

Coalition Agreement

New Zealand National Party & ACT New Zealand

54th Parliament

Coalition Agreement between the National Party and the ACT Party

This agreement should be read in conjunction with the Coalition Agreement between the National Party and the New Zealand First Party (the National and New Zealand First Coalition Agreement).

Preamble

1. New Zealand faces significant long-term economic, social, and environmental challenges – and at the 2023 General Election New Zealanders voted for change, and a new government with policies to seriously address these challenges.

2. The National and ACT Parties commit to forming a Coalition Government with the New Zealand First Party (together, the Coalition Government) that will provide stability, grow economic prosperity, restore national unity, and boost social cohesiveness, alongside the rights and responsibilities of being a New Zealand Citizen.

3. The Coalition Government's priorities for this term include rebuilding the economy, improving the quality of Government spending and regulation, lowering the cost of living, dealing to rising crime by restoring law and order and personal responsibility, enforcing consequences for criminals, ending race based policies, introducing more choice and competition into social service provision, delivering better health and education, defending freedom and democracy, providing opportunity for all in education, health, employment, and infrastructure, and improving the lives of seniors.

4. The Coalition Government policies have as a key objective restoring New Zealand's former reputation as being a world economic and social leader. All Parties wish to lay the foundations for the immediate, medium, and long-term return of New Zealand to prosperity.

5. All Parties wish to work towards New Zealand again becoming an export powerhouse, by focusing on an economy that enables wealth creation, maximises added value before exporting, invests in IT to promote economic growth and employment, and ensure high educational achievement which will lead to high value employment opportunities.

6. This agreement sets out the arrangements between the National and ACT Parties to establish a constructive and enduring working relationship in the best interests of New Zealand, while strengthening public confidence in the integrity of Parliament and our democracy. This agreement should be read in conjunction with the National and New Zealand First Coalition Agreement.

Nature of Agreement

7. The National and ACT Parties commit to delivering a stable and effective coalition government, alongside the New Zealand First Party.

8. The Parties will do this whilst recognising the importance in a democracy of maintaining independent political identities arising from the voting public's choice.

9. The Parties recognise that the Coalition Government involves different political parties with different manifestos. Although many polices may overlap, polices in this agreement outlined in the "ACT Policy Programme" section will be promoted and acknowledged as ACT's policy and contribution to the Coalition Government. For the avoidance of doubt, where policies overlap with the Policy Programme of the New Zealand First Party in the National and New Zealand First Coalition Agreement, they may also be promoted as ACT's policy and contribution to the Coalition Government.

Policy Programme

10. The ACT Party agrees to progress the National Party priorities this term as set out in the "National Policy Programme".

11. The National Party agrees to progress the ACT Party priorities this term as set out in the ACT Policy Programme.

12. The ACT Party agrees to support the New Zealand First Party initiatives as outlined in the Coalition Agreement between National and New Zealand First.

13. The Government will form a jointly agreed 100 day plan based on the Parties' priorities.

National Policy Programme

14. The National Party priorities agreed to be progressed in this term are set out in its eight point commitment card, Fiscal Plan, Tax Plan, 100 day plan, and 100 point economic plan, with the exemptions as set out below.

15. The following commitments in National's policy plans have been modified to accommodate ACT's concerns:

- The Government will not progress the development and delivery of National's manifesto commitment to a "Taxpayer's Receipt" for taxpayers.
- National's manifesto commitment to remove two farming regulations for every new one introduced will be replaced by this agreement's commitment to reduce farming regulation and undertake comprehensive regulatory review across Government.
- National's Going for Housing Growth policy will now accommodate the ACT/National agreement to make the Medium Density Residential Standards (MDRS) optional for councils, and to consider sharing a portion of GST collected on new residential builds with councils.

- The Parties confirm no ongoing commitment to income tax changes, including threshold adjustments, beyond those to be delivered in 2024.
- The Parties recognise that details of the Fiscal Plan may be subject to amendment in response to significant new information or events.
- Full cost benefit analysis must be presented before any binding agreement is made with respect to the Waikato medical school.
- National's commitment to supercharge electric vehicle infrastructure with a comprehensive, nationwide network of 10,000 public EV chargers by 2030 will specifically take into account ACT's concern that there be robust cost benefit analysis to ensure maximum benefit for government investment.

