NZ Insight: Election 2026

9 November 2026

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Key points

- The election-night result does not yet point to a clear governing arrangement. Special votes (400k this year, 14% of total) have in recent elections changed seat allocations. And even after the official count (27 November), Government formation could take some time.
- The two major parties campaigned on similar fiscal strategies and committed to the same operating and capital allowances for upcoming Budgets. However, coalition negotiations could still shift the fiscal outlook in either direction. The key question is whether coalition commitments are accommodated within existing allowances.
- For now, neither major party's published fiscal plan would materially change our economic or OCR outlook.

Where the count currently stands

At the time of writing, the preliminary count had National with 42 seats, ACT 13, NZ First 12, Labour 36, the Greens 16, Te Pāti Māori 5 and Opportunity 7. An overhang means Parliament is projected to have 131 seats, meaning 66 are needed to govern. On these numbers, National, ACT and NZ First together hold 67 seats, but the margin is narrow and the count is preliminary. Governing arrangements will depend on both the final count (official results will be declared on Friday 27 November) and coalition negotiations. With an extra party potentially now in the mix (Opportunity), it could take some time for government formation negotiations to conclude.

Special votes are still being counted and could well move the dial. The Electoral Commission estimates there are around 400,000. In 2023, the final count saw National lose two seats from the election-night tally, while Te Pāti Māori gained two and the Greens gained one. National leader Christopher Luxon has said meaningful negotiations will follow the final results. For now, we're working on the assumption that the overall fiscal stance will be anchored by one of the major parties' fiscal plans.

More MPs, changing shares

On the preliminary count, National and Te Pāti Māori have both lost seats, while ACT and NZ First have gained in both seat numbers and share of Parliament, and Opportunity enters Parliament with seven seats. Labour and the Greens have also won additional seats, but because Parliament is larger, Labour's share is down a fraction of a percentage point and the Greens' share is unchanged (table 1).

Table 1. Change in number of seats

	2023 Parliament		New (preliminary)	
	Seats	% of total	Seats	% of total
National	49	39.8	42	32.1
ACT	11	8.9	13	9.9
NZ First	8	6.5	12	9.2
Opportunity	0	0.0	7	5.3
Labour	34	27.6	36	27.5
Green	15	12.2	16	12.2
Te Pāti Māori	6	4.9	5	3.8
Total	**123**	**100**	**131**	**100**

Source: Electoral Commission. 2023 includes the Port Waikato by-election. 2026 is preliminary and excludes special votes.

Overall fiscal stance: National and Labour campaigned on similar overall fiscal settings

Policy priorities and the mix of tax and spending differ across the major parties, but the high-level fiscal plans they campaigned on are broadly similar. Both National and Labour have committed to retaining the operating and capital allowances incorporated into the PREFU forecast, and both target a return to surplus in 2028/29, albeit using different operating balance and debt measures.

Table 2. Major parties' fiscal strategy

	National	Labour
Return to surplus	2028/29 (OBEGALx)	2028/29 (OBEGAL)
Debt objective	Government debt towards, then below, 40% of GDP over time (net core Crown debt)	Net debt below 20% of GDP over time (on the different measure, broadly equivalent)
Spending/revenue objective	Overall government expenditure down towards 30% of GDP	Core Crown expenditure and revenue below 33% of GDP once the CGT is fully implemented
Operating allowances	$2.4bn per Budget	$2.4bn per Budget
Capital allowances	$3.5bn (Budgets 2027 and 2028), $5bn thereafter	$3.5bn (Budgets 2027 and 2028), $5bn for Budget 2029

Of course, neither party's published fiscal plan guarantees the projected consolidation will be delivered. The return to surplus depends on the economic recovery generating the revenue growth assumed in the Treasury's forecasts, while ongoing cost pressures across government services will test already-tight allowances. A weaker recovery or another economic shock could make the return to surplus harder, regardless of who forms the next Government.

