

The 2008 General Election in New Zealand

Jack Vowles
University of Exeter

Forthcoming *Electoral Studies* (no date of publication yet)

http://www.elsevier.com/wps/find/journaldescription.cws_home/30412/description#description

New Zealand's single-chamber parliament has a maximum term of three years. The 2008 general election was held on November 8, one of the latest dates possible within that period. No particular political events precipitated its timing.

The incumbent government was a Labour Party-led minority coalition. However, the other party in the coalition, the Progressive Party, had only one member, its leader Jim Anderton. The government's coalition status was more technical than real. More significant were other arrangements that provided stability to the minority government. Two parties, New Zealand First and United Future, were pledged to support the government on matters of confidence and supply. Controversially, the leaders of both were given Ministerial positions outside of Cabinet, one being Minister of Foreign Affairs. Collective responsibility was expected to apply to those Ministers only in their portfolios. The Green Party had also agreed to abstain on confidence and supply. Much criticised at the time of their foundation, these arrangements provided the government with a secure majority through its third term that began after the 2005 election.

Labour had led governments since the 1999 election, comfortably maintaining its position at the 2002 election, but achieving much more narrow victory in 2005. Polls had been running strongly against the government for most of its third term and the economy had been in 'technical recession' from the beginning of 2008. Although only marginally below zero, New Zealand's economy had negative growth immediately prior to the election. This reflected the early effects of the subprime mortgage crisis in the United States, in the context of an already high interest rate regime in New Zealand and very high levels of private offshore debt, a summer drought adversely affecting New Zealand's pastorally-based exports, the increase in international oil prices, and declining confidence in an overblown housing market. While only a few of these factors could be credibly blamed on the government, the 'mood of the country' was one of 'time for a change'.

Since 1996, New Zealand conducts elections under a mixed-member proportional (MMP) system. There are two votes, one for a nationally registered party, and one for a candidate in a single member electoral district (electorate, in New Zealand terminology). In 2008 52 members of Parliament were returned from national party lists, and 70 from the electorates. As MMP is a compensatory system, the overall composition of Parliament is determined by the party vote using the Sainte-Laguë formula. List seats are allocated on a 'top-up' basis after the electorate seat results have been declared. Parties winning more electorate seats than the number allocated from the party vote formula retain those seats, causing an increase in the size of Parliament. In 2008, there were two extra seats as a result of this 'overhang' provision, the normal size of Parliament being 120. An electoral threshold applies,

limiting the allocation of party list seats to parties with five per cent of the party vote, but the threshold can also be crossed by a party winning one or more electorate seats.

The election campaign period is not tightly defined in New Zealand. The Opposition centre-right National Party opened its campaign in Auckland on October 10, Labour on October 12. The Labour Party campaigned on its strong record of competent economic management and on a theme of trust. The National Party's campaign focused around its relatively new leader, John Key, formerly employed as a currency trader by the investment firm Merrill Lynch.

One of the major issues in the campaign also helped shape its somewhat lacklustre quality. Labour had introduced campaign finance legislation to restrict the involvement of non-party actors. In 2005 eight wealthy members of the Exclusive Brethren Church had funded an expensive campaign against Labour and the Green Party, encouraged to some extent by National. Labour sought to prevent the recurrence of such non-party or 'third-party' intervention on such a large financial scale. However, the draft legislation was widely perceived to have gone too far, and the law was widely opposed not only by the Opposition parties. The legislation extended the campaign period under which regulations apply from January 1 in the third year of the election cycle. Anyone wanting to spend more than \$12,000 nationally on political advocacy related to the election was required to register with the Electoral Commission and appoint a financial agent, with an overall spending limit of \$120,000. Third parties also had to submit a return on expenditures and comply with regulations applying to political parties that limit the amount of donations and disclose their sources above a relatively low threshold. This had stifling effect on wider public involvement in the election campaign, particularly as clear interpretation of the law proved difficult.

Intensification of campaign regulation also played into a socially conservative interpretation many of the government's policies as excessively intrusive on moral and 'politically correct' grounds: the imposition of a 'nanny state'. Amendment of the law to remove the right of parents to hit their children had provoked much opposition, although the National Party had brokered a compromise on the final version of the change in the law.

Worse, having amended the campaign finance law, politicians themselves appeared unable to keep within its rules. New Zealand First party leader and Minister of Foreign Affairs, Winston Peters, was accused of receiving an illegal donation and the matter dragged on for months. In the end, no grounds were found for prosecution but Peters and New Zealand First, a central government ally, were tarnished as a result and this rubbed off on the Labour Party.