ACT Policy Programme

16. The Coalition Government will also progress the following additional policies which are a priority for the ACT Party in this Parliamentary term:

Rebuilding the Economy and Improving Productivity

To lift New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders, the Parties will:

Regulation

- Legislate to improve the quality of regulation, ensuring that regulatory decisions are based on principles of good law-making and economic efficiency, by passing the Regulatory Standards Act as soon as practicable.
- Immediately establish a new ministerial portfolio for Regulation.
- Establish a new government department, required to assess the quality of new and existing legislation and regulation, funded by disestablishing the Productivity Commission and consolidating some regulatory quality work across the public sector where appropriate.
- In consultation with the relevant Minister, carry out regulation sector reviews, which could include the primary industries, the finance sector, early childhood education, and healthcare occupational licencing, in each case producing an omnibus bill for regulatory reform of laws affecting the sector.
- Rewrite the Credit Contracts and Consumer Finance Act 2003 to protect vulnerable consumers without unnecessarily limiting access to credit.
- Amend the Overseas Investment Act 2005 to limit ministerial decision making to national security concerns and make such decision making more timely.
- Reform market studies introduced by the Commerce Amendment Act 2018 to focus on reducing regulatory barriers to new entrants to drive competition.

Fiscal Policy

- Deliver savings in public sector spending by reducing non-essential back office functions, with expenditure reduction targets to be set for each agency, informed by the increase in back office head count at that agency since 2017.
- When evaluating government expenditure, it should be assessed on the extent to which it is delivering public goods, social insurance, regulating market failure and political choice.

Tax

- Ensure the concepts of ACT's income tax policy are considered as a pathway to delivering National's promised tax relief, subject to no earner being worse off than they would be under National's plan.
- Restore mortgage interest deductibility for rental properties with a 60 per cent deduction in 2023/24, 80 per cent in 2024/25, and 100 per cent in 2025/26.
- Repeal the Clean Car Discount.

Monetary Policy

- Narrow the Reserve Bank's remit, to focus on price stability, and take advice on replacing "medium term" with specific time targets.
- Amend the Reserve Bank of New Zealand Act 2021 to remove the dual mandate and take advice on removing the Treasury observer and returning to a single decision maker model.

Employment

- Repeal the Fair Pay Agreement regime by Christmas 2023.
- Reform health and safety law and regulations.
- Expand 90-day trials to apply to all businesses.
- Consider simplifying personal grievances and in particular removing the eligibility for remedies if the employee is at fault, and setting an income threshold above which a personal grievance could not be pursued.
- Maintain the status quo that contractors who have explicitly signed up for a contracting arrangement can't challenge their employment status in the Employment Court.

Immigration

- Increase the cap on the number of workers under the Recognised Seasonal Employer scheme to increase the flexibility of the quota allocation system.
- Introduce a five year, renewable parent category visa, conditional on covering healthcare costs, with consideration of a public healthcare levy.
- Remove median wage requirements from Skilled Migrant Category visas.
- Liberalise the rules to make it easier for family members of visa holders to work in New Zealand, beginning with Skilled Migrant Category visa holders.

Infrastructure and Housing

- Repeal the Natural and Built Environment Act 2023 and the Spatial Planning Act 2023 by Christmas.
- Amend the Resource Management Act 1991 to make it easier to consent new infrastructure including renewable energy, allow farmers to farm, get more houses built, and enable aquaculture and other primary industries.

- Replace the Resource Management Act 1991 with new resource management laws premised on the enjoyment of property rights as a guiding principle.
- Institute long-term city and regional infrastructure deals, allowing PPPs, tolling and value capture rating to fund infrastructure.
- Introduce financial incentives for councils to enable more housing, including considering sharing a portion of GST collected on new residential builds with councils.
- Legislate to make the MDRS optional for councils, with the need for councils to ratify any use of MDRS, including existing zones.
- Remove the Kāinga Ora Sustaining Tenancies Framework and ensure appropriate consequences for tenants who engage in repeated antisocial behaviour.
- Explore allowing home builders to opt out of needing a building consent provided they have long-term insurance for the building work.
- Work to replace fuel excise taxes with electronic road user charging for all vehicles, starting with electric vehicles.
- Work with Auckland Council to implement time of use road charging to reduce congestion and improve travel time reliability.
- Reverse speed limit reductions where it is safe to do so.

Tenancy Law

- Allow landlords to issue a 90 day notice to a tenant to end a periodic tenancy without providing a reason or applying to the Tenancy Tribunal.
- Return tenants' notice period to 21 days and landlords' to 42 if the tenant wished to move or landlord wished to sell a property.
- Introduce "pet bonds" to make it easier for tenants to have pets in rental properties.

