HUGO*vision*

Assessing the economic and political environment in New Zealand

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Economic tailwind

The government was elected on a mandate to end the "cost of living crisis", defined by high inflation and interest rates.

Last week's decision by the Reserve Bank's Monetary Policy Committee to cut the OCR by 25bps did not signal the end of the crisis, but a turning point, and a turning point in the fortunes of the government.

Forecasts published with the MPS signal a further 50bps of cuts by the end of the year and 100bps next year, ultimately ending up at 2.98% in Q3 2027. Some banks are forecasting sharper and deeper cuts.

Eyes in the Beehive immediately scanned forecasts for Q3 and Q4 2026, when the next election is likely to be held. The Bank forecast an OCR of 3.25% for Q3 2026.

The economy is forecast to be growing at above 3% that year, unemployment will have returned to below 5% having peaked at 5.4% in early 2025, and CPI will be 2%. If something close to these forecast's transpire, it would mean the economy was something close to a goldilocks zone for an incumbent government fighting for reelection. That, of course, is deeply uncertain, with risks that the country's journey out of recession is painful and protracted.

Nevertheless, the government is quietly confident it will be fighting for reelection having achieved what it promised and delivered relief for most households. There is some solid data to back it up: Two-thirds of households own their own home, according to 2021 StatsNZ data. These households will likely welcome the slow return of house price growth. One-third of households have a mortgage, with the average outstanding mortgage debt per household sitting at $260,000 in 2021. Using an average 2-year fixed mortgage rate as a benchmark, those households could see themselves roughly $100 a week better off by 2026 – and about $140 better off after the government's tax cuts.

This all points to a fairly strong starting point for the incumbent, particularly one elected on an economic mandate. The government is banking on people being richer and feeling richer by 2026 and it wants to take credit for this. Prime Minister Christopher Luxon himself fronted a hastily arranged post-MPS press conference on the first rate cut last week, something Jacinda Ardern and Chris Hipkins never did. Standing alongside Finance Minister Nicola Willis, Luxon took as much credit as he could for the rate cut.

There's political logic to this. Economic sentiment is a key driver of how people feel about incumbent governments. If that improves with the economy, the government's popularity might get a bump too.

If good times are on the way, they will take some time to arrive. The country must survive a third dip into recession and a year of high unemployment first, both of which will weigh on the government

Poll bump

The latest 1 News Verian Poll, taken before the OCR cut, showed no great shift in party support. The results were:

- National 38% (-)
- Labour 30% (+1)
- Greens 11% (-2)
- Act 7% (-)
- NZ First 6% (-)
- Te Pāti Māori 4% (+1)

Luxon enjoyed something of a surge in the Preferred Prime Minister poll, up 5 points to 28%, opening up a large gap with Labour's Chris Hipkins who was steady on 18%. that is a relatively high performance for Luxon, who has tended to poll in the mid-to-low 20s.

Squeeze

The ETS price is likely to rise as a result of government decisions to return the emissions trading scheme to some form of normalcy after poorly considered market intervention under the last government caused the carbon price to plummet and auctions fail to clear for more than a year.

Climate Change Minister Simon Watts said the government had halved the number of ETS units available between 2025 and 2029, from 45m to 21m.

The government hopes this will flush out the significant stockpiles of units hoarded by market participants.

The government said it would keep the current auction floor price, cost containment reserve price, and reserve volumes of NZUs.

Watts was frank the ETS price would rise as a result of the decision, adding 3c-4c a litre to the cost of petrol by 2029. The changes could increase CPI inflation by 0.03 of a percentage point by 2029, Watts said, citing government modelling.

The Climate Change Commission had recommended trimming the number of units for sale, but by less than what Watts ultimately decided. Watts went further than the Commission's advice, citing more recent data.

Forestry groups welcomed the move as providing certainty to the market after more than a year of uncertainty. Higher prices will incentivise planting. Both sides of Parliament are concerned about the level of afforestation. Labour and the Greens warned sequestering carbon through forestry shifts the focus from reducing gross emissions, leaving the country with a more difficult path once finding land for continued planting becomes more difficult.

