

Q3 2026

Parliamentary Legislation Report

Report Overview

The Parliamentary Legislation Report tracks major national legislation to explain exactly what these proposals mean for New Zealand. Written by Cole Isles, this report cuts through regulatory details to focus on the legal changes shaping the country. Whether a new bill alters your daily routine, your rights, or your community, this report gives you the clear insights needed to understand how these legal reforms affect your world.

Legislative Developments Overview

The legislation and governance changes announced in the third quarter of 2026 place New Zealand at a major turning point of legislative history. The continued battles between central and local government have resulted in major new legislation being proposed, which will fundamentally alter local government systems. There is also a theme of power centralisation in a new bill within the research & innovation sector, and a new bill is bridging the regulatory gap between legacy media and modern streaming services.

Legislation/Governance Changes

- The Broadcasting (Disestablishment of Broadcasting Standards Authority) Amendment Bill
- The Research, Science, Innovation, and Technology Bill
- The Local Government (Rates Capping) Amendment Bill
- NZ Economic Outlook, September 2026 Update

Disclaimer

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The Broadcasting (Disestablishment of Broadcasting Standards Authority) Amendment Bill

The Broadcasting (Disestablishment of Broadcasting Standards Authority) Amendment Bill changes how New Zealand media is regulated by closing the Broadcasting Standards Authority (BSA) and moving to an industry-led system. The changes remove traditional broadcasting rules, close the gap between traditional media and online streaming platforms, and move on-demand content ratings under the Classification Office.

Key Provisions

- **Equal Treatment for Media:** Updates the rules from 1989 so that internet streaming platforms and traditional television and radio stations must follow the same standards.
- **Industry Self-Regulation:** Replaces the independent government watchdog with a system where broadcasters rate their own shows using an approved method.
- **Standardised Age Ratings:** Moves on-demand apps into the same rating system used for movies and video games, ensuring age ratings mean the same thing across all platforms.
- **Financial Funding Changes:** Removes the existing levy that broadcasters paid to run the BSA and replaces it with a new funding model for the Classification Office.
- **Protection for Journalism:** Ensures that legitimate news organizations keep their current legal rights, such as reporting on court cases and holding specific privacy exemptions.

Identified Concerns

- **Loss of Independent Oversight:** Closing the BSA means the public can no longer take complaints to an independent government agency, leaving complaints to industry-run groups instead.
- **Risk of Public Confusion:** Shifting from a centralized rating system to network self-ratings could create inconsistent age labels, making it harder for parents to judge content safety.
- **Policy and Compliance Vulnerabilities:** Broadcasters face automatic penalties for accidental rule breaches because old safety nets are removed, alongside unclear rules for news definitions, archive content, and voluntary membership.

Bill Outlook

MP in Charge: Hon Paul Goldsmith.

Expected Commencement: 1 September 2027 (including a three-month transition period to clear remaining complaints).

The Research, Science, Innovation, and Technology Bill

The Research, Science, Innovation, and Technology Bill restructures New Zealand's public science sector by moving to a centralised, top-down system. The changes remove older agencies, simplify funding control, and replace four major laws with a single framework that aligns scientific research with government priorities.

Key Provisions

- **Combined Legal Framework:** Repeals older laws covering Crown Research Institutes, the Health Research Council, and Callaghan Innovation to create a single system.
- **Centralised Priorities:** Allows the Minister to set national directives that public research bodies must follow by law.
- **Single Funding Control:** Creates a central Funding Board to hand out state research money based on government rules.
- **Commercial Focus:** Requires new public research organisations to focus on turning science into commercial products and driving business innovation.
- **Asset Wind-Down:** Changes Callaghan Innovation into a temporary holding company to manage, sell, or transfer its property and technology assets before closing down.

Identified Concerns

- **Centralisation of Political Power:** Giving the Minister direct power over funding rules and research goals could compromise the independent and non-political nature of public science.
- **Loss of Competition Protections:** Letting state-backed research bodies bypass anti-monopoly laws could allow them to buy out private competitors and harm market competition.
- **Unclear Funding Authority:** Allowing the Funding Board to pass its decision-making powers to unnamed external people or groups reduces public accountability.