Agriculture

- Maintain a split-gas approach to methane and carbon dioxide through to 2050 and review the methane science and targets in 2024 for consistency with no additional warming from agricultural methane emissions.
- Reverse the recent ban on live animal exports while ensuring the highest standards of animal welfare.
- Reform the National Animal Welfare Advisory Committee to ensure its functions, membership and mandate are appropriate.
- Cease implementation of new Significant Natural Areas and seek advice on the operation of existing Significant Natural Areas as part of the Government's programme to reform the Resource Management Act.
- Improve Farm Environment Plans so they are more cost-effective and pragmatic for farmers.
- Enable farmers and landowners to offset sequestration against their on-farm emissions.
- Liberalise genetic engineering laws.
- Replace the National Policy Statement for Freshwater Management 2020 to allow district councils more flexibility in how they meet environmental limits and seek advice on how to exempt councils from obligations under the National Policy Statement for Freshwater Management 2020 as soon as practicable.

Natural Resources

- Update the Crown Minerals Act 1991 to clarify its role as promoting the use of Crown minerals.
- Explore the potential for a critical minerals list, where such minerals would have a preferential pathway for development once identified.
- Replace the National Policy Statement for Freshwater 2020 to rebalance Te Mana o te Wai to better reflect the interests of all water users.
- Repeal the ban on offshore oil and gas exploration.

Restoring Law and Order and Personal Responsibility

- Increase funding for the Department of Corrections to ensure there is sufficient prison capacity as required.
- Invest in the construction of new youth justice beds.
- Restore Three Strikes legislation, with amendments to tighten the definition of strike offences and ensure some benefit for pleading guilty.
- Abolish the previous Labour Government's prisoner reduction target.
- Amend the Sentencing Act 2002 and associated legislation to ensure appropriate consequences for criminals, including:
    - Giving greater weight to the needs of victims and communities over offenders.
    - Including gang membership as an aggravating factor during sentencing.
    - Including the victim working sole charge or adjacent to a dwelling as an aggravating factor during sentencing.
    - Defund Section 27 reports and explore reforming Section 27 requirements.
- Take advice on amending the Criminal Proceeds (Recovery) Act 2009 so the threshold amount for seizing gang assets is $0 if an illegal firearm is found.
- Strengthen the electronic monitoring regime.

Firearms Law Reform

- Rewrite the Arms Act 1983 to provide for greater protection of public safety and simplify regulatory requirements to improve compliance and pass it through all stages during this term of Parliament.
- Transfer responsibility for the Arms Act 1983, policy and regulation to the Ministry of Justice, and transfer the Firearms Safety Authority, administrator of the Act, to another department such as the Department of Internal Affairs.
- Review whether the Firearms Registry is effectively improving public safety, beginning by June 2024.
- Immediately begin to repeal and replace Part 6 of the Arms Act 1983 relating to clubs and ranges.

Delivering Better Public Services

To improve the effectiveness, efficiency and responsiveness of public services, the Parties will:

Education

- Reintroduce partnership schools and introduce a policy to allow state schools to become partnership schools.
- Explore further options to increase school choice and expand access to integrated and independent schools including reviewing the independent school funding formula to reflect student numbers.
- Prioritise reporting and enforcement action to reduce truancy, including centrally collecting and publishing attendance data.
- Improve the cost-effectiveness of the school lunch programme.
- Replace the Fees Free programme with a final year fees free policy with no change before 2025.
- Amend the Education and Training Act 2020 such that tertiary education providers receiving taxpayer funding must commit to a free speech policy.
- Amend the Education and Training Act 2020 to enshrine educational attainment as the paramount objective for state schools.
- Restore balance to the Aotearoa New Zealand's Histories curriculum.