White elephants

Sensing a public frustrated by double-digit rates increases (which averaged 15% this year), Luxon and his Local Government Minister Simeon Brown journeyed to this year's Local Government NZ conference with a combative message to councils to drop spending on "nice-to-haves" like convention centres and focus on the basics to keep rates low.

The speech went down poorly in the room, with Luxon's provocative dig at Wellington's new $180m convention centre, where the conference was hosted, met with audible gasps. The speech was designed to be provocative and the Beehive knew it would rile councillors, but thinks that is a price worth paying to look like the government is on the side of squeezed ratepayers. It puts Labour in a tough position – it doesn't want to position itself as the party of high rates increases.

Most controversially, Luxon announced the government was investigating legislating to cap councils' non-core spending, reducing pressure on ratepayers. Brown pointed to the New South Wales regulator, IPART (Independent Pricing and Regulatory Tribunal) which can limit the extent to which councils could increase rates for spending on "non-core" activities. This year IPART set its rate peg to 4.5% to 8.2% for councils (who can apply for exemptions should they have a good reason to hike rates further).

This is some way off, with the government yet to define core and non-core spending. The idea responds to concerns that councils, once relieved of their water investment burden, might go on a spending spree with their newfound debt headroom.

Brown announced a framework for long-awaited regional infrastructure deals between central and local government. The deals are meant to jointly fund important infrastructure and provide long-term certainty. Brown said the government will invite up to five regions to submit "straightforward basic proposals" for a deal, with the first deal to be inked sometime next year.

Councillors who thought the government's future city and regional infrastructure deals between local and central government might mean cash handouts were urged to "come back to reality" by Luxon, who said that while he would consider "new revenue tools for councils, where that makes sense," he wanted to see councils tighten their belts first.

Councillors and Mayors bridled at having a central government regulator given something approximating a veto over the spending decisions of democratically-elected members.

Less controversially, the government said it would look at a couple of reforms likely to be welcomed by councillors, including forcing greater transparency from council staff, a move that follows a number of instances where elected members have spoken out about the difficulty in getting fairly basic information from council officers. The government also said it would look at reforms to the code of conduct process following a profusion of code of conduct investigations launched into councillors, often on fairly spurious and highly political grounds.

The government is probably right to deduce voters have little love for rate-hiking councils, but Luxon will want to avoid straining relations too much given the role councils will play in delivering the government's infrastructure commitments.

R&D tax credit future doubtful

The Research and Development tax credit scheme is currently being reviewed by MBIE officials who will give advice on whether the government is getting value from the $550m annual cost of the scheme.

The tax credit was introduced under Labour and has doubled in cost. Firms are able to claim a 15% tax credit on qualifying R&D expenditure of more than $50,000 a year, with a cap of $120m in eligible expenditure.

The credit was intended to boost levels of private R&D spending. According to Stats NZ, private sector R&D spending rose from 0.87% of GDP in 2022 to 0.95% in 2023. Businesses spent a total of $3.7b dollars on R&D in 2023, an increase of 17% from 2022, the highest annual percentage increase since 2018.

National and Act opposed the credit when it was first introduced, arguing it would allow businesses to claim back money for spending they would have done anyway. Act continues to want the scheme gone. National, whose ministers, Simon Watts and Judith Collins (Revenue and Science), administer the scheme, is keeping quiet.

The final report is due before the next Budget. With no money available for new initiatives, Collins might decide to cut the scheme and deploy the $550m saving elsewhere.

'Pillow fight'

The government will look to increase KiwiBank's capital to turn it into a larger, more ferocious competitor against the large Australian-owned banks. Beefing-up KiwiBank was a recommendation of the Commerce Commission's market study into retail banking, which delivered its final report this week.

Finance Minister Nicola Willis said the government would "act on" all 14 recommendations. She began by asking Treasury officials to work with KiwiBank to investigate options for increasing the bank's capital to help grow it into a larger, more disruptive competitor. These options could involve local funds, iwi, and even roping in government investment funds, KiwiSaver schemes, or partly floating the bank. Options will go to Cabinet no later than December this year.

