



Supplying confidence

How confidence and supply agreements between minority governments and smaller parties work

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Between 2010 and 2015, Westminster and Whitehall learned how to make coalition government work for a full parliamentary term – something that in May 2010, many predicted would not happen. Following the election of 8 June 2017, we now, unexpectedly, have a hung parliament once more. Full coalition on the 2010 model does not seem a likely outcome, so attention now turns to how minority government can be made to work. This short paper, drafted before the May 2015 election in anticipation of the hung parliament that never was, considers the challenges of minority government; it discusses what sort of agreement or arrangement might be entered into between the government and any smaller parties.

A minority government can seek to build a Commons majority on an issue-by-issue basis, making concessions to other parties to get its legislative and financial business through Parliament, as the Institute for Government and UCL Constitution Unit discussed at length in a 2009 study.¹ Alternatively, it could enter into some form of co-operation agreement that falls short of coalition. There are various international examples of such agreements, including what are termed ‘confidence and supply agreements, where smaller parties commit to supporting the government on critical votes in exchange for policy concessions while remaining outside of the government.

¹ Hazell, R. and A. Paun, *Making Minority Government Work*, eds., Institute for Government, December 2009, at: <https://www.instituteforgovernment.org.uk/news/latest/making-minority-government-work>

Based on the parliamentary arithmetic, as well as the politics of Brexit, it appears that a deal of this nature between a minority Conservative government and the Democratic Unionist Party is a possible outcome. But there are other potential combinations – for instance, a minority government could strike cooperation deals with several different smaller parties to cement its position.

In this short paper we address some key questions about how these agreements work, what are the potential advantages, and what challenges arise in making them work. We draw on examples from Sweden, New Zealand, Australia, Canada and Scotland. We also look at the Lib-Lab Pact in the 1970s, and the draft confidence and supply agreements that the Conservatives and Liberal Democrats separately drew up in 2010 as fallback options in the event of coalition negotiations faltering.²

What is a confidence and supply agreement?

A confidence and supply agreement is a limited co-operation arrangement between political parties guaranteeing support for a minority government on parliamentary votes that are critical to the survival of the government – typically formal confidence motions and votes on budgets and spending plans. In return, the support parties can receive different types of specified concessions. The scope and detail of such agreements can vary substantially.

The 1977 agreement between the minority Labour government and the Liberal Party (the Lib-Lab pact) took the form of a short and fairly vague joint statement by the two party leaders (Callaghan and Steel) at a time when the government faced the prospect of defeat on its public spending plans.³ The pact was a temporary arrangement for the 1976–77 session that enabled Callaghan to survive a very difficult period. It was extended for a further year but then lapsed in autumn 1978, after which the Callaghan administration reverted to being a pure, unsupported minority government.

More recently, a phenomenon termed ‘contract parliamentarism’ has developed, referring to the ‘institutionalising’ of relationships between minority governments and their support parties.⁴ This model of governance includes explicit written ‘contracts’ with the smaller parties at the start of their time in office, publicly committing to a co-operative relationship between the different sides, commonly for a full parliament.

For instance, in Sweden, the Social Democrats governed from 1998 to 2006 as a minority with Green support. In New Zealand, minority governments led by Labour and the National Party have governed with confidence and supply support from various smaller parties since 2002. Australia also has recent experience of this model of government: Julia Gillard’s Labor administration governed with support from the Greens and independent members between 2010 and 2013. In Canada, a confidence

² Laws, D., *22 Days in May: The birth of the Lib Dem-Conservative coalition*, Biteback, London, 2010.

³ ‘Joint statement issued by prime Minister Callaghan and David Steel on the aims of the Lib- Lab Pact’, 23 March 1977.

⁴ Bale, T., Bergman, T., ‘Captives no longer, but Servants still? Contract Parliamentarism and the new Minority Governance in Sweden and New Zealand,’ *Government and Opposition*, vol. 41, no. 3, 2006, pp. 442-49.

agreement was signed that would have put a minority Liberal–NDP coalition in power in 2008, with the backing of the Bloc Québécois (though this then fell apart). The draft confidence and supply agreements drawn up by the Conservatives and Liberal Democrats in 2010 included a commitment to work together for a full parliamentary term (of four years).

Do confidence and supply agreements offer parties the best of both worlds?

The case often made for confidence and supply agreements is that they can offer a middle ground between coalition and pure minority government both for the governing and the support parties, avoiding the potential pitfalls of a full alliance or of governing with no guaranteed support at all.

