James Shaw/ Marama Davidson	Left-wing, environmentalist	8	8-11
ACT	David Seymour	Libertarian	1	10
New Zealand First	Winston Peters	Populism, centrist nationalism	9	0

Source: Newshub-Reid Research, 1 News-Colmar Brunton, MNI

Election Scenarios:

Labour Wins A Plurality Of Seats, Forms Coalition With Greens – 45% Probability: In this scenario we would expect to see a shift to the left in policy terms, with the government likely to focus increasingly on environmental issues given that the Greens would replace New Zealand First as the largest junior partner in the governing coalition. Reducing inequality would also likely feature heavily in a Labour-Green coalition, with increased personal taxation on high earners (over NZD180k) and increase taxes on multinational tech firms a likely eventuality. Any future trade agreements likely to be tied to climate change commitments.

Labour Wins Majority – 40% Probability: Should Labour manage to win a majority they would be the first party to do so under the MMP electoral system (introduced at the 1996 general election in an attempt to end the two-party dominance of Labour and the Nationals). A Labour majority would enable Ardern to embark on a stated priority from her 2017 election campaign that has not come to fruition; a major housebuilding initiative. Without the environmentalist Greens propping up the government, Labour may be in more of a position to ramp up the building of homes nationwide in an effort to combat a major shortage of affordable homes for first-time buyers.

Nationals Outperform Polls, Form Coalition With ACT – 5% Probability: Should Judith Collins' Nationals significantly outperform polling expectations the party could be in a position to form a coalition with the libertarian ACT. Ardern has already announced that if Labour do not emerge as the largest party from the election she will resign as leader. A National-ACT coalition would see New Zealand's fiscal policy shift to a more conservative stance, with income tax bands lifted and targets placed on reducing government debt levels. There would also be greater focus on trade deals with the US, UK, and the EU. ACT supports free trade and movement area between NZ, Australia, Canada, and the UK.