Willis said she wants KiwiBank to remain "kiwi" so a full sale is unlikely (reviving the Key government's mixed-ownership model is an option) and it appears the government is thinking creatively to keep at least a semblance of local ownership and control. There are no easy options. One of the Super Fund's reasons for wanting to offload KiwiBank to the government was that it wanted the ability to sell its own stake to whomever it wished, something the last government would not allow.

The government is balancing the political imperative of retaining a very high level of local ownership with the economic imperative of securing the best option at the best price for the bank. The government has said that any asset sales would be taken to an election.

The real test of just how far the government is willing to take the recommendations will come from the macroprudential side, with the Commerce Commission making a number of recommendations that tread on the Reserve Bank's turf.

The Commission recommended the Bank broaden the way it undertakes competition assessments under the Deposit Takers Act, placing more focus on reducing barriers to entry and expansion in the banking sector and therefore proportionately less focus on risks to depositors.

Willis seems keen to have the Bank consider whether it could do more to boost competition, saying before the end of the year she will issue the Bank a revised Financial Policy Remit, which will emphasise the need for it to have regard for competition in its decision-making.

A new, more competition-focused remit could push the Reserve Bank to tweak the amount of capital it requires small banks to hold for the different sorts of loans they write, and loosen restrictions preventing some entities from marketing themselves as "banks".

The Reserve Bank was given a reprieve in the form of the Commission dropping a recommendation from its draft report that the Bank should "review its prudential capital settings to ensure they are competitively neutral and smaller players are better able to compete", which would have the effect of opening up the long, tortured debate on the Bank's capital rules.

This was effectively watered down in the final report, which said the Bank should implement "more granular standardised risk weightings" for home loans, set minimum capital standards that encourage new competitors, and permit more entities to be a bank and provide banking services.

The Commission said it wanted the government to ensure open banking is fully operational by June 2026.

Commission Chair John Small had tweets referred by Willis to the Public Service Commission for potentially breaching impartiality guidelines. The tweets concerned the war in Gaza.

National iwi tour

The Prime Minister is quietly making the rounds of the country's many iwi, trying to schedule meetings during his travel or the Parliamentary recess.

The visits, which he does not publicise, follow a round of introductions Luxon made to Māori on first becoming elected. They are meant to reset relations and show the government is not the race-baiting and antagonistic force some would have iwi believe.

The mission appears to have mixed success. Luxon, having lived abroad for much of his life, does not have the easy familiarity with Māoridom that someone like Bill English did.

The frostiness is not all on Luxon's side. Iwi leaders have their own problems to deal with in the form of Te Pāti Māori whose populist rhetoric has engaged a whole generation of young Māori. The leaders are aware that young Māori are not keen to see their leaders get too cosy with the government.

At the Koroneihana celebrations earlier this week, Luxon preached unity and came with a strong reiteration of his earlier promise that National would not be supporting Act's Treaty Principles bill beyond select committee. The overture was rebuffed, with gathered Māori frustrated by the sheer volume of policy rollbacks that affect them.

Luxon's promise does not mean the bill is dead, with Act arguing National could simply decide not to bring it up for debate, allowing National to fulfil its promise of not voting for it at second reading. The bill would then languish on the order paper forever, until it was debated or discharged. If left on the order paper, it would be easy for Act to go to the 2026 election campaigning to force National to bring it to the floor.

Easing cycle begins

The Reserve Bank cut the official cash rate by 25 basis points to 5.25% and signalled continued cuts. Its forecasts now show the OCR at 4.92% in the December quarter, implying two more 25bp rate cuts this year. The retail banks moved quickly to reduce interest rates on loans and deposits.

The NZD fell from 60.73 US cents to 60.34 US cents after the cut, but soon recovered that ground.

There are a range of views on just how much the Reserve Bank will end up cutting. ASB Bank chief economist Nick Tuffley said his bank is forecasting 25bp cuts at every meeting until the OCR hits about 3.25%.

"[However], life is never that tidy in reality. The actual pace and extent of cuts will depend on how the inflation outlook evolves from here," he said .