Markets and sovereign ratings agencies tend to focus first on whether a Government sets out a credible path towards its fiscal objectives, and second, whether it sticks to it, something that's unlikely to be tested until the next Budget. In terms of the near-term outlook, and assuming either National's or Labour's fiscal plan acts as an anchor for how the next Government will manage the books, the election outcome may therefore matter more for the composition of fiscal policy than for the overall fiscal stance, at least initially. Different revenue and spending priorities could still have implications for particular sectors and households, even if the aggregate fiscal stance remains broadly unchanged – something we'll assess when we have more information.

Coalition negotiations could move things in either direction

Potential governing partners have fiscal priorities that differ from those of the major parties, and in both directions. ACT proposes reducing operating allowances to $2bn. NZ First's priorities point more to how spending is allocated than to the overall fiscal stance. The Greens propose operating allowances of $4.5-4.7bn a year and a return to surplus in 2029/30. Te Pāti Māori proposes substantial tax changes, including a wealth tax, a higher company tax rate, and a restructured income tax scale that lowers tax for most earners.

Opportunity's policy agenda combines a land value tax, a citizens' income and compulsory retirement saving, with implementation spread over an extended period. However, these reforms are not among its five published coalition bottom lines. Of those, recommitting to New Zealand's Paris Agreement obligations and establishing a 10-year, cross-party plan for health (within which Opportunity says it would seek funding increases) stand out for their potential fiscal implications. Neither is quantified.

With allowances already tight given ongoing cost pressures across government services, coalition commitments could require further reprioritisation or changes to the planned fiscal trajectory. The key question for the macroeconomic outlook will be whether coalition commitments are accommodated within existing allowances.

Policy differences we'll assess once the Government is known

Several policy differences could have implications for particular sectors and households, including taxation, investment incentives, KiwiSaver and the RBNZ's mandate. We will assess these once coalition negotiations clarify the eventual policy outlook. For now, we see no reason to change our economic or OCR outlook based solely on the major parties' published plans. Nor do we have enough information to assess potential implications for bond issuance.

Bottom line

Overall, the election-night uncertainty does not materially change our economic or OCR outlook. Both major parties' published fiscal plans point to continued consolidation, with the same operating and capital allowances through to Budget 2029 and a return to surplus in 2028/29. The bigger uncertainties are whether coalition negotiations alter those plans, and whether the eventual Government delivers the projected consolidation amid ongoing cost pressures and economic uncertainty. We will reassess once the coalition agreement clarifies the policy programme and how it's funded.

What next?

- **Official results to be published 27 November.** The Electoral Commission expects to publish the official results on Friday 27 November, incorporating special votes. Until then, the election-night result remains preliminary.
- **Caretaker arrangements apply until a new Government is formed.** The current Government remains in office during government formation but, by convention, limits its actions until the political situation is resolved. If it is not clear who will form the next Government, the normal business of government continues. Any significant matters requiring decisions should be deferred, or handled using short-term solutions. If neither of these options is possible, decisions should be made only after consultation with other parties. Caretaker periods have ranged from 11 days (2008) to nine weeks (1996), and lasted 44 days in 2023. We don't see this as material for the economic outlook, but major new fiscal decisions are unlikely until a Government is formed.
- **The new Parliament must meet by 14 January 2027**. This gives negotiating parties a reference point, but it is not a hard deadline for forming a Government.
- **Coalition agreement.** The key questions are which commitments survive negotiations, how concessions are funded, and whether the lead party's allowances and surplus objective remain intact. We'll publish a follow-up note once the details are out.
- **Budget Policy Statement (by 31 March 2027) and Budget 2027.** These will provide further clarity on the Government's fiscal objectives, spending priorities and the treatment of coalition commitments, with Budget 2027 providing the more comprehensive fiscal update. Note: Changes to the Public Finance Act mean a Half-Year Economic and Fiscal Update, normally out in December, is unlikely.

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