

NEW ZEALAND BUSINESS ROUNDTABLE

Submission on the Electoral Referendum Bill

June 2010

1. Introduction

1.1 This submission on the Electoral Referendum Bill is made by the New Zealand Business Roundtable, an organisation comprising primarily chief executives of major New Zealand business firms. The purpose of the organisation is to contribute to the development of sound public policies that reflect overall New Zealand interests.

2. Background

2.1 The Business Roundtable is pleased that the government is giving effect to its manifesto commitment to hold another referendum on the voting system. This was expected by many voters when the mixed-member proportional (MMP) system was introduced.

2.2 Our interest relates both to the quality of electoral arrangements from a democratic perspective and to their effect on decision-making affecting the economy. The institutions and policies that a country adopts largely determine its long-run prosperity. The government has a stated goal of making New Zealand as prosperous a country as Australia in per capita income terms by 2025, an aspiration we share. At the federal level and in most of its states Australia does not have electoral systems comparable to MMP. In our view the MMP system is likely to be a handicap to New Zealand in the context of achieving the 2025 goal.

3 The Electoral Referendum Bill

3.1 We wish to raise three points on the bill as it stands.

3.2 First, we think the timetable proposed for the referendum process, in the event that there is a vote for change, is too long. The government received an election mandate to hold a referendum in 2008. In the event of a vote for change, an election on the basis of a different system would not be held until 9 years later, in 2017, if the bill is adopted. This would be more than halfway towards the 2025 benchmark date. It would be difficult to maintain a sustained and informed focus on the issues over such an extended period. We are

not aware of any other country that implemented or considered electoral reform on such a timetable.

- 3.3 A second referendum held within 12 months of the first would allow such a focus. An option on these lines was included in the Cabinet paper that formed the basis of the present bill, namely Option 2. The paper read:

Option 2: two referenda with the first referendum (two questions) held at the 2011 general election, one subsequent postal ballot, and the 2014 general election conducted under MMP or the preferred alternative voting system.

This timetable is similar to that used for the previous two-stage referendum process that brought in MMP. A second standalone referendum would allow a much greater concentration on the issues, without the distraction of a general election. In our view this timetable would allow ample time to plan and deliver the 2014 general election under a new voting system, if chosen. It could be expected to produce a strong turnout: we note that the referendum on Compulsory Superannuation in 1997 was held by postal ballot and had a participation rate of 80.3 percent of eligible voters.

- 3.4 A further point is that it cannot be assumed that a government elected in 2011 would run for a full 3-year term, and it would be preferable to have a fixed timetable. Moreover, the timing of the next census (due in March 2011) should dovetail well with any necessary boundary changes for a subsequent election. We do not believe the cost of a standalone 2012 referendum would be excessive for such an important issue: the Cabinet paper advised that it was one of the lower cost options. The Committee could make a recommendation on the timetable to this effect in its commentary on the bill.
- 3.5 Second, we submit that the options offered in Part B of the referendum voting paper as alternatives to MMP should be voted on preferentially. If voters opt for change in Part A it is hypothetically possible that the run-off option in Part B may be chosen for the next election with as little as 25.1 percent of the vote. A preferentially ranked ballot would avoid the risk of tactical voting and allow people to rank options in their true

order of preference. It has been suggested that electoral agencies would not have the capacity to administer a preferential vote. However, Australian elections have long been conducted on such a basis and we do not believe this argument is plausible, given a clear direction from the government.

3.6 Third, we note that the choice of electoral system has potential implications for the size of parliament. A citizens-initiated referendum in 1999 indicated overwhelming support for a 99-seat parliament. MMP requires a larger parliament, and STV may also. The other options, FPP, PV and SM do not. We submit that the implications of the choice of system for the size of parliament should be made clear to voters on the ballot paper (as well, of course, as in educational material).

4. Recommendations

4.1 We submit that:

- a second referendum be held around 12 months after the first if a change in the voting system is chosen, with the 2014 election held on the basis of a new system if this is confirmed in the second referendum
- the options in Part B should be ranked preferentially
- the potential for a smaller parliament should be identified on the ballot paper with the options that would facilitate it.