Westpac forecast the cuts to stop at 3.75%, which would be achieved at the end of 2025, as opposed to 2026, as the bank had been forecasting prior.

ANZ Bank expects a 25bp cut at each meeting to a low of 3.50%.

BNZ and KiwiBank were more dovish. BNZ's forecast was unchanged by the August MPS, with the bank expecting sequential rate cuts at each policy review, taking the cash rate to 3.0%, by the end of 2025.

KiwiBank chief economist Jarrod Kerr described the cut as "a gift that will keep on giving", forecasting a 300bp "cutting spree" to 2.5%

"If the RBNZ wants to remove the restrictiveness of interest rates, they need to go back to a neutral (Goldilocks, not too hot, not too cold) setting. That Goldilocks rate is estimated to be around 2.75%, a long way from 5.25%," Kerr said.

The NZX had a solid three days of rises after the OCR cut, before some weak results in the current reporting season turned investors more bearish.

Total retail spending fell a seasonally adjusted 0.1% to $6.4b while core retail spending – which excludes vehicle and fuel purchases – fell 0.5% to $5.7b. It was the sixth consecutive monthly fall for seasonally adjusted retail spending.

It was the sixth consecutive monthly fall for seasonally adjusted retail spending. "The continued pressures on household finances was evident," said Westpac Bank senior economist Satish Ranchhod.

The total value of electronic card spending, including on non-retail services and other non-retail categories, rose a seasonally adjusted 0.7% from June to $9b.

In non-core retail categories, spending on vehicles bounced back 2.7% to $190m in July after four consecutive contractions

The latest Global Dairy Trade auction index rose 5.5% to US$3,920 (NZ$6,368) a metric tonne – the most significant percentage jump since March 2021.

It was the sixth auction of the new season and comes after prices dropped 6.9% six weeks ago. Whole milk powder, which has the biggest influence on Fonterra's milk price and makes up half of the auction, jumped 7.2% to US$3,482/MT.

Skim milk powder – the dairy giant's second reference and making up a third of the auction by volume – increased 4% to US$2,636/MT.

Infometrics June 2024 Quarterly Economic Monitor released this week said weaker economic activity and falling employment were hitting regional economies, with the economic crunch deepening across the country.

Provisional estimates suggest that economic activity in the June 2024 quarter was 0.2%pa lower than a year ago, turning year-end growth negative, at -0.2%pa.

There were job declines across seven of 16 regions, with the largest decline seen Gisborne, which was a 1.2%pa fall in filled jobs in the June 2024 quarter, followed by a 0.6%pa decline in Taranaki, and a 0.4%pa drop in both the Nelson and Wellington regions.

Strong results for Auckland International Airport in its 2024 financial suggest, in the airport's own words, a "strong return" of international airline capacity with international seat availability now back to 91% of 2019 levels.

The total number of passengers that went through the airport rose to almost 18.5m, 17% higher than the prior year.

Domestic passengers were up 5% to 8.5m and international (including transit) passengers jumped 29% to 10.1m.

Bank NIMs were 2.35% in June 2024, down from 2.38% in the same quarter in 2023. Over all quarters for the past ten years the average has been 2.14%.This data is for all 27 registered banks operating in New Zealand and includes those that do not offer retail services.

Du Val crisis

The government placed failed Auckland property development group Du Val into statutory management.

Commerce Minister Andrew Bayly said the move was necessary because of the complexity of the 70 entities involved.

He said the process could protect the group's assets, and possibly enhance them if some Du Val developments could be completed under the process.

CORPORATE ROUND-UP

Primary Sector

Synlait announced its anticipated capital raise which, if approved at a special meeting next month, will mean Bright Dairy increases its stake to just over 65%, after contributing $185m at an issue price of 60c. The **a2 Milk Company**, which said it would support the raise after settling a year-long dispute with Synlait, will also contribute $32.8m at an issue price of 43c to maintain its 19.8% stake. Minority investors will not contribute to the raise and could see their overall stake reduced from 41.2% down to 14.9%. The company said many retail investors would be disappointed, but it was the only realistic way forward. The deal is subject to shareholder approval with restrictions on voting rights.