Health

- Disestablish the Māori Health Authority.
- Repeal the Therapeutic Products Act 2023.
- Broaden the terms of reference of the Royal Commission into the Covid-19 response, subject to public consultation.
- Update Pharmac's decision making model to ensure it appropriately takes patient voice into account and reform the funding model to account for positive fiscal impacts on the Crown of funding more medicines.
- Require the Ministry of Health to publish a Medicines Strategy every three years.
- Require Medsafe to approve new pharmaceuticals within 30 days of them being approved by at least two overseas regulatory agencies recognised by New Zealand.
- Better recognise people with overseas medical qualifications and experience for accreditation in New Zealand including consideration of an occupations tribunal.
- Investigate build and lease-back arrangements for new hospitals.
- Allow the sale of cold medication containing pseudoephedrine.
- Allow appropriately qualified pharmacists to directly prescribe certain treatments.
- Agree the terms of reference for the statutory requirement to review the End of Life Choice Act 2019 following consultation between the Parties, with any potential future changes to be progressed by way of a member's bill, recognising this is a conscience issue.
- Examine the Māori and Pacific Admission Scheme (MAPAS) and Otago equivalent to determine if they are delivering desired outcomes.
- Repeal the Smokefree Environments and Regulated Products (Smoked Tobacco) Amendment Act 2022 to remove the requirements for denicotinisation and the reduction in retail outlets.
- Introduce serious penalties for selling vapes to under 18s, and consider requiring a liquor licence to sell vapes.

Social Services

- Implement sanctions, including electronic money management, for beneficiaries who can work but refuse to take agreed steps to find a job.
- Develop an approved pool of doctors who can issue medical certificates to go onto a health and disability related benefit.

Oranga Tamariki

- Remove Section 7AA from the Oranga Tamariki Act 1989.
- Create a truly independent monitoring and oversight agency for Oranga Tamariki.
- Improve the rights and responsibilities of caregivers to give them more autonomy.
- Increase devolution of care decisions to relevant community organisations.

Public Service Delivery

- Immediately issue stop-work notices on several workstreams, including:
    - Three Waters (with assets returned to council ownership).
    - Auckland Light Rail.
    - Let's Get Wellington Moving.
    - Income Insurance.
    - Industry Transformation Plans.
    - Lake Onslow Pumped Hydro.
- Amend the Public Service Act 2020 to clarify the role of the public service, drive performance, and ensure accountability to deliver on the agenda of the government of the day.

Strengthening Democracy

To uphold the principles of liberal democracy, including equal citizenship and parliamentary sovereignty, the Parties will:

- Remove co-governance from the delivery of public services.
- Ensure government contracts are awarded based on value, without racial discrimination.
- Issue a Cabinet Office circular to all central government organisations that it is the Government's expectation that public services should be prioritised on the basis of need, not race, within the first six months of Government.
- Repeal the Canterbury Regional Council (Ngāi Tahu Representation) Act 2022.
- Restore the right to local referendum on the establishment or ongoing use of Māori wards, including requiring a referendum on any wards established without referendum at the next local body elections.
- Pass the Constitution (Enabling a 4-Year Term) Amendment Bill through first reading in the first 15 months of the term.
- Introduce a Treaty Principles Bill based on existing ACT policy and support it to a Select Committee as soon as practicable.

Ongoing Decision-Making Principles

17. The Coalition Government will make decisions that are:

    A. Principled – making decisions based on sound public policy principles, including problem definition, rigorous cost benefit analysis and economic efficiency.

    B. Focused – driving meaningful improvement in core areas including:

    - Lifting New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders;
    - Ensuring New Zealanders are safer from crime;
    - Lifting educational achievement so that every child has opportunity to get a world class education;
    - Improving housing affordability;
    - Improving the efficiency and effectiveness of the public service and of government-funded services;
    - Restoring price stability;
    - Providing tax relief to income earners.

    C. Results-driven – interventions that aren't delivering results will be stopped.

    D. People-focussed – public services, whether for New Zealanders or tourists, will be designed around the needs of the people who use them.

    E. Accountable – the Government will set clear public service targets and regularly report on progress towards these objectives.

    F. Evidence-based – decisions will be based on data and evidence, with programmes regularly assessed to see if they are delivering results.

    G. Fiscally responsible – with spending decisions based on rigorous cost-benefit analysis to ensure taxpayer money is treated with respect, and recognising the need to get the public books back in order by reducing the overall fiscal impact of government.

    H. Pro-democracy – upholding the principles of liberal democracy, including equal citizenship, parliamentary sovereignty, the rule of law and property rights, especially with respect to interpreting the Treaty of Waitangi.

18. The Parties will work together and in good faith to reach agreement on specific policy and legislative initiatives where not specifically agreed in this coalition agreement, or the National and New Zealand First Coalition Agreement.