In contrast to the 2005 election, when its campaign promises signalled a significant shift to the right, during 2007 National Party had been careful to present itself as a centrist alternative promising little or no change to Labour's most important policy settings (Edwards 2008). In its final weeks of office, Labour made much of passing into law under urgency a new carbon emissions trading scheme. National pledged to amend the scheme to reduce compliance costs, but accepted the principles behind it. Similarly, Labour had introduced a savings scheme requiring employers to make a small contribution to a transferable fund for employees' pensions. National proposed a change only to reduce the extent of employers' obligations. While ideologically disposed towards privatisation, National promised not to privatise state activities in its first term of office, despite Labour having re-established state-owned banking and renationalised the railways and Air New Zealand. Both Labour and National promised

tax cuts, but National's were more generous, particularly to those on higher incomes. But as the extent of the international financial crisis became more obvious during the campaign, both parties began to reduce the scale of their fiscal promises.

Labour's leader, Prime Minister Helen Clark, retained a high level of public respect but was past the height of her public popularity. National leader John Key had the advantage of a fresh face, having entered Parliament only in 2002, and thus no history of involvement in previous National governments. In 2008, for the first time during New Zealand's experience of proportional representation, by mutual agreement the two major party leaders refused to participate in debates with leaders from the other political parties, thus reinforcing public perceptions of the election as predominantly a two-party contest. This may have worked to Key's advantage, as he easily held his own against Clark in those debates, an impact that might have been diluted had other leaders been in the mix. In the context of the allegations of party funding impropriety, Key also ruled out any coalition or support arrangement between National and New Zealand First and its leader Winston Peters.

The result of the election was much as expected and as foreshadowed in the polls. National gained almost 45 per cent of the vote, the highest proportion received by a party since the change of electoral system, but not enough to achieve a single-party majority. New Zealand's electoral system also provides for separate electorate seats for Maori, the indigenous ethnic group. The Maori Party won five out of these seven electorate seats, two more than their party vote entitlement, thus increasing the size of the House by two seats to 122. With 58 seats, National was four short of a single-party majority. However, the right-wing ACT party, with only 3.7 per cent of the party votes, had won the electorate seat of Epsom contested by its leader, Rodney Hide, giving ACT five seats. National and ACT together summed up to a clear centre-right majority. United Future's single seat won by its leader, Peter Dunne, could also be added to the centre-right tally, making 64 out of the 122 seats. As a proportion of those eligible to vote by age, citizenship and/or residence in the country, the 2008 election had the second lowest turnout in over a century of New Zealand elections. The general expectation of an easy National victory no doubt had much to do with this.

Despite the apparent decisiveness of the result, there had been one alternative scenario for a centre-left victory. The core of a centre-left coalition, Labour, Progressive, and the Green Party, could command only 53 seats. Another potential Labour ally, the New Zealand First Party, on 4.1 per cent of the party vote, and no electorates won, had failed to cross the threshold for representation. If its vote had been only slightly higher, at 5 per cent, it could have received six seats, and the shares of all other parties but the Maori Party would have been marginally reduced, robbing the centre-right of an overall majority. In this situation, the Maori Party could have become the pivotal player.

But even if New Zealand First had retained a place in the House, this centre-left option was an unlikely outcome. The Maori Party, if anything, was leaning towards support for a National-led government. Prior political events had created a legacy of distrust and antagonism between Labour and the Maori Party, and these two parties compete for Maori votes. Perhaps of greater importance, the significant gap between National and Labour in the party vote meant a clear public expectation that National would lead the next government, and the successful construction of a complex and probably shaky Labour-led coalition would have been widely regarded as lacking legitimacy. Moreover, New Zealand First had ruled out Green involvement in

Labour's previous government at ministerial level, and the big differences between those two parties would have further complicated any centre-left government relying on both.

New Zealand First was, of course, the biggest loser in 2008. In one sense, the Green Party was also a loser. Although it increased its vote and seats, this advance was marginal. Strategically, after some deliberation in the wake of the 2005 election, the Greens had recognised their place on the centre-left, and thus their role as a potential coalition ally for Labour, not National. The Greens had analysed the composition and preferences of their voting bloc, and evaluated Labour's environmental policies as significantly superior to those of National. In the aftermath of the election, as the new government began to act, several Green initiatives successful under the previous government were among the first targets for National to undo.