The **a2 Milk Company** reported increased net profit of $167.6, up 7.7% for the 12 months to the end of June. The company said it was expecting revenue growth of "mid-single" percent and its ebitda margin to be "broadly similar" to the year just gone. Its shares fell sharply after the announcement.

Ballance Agri-Nutrients reported reduced revenue to $929m for the 2024 financial year, with a pre-tax profit of $17.2m. This compares with last year's profit after tax of $35m on revenue of $1.22b.

PGG Wrightson said it expects to have to keep a firm grip on its costs for some time after reporting a net profit after tax of $3.1m in the 12 months to June, down $14.5m on the previous year subdued agricultural commodity prices forcing farmers to rein in their spending.

Comvita announced a major leadership shake-up as it struggles to overcome a slump in China and Asia market sales. Effective Aug 31, David Banfield would resign as chief executive and managing director and become a project-based strategic adviser to the Comvita board. Brett Hewlett would step down as a director and chairman to become acting chief executive.

Ravensdown has put its lime quarries up for sale while considering whether it actually needs to own them. While sales volumes only slipped 0.4% to 891,000 metric tonnes in the year to the end of May, volumes remain significantly lower than the 1.2MT sold in the 2022 financial year.

Zespri lowered its full-year net profit guidance to be between $132m and $142m, including licence release income, versus prior guidance of $138m to $148m due to lower volumes and reduced margins.

Beef and Lamb NZ's latest stock number survey said sheep numbers fell 4.3% in the year to the end of June to 23.31m.

Energy and resources

Lower hydro lakes and depleted gas led to a scramble for fuel and **Methanex** agreeing to shutter operations until the end of October and sell its gas to Contact and Genesis – 3.5 petajoules and 3.2PJ, respectively – to keep their gas-fired electricity units operating until then.

The Tiwai aluminium smelter reduced its electricity demand by another 20MW. This is in addition to the 185MW demand reduction that it recently initiated at Meridian Energy's request.

Transpower moved to rule changes allowing some hydro lake levels to be reduced further and sooner by generators than current consents and conditions allow.

Wholesale electricity spot prices rose to record sustained highs of $800MWh, but dropped back to nearer $400MWh after the Methanex deal.

There were calls for government intervention as a number of businesses exposed to the spot prices, or saying they could not hedge at a sustainable level, saying they would mothball or close operations.

Price comparison site **Powerswitch** said it had been advised retailers Comtricity and Raw Energy had stopped trading and had been asked to remove offers from Octopus, Nova, Electric Kiwi and Flick Electric from the site as they were finding it difficult to access hedge contracts.

Contact Energy chief executive, Mike Fuge, said he knew businesses exposed to the wholesale spot price were "doing it tough", but warned against knee jerk reactions as the sector was working on solutions.

The energy crunch came as the major gentailers reported annual results.

Mercury reported a 158.9% increase in net profit to $290mn, attributing the growth mainly to positive changes in the fair value of unhedged financial instruments. There was a 4% increase in earnings (ebitdaf) to $887m for the 12 months to June 30 due to increased wind and geothermal generation and higher customer prices, offset by reduced hydro generation and higher operating costs. It said current conditions would hit earnings in the current year as it was short hydro generation and was partially exposed to spot prices.

Hydro generation was hit by very low inflows into Lake Taupo and was 4,096 gigawatt hours (GWh), down 21% on the prior year's record generation.

Contact reported net profit of $235m for the 12 months to June 30, up from the previous year's $211m. Operating earnings (ebitdaf) of $675m were up 16% to $663m.

The gentailers all outlined current developments and more new generation projects with a flurry of announcements relating to solar.

Contact said it is proceeding with the Kōwhai Park solar farm joint venture at Christchurch Airport expected to generate around 275 gigawatt-hours per year.

Genesis and **Lodestone** also announcing the acquisition of advanced-stage sites for development.

NZ Green Investment Finance made a second debt issuance for its Solar Finance programme, bringing the total fund up to $365m. SolarZero is administering the funding but it is open to other providers.