Relationship Between the Parties

19. The Parties will work together in good faith and cooperate with each other in respect of Executive and Parliamentary activities to advance these shared goals, including any public statements on behalf of the Coalition Government. This includes a commitment to policies and programmes set out in the "Policy Programme" section of this agreement and to New Zealand First's Policy Programme in the National and New Zealand First Coalition Agreement. This commitment is also made for the benefit of the New Zealand First Party. The Parties will consult closely with each other in a genuine and timely manner on all matters of importance to the Coalition Government. The Parties will work together on processes for effective consultation.

20. A Coalition Committee will be established, which will meet at least once per House sitting block. The Coalition Committee will consist of the Leader and Deputy Leader of National, ACT and NZ First or agreed replacements, and the Leader of the House, and will monitor government progress against each item in the coalition agreements.

21. The Parties agree to work in good faith and undertake best endeavours to achieve consensus on Cabinet decisions, with due consideration to the positions of each Party in the Coalition Government, while maintaining commitments made in this agreement.

22. The Parties agree that any concerns will be raised in confidence as soon as possible and in good faith, and will be responded to expeditiously to allow for the speedy resolution of such matters in private. Concerns will be resolved by applying, so far as they are relevant, the principles and terms of this agreement. The following steps will be followed for raising and resolving concerns:

    A. In the first instance, concerns can be raised with the Chiefs of Staff of the Parties with a view to reaching a speedy resolution.

    B. If the concerns have not been expeditiously resolved to the satisfaction of the Party raising the concerns – or, if the concerns require urgent resolution, the Party leader of the Party raising the concerns may refer the matter for direct discussion between the Party leaders.

23. The Parties will be guided by the "no surprises" principle and inform each other, confidentially and promptly of matters of significance.

Ministerial and Other Positions

24. ACT will have three Ministers inside Cabinet, two Ministers outside Cabinet, and one Parliamentary Undersecretary.

25. Ministerial portfolios have been agreed between the Leaders of ACT and National, and include David Seymour as Deputy Prime Minister from 31 May 2025.

26. A Minister from ACT will be appointed to the Appointments and Honours Cabinet Committee (APH), with appropriate consultation on proposed appointments.

Cabinet Manual

27. Government Ministers agree to be bound by the Cabinet Manual in the exercise of ministerial responsibilities, and on conduct, public duty, and the personal interests of Ministers.

28. The Parties agree that the present "no surprises" policy needs clarification to better respect the privacy of individuals. This policy will be updated in Government.

Collective Responsibility

29. Government Ministers will operate in accordance with the convention of collective responsibility. Ministers are expected to show careful judgement and recognise distinction when referring to party policy that differs from government policy.

30. As provided for in the Cabinet Manual, the Parties can "agree to disagree" in relation to matters on which the Parties wish to maintain, in public, different positions. Any "agree to disagree" matter must first have been raised and dealt with as a concern under clause 22. The Parties may "agree to disagree" on the matter if it remains unresolved following the clause 22 process. Subject to this "agree to disagree" process, a Minister's support and responsibility for the collective government position must always be clear.

31. 'Agree to disagree' matters, including any matters beyond those set out in this agreement, will be dealt with on a 'no surprises' basis.

Confidentiality

32. Government Ministers will be bound by the principle of Cabinet confidentiality, as set out in the Cabinet Manual.

Management of Parliamentary Activities

33. The Parties will vote together on procedural motions in the House and Select Committees, except where one of the Parties has advised the other in advance that such support is not forthcoming. The Parties will operate on a "no surprises" policy in terms of procedural motions to be put before the House or Select Committee.

34. The Leader of the House will consult the ACT and New Zealand First Parties about the House programme in advance of each sitting session.

35. The Parties agree to a "no surprises" approach to new members' bills. However, no Party is obliged to support another Party's members' bills.

36. The Parties undertake to keep full voting numbers present whenever the House is sitting and in Select Committee.

Relationship to Other Agreements

37. The Parties to this agreement recognise the Government is comprised of a coalition of three political parties – National, ACT, and New Zealand First.

38. The Parties agree that this agreement represents the entire agreement between the parties and agree to not enter into any other relationship agreement which is inconsistent with this agreement.

39. National and ACT acknowledge that National is entering into the National and New Zealand First Coalition Agreement simultaneously with entering into this agreement. The National and New Zealand First Coalition Agreement sets out New Zealand First's policy priorities (the New Zealand First Policy Priorities) and includes equivalent provisions to this agreement.

Dated: 24 November 2023

Christopher Luxon
National Party Leader

David Seymour
ACT Party Leader