

New Zealand: Coalition time

Negotiations to form a new government could take weeks



Source: NZTE

Good, but not good enough

After receiving the biggest vote over the weekend, New Zealand's Prime Minister, Bill English (pictured) is claiming the right to form the next government. But with the National Party's share of the vote only 46%, and only 58 seats in the 120 seat parliament, it looks as if he will need to form a coalition. The previous minority government worked with a supply agreement with the ACT (1 seat), but the arithmetic for this no longer works with the loss of one of the National Party's seats.

46% National Party's share of the vote

Three's a crowd?

But such a deal is by no means a certainty, and Jacinda Ardern, Labour's leader (Labour got 35.8% of the vote), is not giving up. A three-way coalition including the Greens cannot be ruled out. Labour's vote share delivered 45 seats, a rise of 13 seats taken broadly from all other parties, but

in particular the Green Party, which lost 7 seats leaving it with 7 remaining.

The most obvious choice for English would be a tie-up with the New Zealand First Party, a party most known for its anti-immigration stance. They won 7.5% of the votes delivering 9 seats (down from 12).

New Zealand First's leader, Winston Peters, is reportedly in no hurry for a coalition with the National Party, which sounds as if he is not going to settle without extracting some big concessions – most obviously on immigration.

Political uncertainty is the only sure outcome over the coming weeks as coalition talks continue, which is likely to weigh on the NZD in the meantime.

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