

Assessing the economic and political environment in New Zealand

CABINET RESHUFFLE EXTRA

December 7 2015

Confidential to HUGO members

## Forget Judith Collins. Look at Paula Bennett!

The PM surprised us by announcing both a small pre-Christmas Cabinet reshuffle just before the last sitting week of Parliament and by rehabilitating Judith Collins. However, the **most significant ministerial change has to be the surprise appointment of Paula Bennett as Minister of Climate Change**.

**Is it a canny move** that will elevate a gutsy woman and the govt's best retail politician after Key, in an area where the govt is determined to do as little as possible by putting a retail politician in charge of one the most complex areas of new policy-making? **Or is it a blunder** that says something about the emergence of a lack of depth in the current Cabinet **or a signal from Key's about the associate climate change minister, Simon Bridges,** who had expected the elevation? Green Party co-leader **Metiria Turei** was conciliatory towards Bennett in her statement on the appointment, reserving castigation for the departing Groser.

We expect environmental groups and officials to be horrified and surprised respectively. Early soundings suggest Bennett is largely unschooled in the mind-numbing complexities that are part and parcel of climate change policy. Key claims Cabinet Office advice was that the Minister of Energy and Transport would suffer regular conflicts of interest if he held Climate Change too. So how has Bridges managed up until now, when acting in the climate change role during incumbent Tim Groser's many absences this year? **Key has picked apart the potential for Bridges to become highly activist on climate change policy.** With energy, transport and climate change, Bridges could have pursued more vigorously his support, for example, for electric vehicles. He will still seek to pursue this vision with Bennett.

Bridges has struck scepticism from senior Ministers, including Bill English and Steven Joyce, and his EV package is now delayed to next year, having been somewhat gazumped by the Greens' recent package.

## The Return of Judith Collins

Our reading on Judith Collins's return is that Key calculates she could be formidably troublesome between now and election day 2017, if her considerable political energy wasn't harnessed in Cabinet. Her stirring in Auckland, high media profile, and acceptance of a car sponsorship were provocative. However, by giving her back Police and Corrections, Key is effectively keeping her demoted. She has the two portfolios she first held in the Key Cabinet in 2008, where she developed the nickname "Crusher", which she had been keen to leave behind her. She can be relied on to take the prison service issues by the scruff of the neck. Key was evasive when asked whether he had "consulted" senior colleagues and were they "enthusiastic" about Collins's return. While a small "trusted" inner group were aware of his thinking, Key said he had "told" this group his decision, made during his long absences offshore in the last two months. He dodged the issue of enthusiasm.

## In other moves

**Sam Lotu-Iiga** is lucky still to be a Minister, holding local govt, while **Michael Woodhouse** inherits the onerous revenue portfolio from McClay, having lost police to Collins. **Todd McClay**'s load is lightened, with just Trade and SOEs. As Associate Minister of Foreign Affairs he might expect to take on some of the heavy global travel schedule that Murray McCully faces in 2016. McCully will return to duties next year after a serious hospital infection. He is expected to recover fully but has been told to take the summer to recuperate.

The new MP replacing Tim Groser is **Maureen Pugh**, a former Westland mayor, who would have entered Parliament on 2014 election night figures, but lost out to the Greens' Steffan Browning after special votes.

**Key says he will probably reshuffle again before the 2017 election,** most likely early in election year. That is likely to be a more comprehensive effort that will bring new faces forward and allow for more departures by the current crop. ■

