AUSTRALIA CAN LEARN KEY LESSON

Prime Minister is stepping down on his own terms, write Luke Malpass and Aaron Patrick.

New Zealand Prime Minister John Key’s sudden resignation said it all about his leadership. Unlike most politicians around the world and every New Zealand prime minister to date, Key announced his retirement from public life on his own terms. In announcing that he will relinquish the prime ministership next Monday, Key reinforced the reason why many in Australian politics see him as the political gold standard.

In politics, the players barely ever get to choose the time of their own exit. John Howard, Bob Hawke, Paul Keating, Margaret Thatcher, Tony Blair, all extremely successful politicians, were turfed out either by colleagues or by the voters. In New Zealand history, the only prime minister to genuinely resign was the country’s equivalent of Sir Robert Menzies, “Kiwi” Keith Holyoake, who was leader from 1960 to 1972. And even he resigned before he was pushed.

John Key, as with many aspects of his prime ministership, has broken the mould. The political achievements alone are remarkable. He bows out with his party at 50 per cent of the primary vote according to the most recent One News Colmar Brunton poll, leaving a government more popular than when it was elected in 2008, and 11 points more popular than when he took over as leader. In three elections, he increased the centre-right National Party’s share of the vote.

“Under New Zealand’s MMP system, not only was it going up unprecedented, but it was higher than any other government has achieved before it,” political commentator and pollster David Farrar told The Australian Financial Review.

For modern New Zealand, Key was perhaps a surprising conservative to become the country’s leader. He was raised by an Austrian Jewish mother in a state house, attended the local public schools and studied at the University of Canterbury before becoming a currency trader. The last private-sector job he held was at Merrill Lynch in New York. A classic Kiwi bloke, his ease with ordinary New Zealanders and ability to speak to anyone from teacher to Maori protestor to Wall Street analyst was a secret to his success.

“Key always tore to the centre of the bell curve, and the results were bi-partisan self-seeking crowds that followed him everywhere, gave him stratospheric favourability ratings for a Western parliamentary leader, and slim majorities to govern in coalition,” Dr Lindsey Te Ata O Tu MacDonald, a senior lecturer in politics at the University of Canterbury, said.

“Labour never forgave him for being a successful guy who Kiwis thought understood them better than they [Labour] did, and who was one of the crowd,” MacDonald says.

Key has been held up as a model for Australian conservatives. In his first speech, when it was clear that he would defeat Tony Abbott as Liberal Party leader in September last year, Malcolm Turnbull singled out Key for praise. At a Trans-Tasman Business Circle lunch in February, Turnbull described Key as “a great role model for me and for any leader”.

“He governs from the centre. He is a man of business, who understands the importance of free markets, who understands the government’s role is to enable citizens to achieve their dreams and do their best, rather than tell them what is best. He has made one economic reform after another that has built New Zealand prosperity to the point where now net migration is heading back towards New Zealand.”

On hearing of Key’s resignation, former Australian prime minister John Howard also paid tribute.

“At a time when economic reform has appeared to be in retreat in many parts of the world, New Zealand’s leader has demonstrated that courageous and clear-headed change for the better can still be realised,” Howard said. “Importantly, he has consolidated the already close, special and family-like relationship between Australia and New Zealand.”

The political plaudits for Key were due to his ability to remain popular – he is comfortably the most popular leader in the West with a net approval rating of 50 per cent – while quietly reforming the New Zealand economy.

“Key’s greatest success was the reform of the welfare state, moving the budget towards a narrow surplus, and dealing with the fallout of the GFC and the Canterbury earthquakes,” said Dr Oliver Hartwich, executive director of business-backed think-tank New Zealand Initiative.

Key wedded strong economic policy with socially liberal policies, without pushing ahead of popular sentiment or jamming modern morality down people’s throats.
The reason he is a role model to many figures in the Liberal Party of Australia is his ability to pursue business-friendly policies and remain politically popular.

"In a world where people think reform will not be rewarded by the public, John Key proved that demonstrably false," said John Roskam, the executive director of the Institute of Public Affairs, a free-market think tank in Melbourne. "He was always campaigning for economic reform. He didn’t run hot and cold and he never lost sight of the big picture."

His greatest single policy achievement was the GST-tax switch, which lifted the rate of GST to 15 per cent and cut the top income tax rates from 39 to 33 per cent and the company tax rate from 33 per cent to 28 per cent. This move is credited with supercharging New Zealand’s growth rates, which had averaged about 3 per cent for the past three years. Such a change was dumped by Treasurer Scott Morrison earlier in the year.

Indeed, so confident are markets of the reforms that credit rating agency Moody’s said: “GDP growth has been strong and broadbased, supporting the government’s objective to maintain sound public finances.”

Key went to the 2011 election promising to partially privatise New Zealand’s electricity assets to recycle the proceeds into new public amenities. This policy was adopted by the Baird government in NSW. Despite privatisation being considered a political no-go in New Zealand since 1993, Key was elected with an increased majority and by 2014 it wasn’t an election issue.

Not everything, however, has been a success. In particular, New Zealand’s frothy housing market, which the current government has done little to deflate. “His biggest failure must be the state of the New Zealand housing market, which under Key’s premiership has been allowed to spiral out of control,” Hartwich said.

Less well known, but just as importantly, the government undertook the biggest reform of New Zealand’s welfare state since the early 1990s, with its actuarial approach to welfare. This policy aims to calculate the long-term cost of welfare-dependent people and then design highly targeted interventions to avoid long-term dependency or prison terms. This has been viewed as a potentially world-leading reform.

The Turnbull government is copying this approach of using actuarial analysis to target and set welfare payments to provide a financial incentive for recipients to find jobs. "The way he attacked welfare was he said: ‘we’re going to get the biggest bang for our welfare programs to get people back into work!’," said Angus Taylor, the Turnbull government’s Assistant Minister for Cities and a former management consultant. Social Services Minister Christian Porter has been equally as supportive. "If we are serious about breaking the cycle of intergenerational welfare dependence in Australia then John Key’s reforms provide us a road map on how to achieve this," he said.

He didn’t run hot and cold and he never lost sight of the big picture.

John Roskam, Institute of Public Affairs
John Key’s path to PM

Attends state school and


2002 Becomes Defeats Helen Clark budgets, and Party leader. in general — with no election, net new

2009 2010 Becomes Defeats ~~ Starts 'zero' Personal National budgets, and Party

2011 2013 2014 2015 2016 I Re-elected, "HSBC f Wins ~ Govt 1 First surplus increases dubsNZ re-election spending since 2008, - company - margin after - "the tax cuts, running on rockstar on an - has dropped — economic — increased from 35% to growth, 3.6%.

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