Banking, finance and insurance

ASB Bank's full-year profit in the 12 months to June 30 dropped $150m, or 10%, to $1.35b. Cash profit dropped 9% to $1.36b. Net interest margin decreased 16 basis points from the year earlier, reflecting lower deposit and lending margins. This resulted in cash operating income decreasing by 5%.

More than 170,000 customers are now automatically included in a class action against the ASB and ANZ banks after a Court of Appeal ruling. The plaintiffs are seeking the refund of interest on loans, and the **ASB Bank** had unsuccessfully argued customers should have to opt in to join the action.

The NZ assets of buy now, pay later firm Laybuy were bought by Swedish fintech company Klarna.

Telecommunications, media and entertainment

One NZ is to launch a dedicated fibre business to support wholesale customers. EonFibre is expected to roll out later this year.

News publisher **Stuff's** chief executive, Laura Maxwell, is moving to a new role in Australia, with owner Sinead Boucher returning to the job. Maxwell became the group CEO at Stuff in 2023 after moving to the company in 2022 from NZME, where she had been chief digital officer.

Sky TV reported net after-tax profit of $49.2m, a drop of 3.7% on its previous financial year in what it describes as difficult and challenging market conditions, which has seen its customer base fall to its lowest in five years. The result comes as the company prepares to enter negotiations to renew its rugby TV rights. The company said revenue ($766.7m, up 1.6%) and earnings ($153m, up 2.9%) increased, but the after-tax profit was down due to increased depreciation associated with Sky's new products. Overall customer numbers fell 7.5% to 939,000.

Wholesale and retail

KMD Brands shares rose after the retailer reported a 5% decline in final-quarter sales compared with the prior comparable period. This compares with an 11.1% decline in the third quarter and a 14.5% contraction in the first half of the year, outlined in a June update.

My Food Bag said its customer base has stabilised, and it expects to pay interim and full-year dividends in the 2025 financial year.

The Colonial Motor Company reported a trading profit after tax of $17.88m for the financial year ending June 30 2024. It will pay a fully imputed dividend of 20 cents per share, bringing the total dividend for the year to 35 cents per share, equivalent to 64% of the trading profit after tax.

Transport

Freightways reported net profit after tax of $70.9m, a reduction from its 2023 result that the company said was largely due to higher interest expenses. Earnings before interest, depreciation, tax, and amortisation (ebitda) were $229.1m, up 6.6% from 2023.

KiwiRail disestablished 61.5 full-time equivalent jobs affecting staff who work in finance, human resources and health and safety. The state-owned enterprise also established 21 new roles, meaning the net loss is 40.5 FTE jobs.

Port of Napier's earnings guidance for the 2024 financial year remains unchanged, despite the possibility of a significant cargo customer, Winstone Pulp International ceasing all manufacturing operations.

Manufacturing and construction

Fletcher Building posted a $227m loss compared to a $235m profit in the previous financial year. This included a $117m write-down and impairment of its Higgins construction business and a $141m loss for its Tradelink Australian plumbing business, which is being sold. It also warned the outlook continued to be challenging and predicted volumes would drop by as much as 15% in the 2025 financial year. Earnings before interest and tax for continuing operations was $509m, a 35% fall from $785m in the previous financial year.

Fletcher Building announced Shareholders' Association chair Andrew Reding would be its new chief executive and managing director, although questions remain around who will chair the company.

Ebos reported that its sales revenue exceeding A$13.2b (NZ$14.4b) for the first time driving an underlying net profit after tax of A$303.4m, up 7.7% on the year. Statutory net profit was A$271.5m, up 7.2% on the year.

Skellerup reported net profit of $46.9m vs $50.9m in the previous year with revenue down to $330.5m vs $333.5m previously. Increased demand for product drove earnings from its industrial division up 4%, while the agri division dipped 10% due to low sales and destocking.

LEGISLATION

Drug driving crackdown

The government made slow progress on its legislative programme over the last month with Opposition parties putting up resistance to the completion of the committee stages of controversial bills.