For the government, a confidence and supply agreement can provide the security of knowing they are not in danger of defeat at every key vote.⁵ At the same time, the governing party does not have to give up any ministerial posts, or to negotiate its entire policy programme with another party. As the 1977 Lib-Lab Pact expressed, the agreement ‘will not commit the Government to accepting the views of the Liberal Party, or the Liberal Party to supporting the Government on any issue’.⁶ Confidence and supply agreements can also be entered into with several smaller parties or independent MPs (as in Australia) at once, creating a set of bilateral relationships that can be easier for the government to manage than the complex trade-offs and bargaining of a multi-party coalition. The downside is that in areas not covered by the agreement, the government still needs to build an issue-by-issue coalition to get business through parliament.

As for the smaller parties, the academics Bale and Bergman posited several reasons why a confidence and supply agreement may be preferred to full coalition.⁷ For instance, the party might be opposed to ‘politics as usual’ and therefore ambivalent about joining the government. The smaller party might also fear being subsumed by a larger and more experienced partner. And it might also conclude that the political system offers sufficient alternative ways to exert influence on policy and legislation through Parliament. The central lesson is that confidence and supply agreements can be a useful way for smaller parties to achieve specific policy objectives without having to support the entire government programme, and thereby lose their independent voice in Parliament and wider public debate.

⁵ Paun, A., *Westminster in an age of minorities: How to form and sustain a government after another hung parliament*, Institute for Government, March 2015, p. 24,

www.instituteforgovernment.org.uk/publications/westminster-age-minorities-0

⁶ ‘Joint statement issued by prime Minister Callaghan and David Steel on the aims of the Lib- Lab Pact’, 23 March 1977.

⁷ Bale, T., Bergman, T., ‘A taste of honey is worse than none at all? Coping with the Generic Challenges of Support Party Status in Sweden and New Zealand,’ *Party Politics*, vol. 12, no. 2, 2006, pp. 193.

On what issues do confidence and supply agreements commit smaller parties to support the government?

Previous examples of confidence and supply agreements, including the draft agreements made between the Conservative and Liberal Democrats in 2010, make clear the obligations of the support party to the minority government. According to the draft agreement prepared by the Conservatives, the confidence deal was to be made on the basis of:

“The guarantee of support for a minority Conservative Administration in any confidence vote and in the votes on the supply of finance, as well as the understanding that the minority administration will put before Parliament a programme based on the bulk of the Conservative manifesto.”⁸

In return, the Conservatives committed to implementing a familiar set of Liberal Democrat policy priorities including (four-year) fixed term parliaments, increases in the income tax thresholds, a bank levy, parliamentary vote on electoral reform, and the introduction of the pupil premium. The Liberal Democrats own draft agreement would have committed the party to “not oppose the Government on issues of confidence and supply”, for a four-year period (with annual reviews). The Liberal Democrat phrasing would have allowed abstention on confidence and supply votes, whereas the Conservative version required active support.

Similarly, the opening sentence from each of the three confidence and supply agreements signed after the 2014 New Zealand Election states that each support party ‘agrees to provide confidence and supply support for the term of this parliament to a National-led Government in return for National’s agreement to the matters set out in this document’.⁹ The abortive Canadian agreement of 2008 was more explicit still, committing the Bloc Quebecois to back the coalition on all explicit votes of confidence, on the Budget, estimates, supply bills and the ‘Speech from the Throne’.¹⁰ The Gillard Government’s agreements made it clear that the MPs signing up would ‘vote with the Government to ensure supply’ and ‘will oppose any motion of no confidence in the Government’. In this case, however, a significant exception was made allowing the support parties and independents to vote for a no-confidence motion that they had themselves ‘moved or seconded’.

A more limited co-operation agreement was signed between the SNP and Scottish Green Party in 2007, committing the two Green MSPs only to vote for Alex Salmond in the parliamentary votes that determine the identity of the Scottish First Minister. There was no commitment to support the minority administration in any future confidence or

⁸ Laws, *22 Days in May*, p. 293.

⁹ The three agreements (between National and ACT, the Maori Party, and United Future respectively) can be found at: <http://www.parliament.nz/en-nz/mpp/parties/national/00PlibMPPNational1/national-party>

¹⁰ An Accord on a Cooperative Government to address the present economic crisis, 1 December 2008, http://cpaa-acmpa.ca/pub/files/accord_en.pdf

budget votes.¹¹ As for the 1977 Lib-Lab Pact, this committed the Liberals to supporting the Labour government on any vote of no confidence, as well as to the vaguer promise to ‘work with the Government in the pursuit of economic recovery’.¹²

What concessions do smaller parties normally seek in exchange for their support?

