



REPORT SUMMARY

THE NEW ZEALAND INITIATIVE

Improving MMP

Time for Electoral Reform?

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New Zealand has one of the world's oldest continuous democracies and is regarded as among the most democratically free countries. After nearly three decades of Mixed Member Proportional (MMP), our electoral system has delivered more representative parliaments and relatively stable governments. However, the system has developed inefficiencies that warrant reform.

The Core Problems

Several key issues have emerged:

- **Three-year terms are too short** for effective governance under MMP, with coalition negotiations consuming precious time and election pressures limiting long-term policy development.
- **Parliament is too small** at 120 MPs, significantly fewer than comparable countries.
- **The Executive has become bloated**, with 81 ministerial portfolios spread across 28 ministers and 43 departments - more than three times the portfolios of similar-sized democracies.
- **Overhang seats distort proportionality**, particularly when small parties win more electorate seats than their party vote justifies.
- **The 5% party vote threshold is high** by international standards, resulting in wasted votes and barriers for new parties.
- **Special vote processing delays** results by three weeks, with over 600,000 special votes requiring extensive verification.

- **Public understanding of MMP remains limited**, with voters often focusing on electorate contests rather than the party vote that determines government.

Constitutional Reforms

- **Extend the parliamentary term to four years**, accompanied by enhanced select committee powers to maintain accountability. Most comparable democracies operate on four or five-year terms. The conditions the 1986 Royal Commission set for a longer term - including MMP, more MPs, and stronger oversight - have been met.
- **Increase Parliament to 170 MPs**, applying the cube root law that balances transaction costs with representation benefits. This would make MPs more accessible to constituents and strengthen parliamentary oversight of the Executive.
- **Reduce the Executive to 15 ministers** supported by 10 junior ministers, with rationalised portfolios and departments. New Zealand's current structure is unnecessarily complex compared to peer countries, which function effectively with similar or smaller Executives.
- **Retain Māori seats** while addressing their impact on proportionality through other reforms. While no longer necessary to guarantee Māori representation, they have strong support from Māori and would be impossible to abolish.

MMP Design Improvements

- **Abolish overhang seats**, subject to reducing the party vote threshold and increasing list MPs. Germany's 2023 reform eliminated overhangs by prioritising proportionality, though

their approach of leaving some electorates unrepresented would not suit New Zealand.

- **Retain coat-tailing** despite its controversies. Abolishing it would significantly increase wasted votes and reduce proportionality, even with a lower threshold.
- **Lower the party vote threshold to 4% or 3.5%**, balancing inclusivity with stability. The current 5% barrier is high by international standards and excludes parties with substantial support.
- **Increase list MPs to 50% of Parliament**, up from the current 40%. This would reduce overhang risks and help major parties improve caucus diversity and skill sets. However, this requires a larger Parliament to avoid creating fewer, larger electorates.
- **Abolish by-elections** and replace vacancies from party lists, with the requirement that replacements have connections to the electorate. This maintains proportionality and reduces costs while preserving local representation.
- **Repeal waka jumping restrictions**. While they preserve proportionality, they give party leaderships excessive power and inappropriately restrict MPs' freedom of conscience.

Voting and Administration

- **Close the electoral roll** prior to advance voting commencing, rather than allowing election day enrolment. The 2023 experience showed this creates unsustainable pressure on the Electoral Commission and causes delays in government formation.
- **Set a fixed 12-day advance voting period** in legislation, providing certainty.
- **Relax election day restrictions** on individual political discussion while maintaining bans on organised campaigning and advertising. With over 60% now voting before election day, current rules are increasingly anachronistic.
- **Improve civics education** and public understanding of how MMP works, particularly the primacy of the party vote over electorate contests.

International Lessons

Germany's experience with MMP offers valuable lessons. After decades of overhang seats inflating the Bundestag, Germany

eliminated them in 2023 reforms. However, their solution of denying seats to some electorate winners would not work in New Zealand.

Scotland and Wales use regional list systems without formal thresholds, avoiding coat-tailing complications while achieving reasonable proportionality. Their experience shows alternative approaches can work.

The Path Forward

These reforms would enhance both the fairness and efficiency of New Zealand's electoral system while preserving its core strengths. They address fundamental tensions in democratic design that have been validated across many countries, particularly the trade-off between accountability and representation.

Implementation requires:

- **Legislative changes** to the Electoral Act and Constitution Act.
- **Comprehensive public education** about the reasons for reform and their expected effects
- **Careful sequencing**, with some reforms (like the electoral roll closure) already underway and others requiring longer preparation
- **Regular review**, as electoral systems must evolve with changing circumstances

Conclusion

New Zealand's long democratic tradition is something to cherish, especially when democracy faces pressure worldwide. The goal is not radical redesign but restoring balance between representation, accountability, and effective government - the same balance the 1986 Royal Commission sought for its time.

After 30 years of MMP, we have sufficient experience to identify what works and what needs improvement. The reforms proposed here would strengthen New Zealand's democracy for the next generation while maintaining the proportional representation that voters endorsed in 1993 and reaffirmed in 2011.

ABOUT THE AUTHOR

Nick Clark is a Senior Fellow at The New Zealand Initiative focusing on local government, resource management, and economic policy. Nick brings 30 years experience in policy and advocacy inside and outside of government. He comes to us from 19 years at Federated Farmers, where he was its National Policy Manager. As well as managing a team of policy advisors, Nick led Federated Farmers' work on economic policy, including on fiscal policy, tax policy, monetary policy, banking policy, competition policy, and overseas investment policy. He also worked extensively on local government policy issues and has been the administrator of the Local Government Business Forum, a grouping of national business organisations with an interest in local government policy issues.