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is available on The Hugo Group website, www.thehugogroup.com*

Bills introduced

Land Transport (Drug Driving) Amendment Bill - *Introduced on July 29. Enables the rollout of random roadside oral fluid screening tests to detect and deter drug-impaired drivers. First reading on Aug 8 with National, Labour, Act and NZ First in support and sent to the transport and infrastructure committee.*

Bills in progress

Family Proceedings (Dissolution for Family Violence) Amendment Bill - Member's bill in the name of Angie Warren-Clark drawn from the ballot on May 11. Allows a party to a marriage or civil union to apply for an order dissolving a marriage or civil union if they have been the victim of family violence inflicted by the other party in the relationship. First reading on Aug 30 and sent to the justice committee with all parties in favour. *Second reading complete on Aug 21 with all parties in favour.*

Fair Trading (Gift Card Expiry) Amendment Bill - Bill in the name of Melissa Lee drawn from the ballot and introduced on Nov 11. Seeks to prohibit the sale of gift cards with an expiry date of less than three years after the initial sale date. First reading on Aug 1 with Act opposed and sent to the Economic Development, Science and Innovation Committee. *Second reading completed on July 31 with Act opposed and committee stage completed on Aug 21.*

Gangs Legislation Amendment Bill – Introduced on March 7. Introduces a number of measures intended to curb criminal gangs. It makes it an offence to display gang insignia in public places, creates a new dispersal power to stop gang members gathering in public, creates a new non-consorting order and makes gang membership an aggravating factor at sentencing. The Attorney-General said aspects were a breach of the Bill of Rights Act. First reading on March 7 opposed by the Greens and Te Pāti Māori. Sent to the justice committee and to be reported back on July 7. *Reported back with a number of amendments with Labour and the Greens filing opposing views. Second reading on July 30 with National, Act and NZ First in favour. Committee stage completed on Aug 8.*

Local Government (Water Services Preliminary Arrangements) Bill - Introduced on May 30 under Urgency. Lays the foundation for a new framework of water services management, including a new water services delivery arrangement for Auckland. Councils will be able to use the provisions to start planning future water services delivery and undertake steps to establish, join, or amend council-controlled organisations. It requires councils to submit water services delivery plans within 12 months of the bill's enactment. These plans can be done jointly between councils. Also requires councils to provide information for economic regulation. A further bill is planned. First reading under Urgency and sent to the Finance and Expenditure Committee with the support of National, Act and NZ First to be reported back by July 18. Reported back with minor amendments and opinions divided along party lines. *Second reading on July 30 with National, Act and NZ First in favour. Committee stage completed on Aug 20.*

Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill - Introduced under Urgency on May 30. Extends the current duration of all coastal permits currently issued under the Resource Management Act authorising aquaculture activities by 20 years, but not beyond 2050. First reading completed on May 30 with National, Act and NZ First in favour. Sent to the Primary Production Committee. Reported back on July 18 with several amendments and minority reports opposing from Labour and the Greens. *Second reading on July 30 with National, Act and NZ First in favour. Committee stage completed on Aug 21.*

Bills passed/defeated

Building (Earthquake-prone Building Deadlines and Other Matters) Amendment Bill - *Introduced on Aug 5. Extends remediation timeframes for earthquake-prone buildings by four years, with a limited power to extend deadlines by a further period of up to two years by Order in Council. First reading on Aug 8 with just Labour opposed. Sent to the transport and infrastructure committee to be reported back by Oct 31.*

Employment Relations (Protection for Kiwisaver Members) Amendment Bill - Member's bill in the names of Tracey McLellan drawn from the ballot and introduced on June 7. Aims to ensure that workers cannot be discriminated against because they are members of a Kiwisaver scheme or a complying superannuation fund. *Voted down at second reading on Aug 21 with National, Act and NZ First opposed.*

Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill - Introduced on May 20. The bill reinstates polls on Māori wards and Māori constituencies, requires councils to hold a binding poll at the 2025 local elections, and adjusts the statutory time frames for local elections. *Committee stage July 25 and third reading on July 30 with National, Act and NZ First in favour.*

Regulatory Systems (Education) Amendment Bill - Introduced on March 23. An omnibus bill mainly making administrative amendments. *Third reading on Aug 7 with all parties in agreement.*