Compared to the Coalition Agreement of 2010, confidence and supply agreements are usually more limited and targeted in terms of the policy concessions made to the smaller parties. In New Zealand each of the 2014 agreements between the minority National Government and the three support parties provided for concessions unique to the interests of United Future, the Maori Party, and ACT New Zealand. For instance, the Maori Party secured a commitment to ongoing investment in an important indigenous health initiative and ‘a focus on Maori economic and regional development’.¹³

In negotiating agreements with the independent members of the Australian Parliament in 2010, Julia Gillard’s minority Labor administration made specific commitments to each member, reflecting their personal policy priorities and constituency concerns. For example, her agreement with Andrew Wilkie MP included provisions for funding hospital redevelopment in Wilkie’s seat of Hobart, Tasmania, as well as agreement to take action against betting machines.¹⁴ The 1977 Lib-Lab Pact saw the UK Government concede the introduction of legislation for direct elections to the European Assembly in 1978, alongside ensuring the passage of the Housing Bill and amending the Local Authorities (Works) Bill.

In addition to policies, minor parties may negotiate other kinds of concession from a minority government. For instance, the Scottish Green Party were granted the convenorship (chair) of a committee in the Scottish Parliament in exchange for supporting the election of Alex Salmond as First Minister. In Australia, the Labor agreement with the Green Party, which held the balance in the Senate as well as the lower chamber, committed to a range of procedural reforms such as additional time for private member’s legislation, and to the creation of a new Parliamentary Budget Office to enable smaller parties to access an independent facility (drawing upon government information and data) to assess and refine their policy plans.¹⁵

¹¹ Baird, S., Harper, R., Salmond, A., ‘Scottish National Party and Scottish Green Party Cooperation Agreement,’ 11 May 2007, accessed 5 May 2015, http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/11_05_07_agreement.pdf

¹² ‘Joint statement issued by Prime Minister Callaghan and David Steel on the aims of the Lib- Lab Pact’, 23 March 1977.

¹³ <http://www.parliament.nz/resource/en-nz/00PlibMPPNational1/15a58cbe14e78257349a8224381ca515dfefea7e>

¹⁴ Gillard, J., Wilkie, A., ‘The Hon Julia Gillard & Mr Andrew Wilkie (‘the Parties’) – Agreement,’ 2 September 2010, accessed 30 April 2015, <http://resources.news.com.au/files/2010/09/02/1225913/448095-hs-news-file-gillard-wilkie-agreement.pdf>

¹⁵ Munro, R., Paun, A., *Pre-election Policy Costing mechanisms in Australia: Whitehall in Year Five of the Coalition: lessons from elsewhere*, Institute for Government, March 2014.

In New Zealand, so-called ‘enhanced confidence and supply agreements’ have emerged, in which the smaller parties are offered ministerial portfolios outside of Cabinet, meaning that they have some executive power while still retaining the right to oppose the government on issues outside of their own portfolio.¹⁶

What processes are needed to ensure effective communication and consultation between governing and support parties?

‘Contract parliamentarism’ in Sweden and New Zealand arose partly due to the unsatisfactory experience of the smaller parties in previous dealings with a minority government.¹⁷ There was recognition that formal consultation rights for the smaller parties were needed to ensure they had the required time, access, and resources to properly scrutinise the bills they were expected to support and implement key policy concessions.¹⁸

The more formalised relationship of confidence and supply agreements has therefore come to include specific mechanisms for managing consultation between the parties. All three of the agreements reached between John Key’s National Government and the support parties in New Zealand contain identical provisions. ‘Consultation will occur in a timely fashion to ensure [party] views can be incorporated into final decision-making’ and ‘Formal consultation will be managed between the Prime Minister’s Office and the Office of the Leader of [party]’ is the formulation.¹⁹

The Gillard Government in Australia made an even more specific commitment in this regard. Julia Gillard and each of the supporting parties would meet once a week when Parliament was sitting, with the Government pledging ‘to give six working days’ notice of the introduction of legislation to the House.’ In return each supporting party or MP, while free to vote as they wished, ‘undertakes to involve [themselves] in negotiations with the Government before exercising that right.’²⁰

The draft confidence and supply agreements between the Conservatives and Liberal Democrats in 2010 also provided for formal consultation on key issues. The Conservative version provided for “the formal participation of Liberal Democrat representatives in a Financial Stability Council that will be consulted on budget judgements and allocation of spending reductions between departments.”²¹ The Liberal Democrat version offered their support for ‘this budget on condition that its major proposals have been first consulted on and agreed between the Chancellor of the

¹⁶ See Yong, B., ‘New Zealand’s Experience of Multi- party Governance,’ *Making Minority Government Work*, eds. Robert Hazell & Akash Paun, Institute for Government, December 2009, pp. 38- 53.