Despite the extent of the National victory, Labour emerged from the election in better condition than many would have expected. On election night Helen Clark announced her immediate departure from the Labour leadership, and in a quick and clean transition without conflict, Phil Goff took over the position in only a few days. Deputy-leader and former Finance Minister Michael Cullen also resigned, and was replaced as Deputy leader by Annette King. Despite its loss, Labour was able to bring a significant number of talented newcomers into the House, while retaining many of its experienced members. During the first session of Parliament after the election Labour members' mastery of Parliamentary processes made it possible for them to inflict embarrassment on National in various situations, boosting the party's morale and almost certainly foreshadowing a performance as an effective Opposition.

Nevertheless, the National party won the election convincingly and was able to construct an effective government that shows every indication of maintaining stability over the next three years. It too brought in much new blood to its back benches and could rely on a core of experienced Ministers from previous governments.

A government formation option most attractive to those on the right would have been a National-ACT coalition. However, this would have conflicted with National's framing of its policy positions as in the centre. One of the founders of ACT, Sir Roger Douglas, entered Parliament once more as an ACT MP in 2008. Douglas was notorious as one of the architects of Labour's conversion to market liberalism during the 1980s, and most of all, its embrace of substantial elements of neo-liberalism that had deeply divided the party and contributed to its heavy defeat at the 1990 election. Before the election, National leader John Key explicitly stated that Douglas would not be acceptable to National in Cabinet or even as a Minister outside it. Key maintained that position strongly in post-election negotiations, despite ACT attempts to overturn it.

National's most important concession to ACT was an inquiry into climate change issues and a delay in the implementation of carbon emissions policies. Despite the scientific consensus, ACT continues to express deep scepticism about the effects of human activity on climate change, and opposes any policies to address the matter. To avoid the danger on over-reliance on ACT, rather than including ACT in a coalition with Ministers in Cabinet, National negotiated a confidence and supply agreement in tandem with two ministerial positions outside Cabinet. A similar agreement was offered to United Future's leader and sole MP, Peter Dunne. National's boldest stroke was to also negotiate an agreement with the Maori Party, with two Ministerial positions allocated, including Minister of Maori Affairs. This provides the

government with alternative majority options on policies outside the confidence and supply arrangements, either with the Maori Party, or with ACT.

Like the canary once used in coal mines to detect the early effects of dangerous gases, New Zealand experienced some of the earliest effects of the financial crisis of 2008. Yet these effects were predominantly external in their origins. New Zealand banks, like those in Australia, were not themselves directly exposed to the subprime mortgage crisis and none have collapsed or are likely to. While some finance companies folded, their effects on the wider economy were relatively limited. However by the end of 2008 the effects of the deepening crisis in New Zealand's trading partners were presenting a major challenge to the new government. That challenge will be met by a combination of tax cuts and infrastructure expenditure based on government borrowing, as elsewhere.

National has also promised a referendum on the electoral system, and key figures within the party would like New Zealand to adopt a much less proportional mixed-member majoritarian (MMM) alternative. National's easy formation of a viable government under MMP could reduce the dislike of the system of many in the party, but the matter still seems very likely to return to the political agenda in the next few years.

Table 1: Results of the 2008 General Election

	Party Votes			Electoralates			Total Seats
	Seats	Votes	%	Seats	Votes	%	
National	17	1,053,398	44.9	41	1,072,024	46.6	58
Labour	22	796,880	34.0	21	810,238	35.2	43
Green	9	157,613	6.7	0	129,584	5.6	9
New Zealand First	0	95,356	4.1	0	38,813	1.7	0
ACT	4	85,496	3.7	1	68,852	3.0	5
Maori	0	55,980	2.4	5	76,836	3.3	5
Progressive	0	21,241	0.9	1	25,981	1.1	1
United Future	0	20,497	0.9	1	25,955	1.1	1
Other Registered Parties	0	58,105	2.5	0	45,607	2.0	0
Others/Independents				0	6446	0.3	0
Seats	52			70			122
Valid votes		2,344,566			2,300,266		
Informal Votes		11,970			25,332		
Enrolled Electorate		2,976,883					
Eligible Electorate		3,138,000					
Official Turnout		79.2					
Valid/Eligible Turnout		74.7					

NOTES: Official turnout is (valid votes + informal votes)/enrolled electorate. Valid/ eligible turnout is valid vote/those eligible to vote by age, residence and/or citizenship, including those not on the electoral rolls, based on an estimate for the end of June 2008 provided by Statistics New Zealand to the Electoral Commission (http://www.elections.org.nz/ages/electorate_all.html).

SOURCE: Chief Electoral Office, <http://2008.electionresults.govt.nz/e9/html/statistics.html>

REFERENCES

Edwards, Bryce, 2008. 'New Zealand', *European Journal of Political Research* 47: 1079–1088.