¹⁷ Bale and Bergman, ‘Captives no longer,’ p. 444.

¹⁸ Bale and Bergman, *A Taste of Honey*, pp. 195- 7.

¹⁹ Key, Dunne, ‘Agreement with United Future’; Key, Turia, Flavell, ‘Relationship Accord and Agreement with the Maori Party’; Key, Seymour, ‘Agreement with ACT New Zealand’.

²⁰ Gillard, Wilkie, ‘Agreement’.

²¹ Laws, *22 Days in May*, p. 294.

Exchequer and the Liberal Democrat Shadow Chancellor of the Exchequer prior to the Budget Statement itself, and on Privy Council terms.’²²

As suggested in the latter example, confidence and supply agreements also sometimes set out rights of access to civil service information and resources. This was a major source of dissatisfaction for the Liberals under the 1977 Lib-Lab Pact, and one of the reasons why they allowed the agreement to lapse. The Liberals’ financial and manpower capabilities were dwarfed by a Labour government which had the support of the Civil Service. The Liberals continued to be treated as an opposition party with regards to privileged access and policy support.²³ The Australian Greens, holding the balance of power in the Australian Senate from 2011, likewise found it difficult to effectively scrutinise budgets and key legislation as well as maintain their ‘constant and high level of constituent correspondence,’ due to the lack of civil service support.²⁴ These experiences are testimony to the practical difficulties which can be faced by a party expected to support key legislation outside of government.

How to ensure that smaller parties receive sufficient recognition for their role in governing?

The former New Zealand minister Darren Hughes told an Institute for Government event in March 2015 that while confidence and supply had proved an effective way to deliver stable government, and that all such agreements had lasted the full parliamentary term, smaller parties always seemed to lose vote share at subsequent elections. One reason is that support parties can find it difficult to demonstrate and communicate clearly to voters their influence on government policy. In Sweden, the Green Party often found that the governing Social Democrats would attempt to divert media attention from their policy successes.²⁵ Limited control of government communications was a frustration for the Liberal Democrats even in coalition – for instance former minister Nick Harvey has bemoaned the lack of opportunities for Liberal Democrat ministers to make major frontbench policy announcements in the House of Commons.²⁶

For a smaller party outside of government this would become even more challenging. Recognising these challenges, recent Swedish and New Zealand support agreements have included clauses to give the smaller party greater opportunity to communicate its policy achievements. While being bound by Cabinet collective responsibility as ministers, the leaders of the support parties in New Zealand speak for and represent the Government in relation to their portfolios. The National Party also agreed to give up

²² Ibid, p. 310.

²³ Haddon, C., ‘A Brief History of the Lib- Lab Pact, 1977-78,’ *Making Minority Government Work*, 2009, pp. 20-24.

²⁴ Fernandes, S., Holmes, B., ‘2010 Federal Election: a brief history,’ Politics and Public Administration Section, Parliament of Australia, March 2012, accessed 27 April 2015, http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1112/12rp08#_Toc318798329

²⁵ Bale, Bergman, ‘A Taste of Honey,’ pp. 199-200.

²⁶ Nick Harvey, *After the Rose Garden: Harsh lessons for the smaller coalition party about how to be seen and heard in government*, Institute for Government, 2015, <http://www.instituteforgovernment.org.uk/publications/after-rose-garden>

slots for speaking in the House and allocate question opportunities for United Future and the Maori Party. As noted, the New Zealand agreements also grant support parties one or more ministerial portfolios thereby giving the smaller parties the ability to demonstrate and communicate their policy achievements directly.

Conclusions

The development of minority governance in other democracies provides a number of lessons for Westminster. Confidence and supply agreements, made publicly available, can provide for stable government that can operate without fear of defeat on key votes in exchange for specific policy and procedural concessions, and on the basis that support parties are consulted and kept informed of government plans. They do not, of course, guarantee majority support for the entirety of a government's legislative programme, so ongoing negotiations are needed to enable the government to get its business through. But they do allow the main party to hold all the ministerial posts (except for in the unusual New Zealand model) and to control the policy agenda more extensively than when power is shared in coalition.

For smaller parties, such agreements offer the opportunity to achieve certain cherished policy objectives and earn political credit for that. They must commit to backing the government on life-or-death votes, including on often politically difficult budget plans, but they do not have to make the more extensive across-the-board compromises of coalition, allowing them to preserve their distinct identity. On the other hand, they lack the greater ability to influence and determine policy that comes from being inside the government itself.

Whether or not this model of government emerges at Westminster is up to the political parties, who have to weigh up the trade-offs mentioned above. But if they do choose to go down this path, then the lessons discussed in this paper will hopefully provide some useful guidance about the challenges ahead.

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