- **Risk of Asset Delays:** A 2037 deadline for selling the Gracefield property could encourage administrative delays, keeping the temporary holding company running indefinitely.
- **Removal of Property Rights:** Suspending standard public works laws means land originally taken for public science projects can be kept or sold commercially without ever being offered back to the original owners.

Bill Outlook

MP in Charge: Hon Penny Simmonds

Expected Commencement: Unclear at this point, to be determined through the legislative process.

The Local Government (Rates Capping) Amendment Bill

The Local Government (Rates Capping) Amendment Bill restricts local council spending by placing a legal limit on how much councils can increase property rates each year. The Bill reduces the financial independence of local government, forcing councils to operate within strict borders set by central government, and establishes a central regulator to enforce compliance.

Key Provisions

- **Absolute Financial Limits:** Places a legal minimum and maximum boundary on annual rates increases, restricting general rates, targeted rates, uniform annual general charges (UAGCs), and late payment penalties.
- **Long-Term Budget Control:** Prevents councils from legally passing their 10-year Long-Term Plans or Annual Plans unless their projected rates revenue sits entirely within the government-mandated range.
- **Central Regulatory Oversight:** Establishes a new Statutory Regulator within the Ministry for Cities, Environment, Regions, and Transport (MCERT) to audit council budgets and strike down non-compliant local tax decisions.
- **Compulsory Alternative Funding:** Prohibits councils from exceeding the rates cap unless they prove to central government that they have actively pursued other revenue options, including the sale of local public assets.
- **Infrastructure Cost Exclusion:** Excludes all drinking water, wastewater, and stormwater rates from the cap calculation, leaving water infrastructure billing outside the scope of these limits.

- **Shift to Floating Caps:** Replaces the initial fixed limits after July 2029 with a permanent floating range set periodically by the government based on shifting economic trends and construction cost indexes.

Identified Concerns

- **Financial Manipulation via Averaging:** Measuring compliance as a three-year average during the first three years allows councils to front-load massive rates increases in the first year (e.g., 12%), provided they forecast artificially low increases in the following two years to balance the mathematical average.
- **Loss of Democratic Accountability:** If a council faces severe financial distress and is replaced by a minister-appointed Commission, the Minister can completely lift the rates cap for that unelected Commission, allowing them to levy unlimited rates hikes without local voter consent.
- **The 2029 Regulatory Trap:** The transition from flexible three-year averaging to a strict annual cap in the 2029/30 financial year forces councils to discard historical calculations mid-cycle. This gives the central regulator unilateral veto power over which councils are granted exemptions to avoid financial distress.
- **Baseline Inflation in Council Mergers:** When local councils merge, the newly formed body is permitted to calculate its own historical rates baseline. Councils can use this discretion to artificially inflate baseline figures with projected merger costs, building a permanent buffer that allows higher real-dollar increases while technically remaining under the percentage cap.
- **Structural Under-Funding of Infrastructure:** By capping the minimum rate increase alongside the maximum, the Bill allows short-sighted councils to artificially depress local taxes to win elections by under-funding long-term infrastructure depreciation, creating a severe backlog of failing roads and pipes for future generations.
- **The Water Billing Shift:** Because water services are completely excluded from the cap calculations, councils can strictly obey the limits on general property rates while aggressively increasing separate water bills to offset their funding shortages.

Bill Outlook

MP in Charge: Hon Simon Watts

Current Stage: Select Committee stage (following the completion of its First Reading).

Expected Commencement: Soft transition period begins 1 March 2027, with hard mandatory compliance enforced for the 2029/30 fiscal year.

Did You Know?

In 2025, the New Zealand Parliament passed a total of 89 bills. This report is designed to provide awareness of legislation that may impact various aspects of life in New Zealand, ensuring you are informed about the effects these bills could have on your work, business, or daily life.

NZ Economic Outlook, September 2026 Update

- **GDP Growth:** The economic recovery has faced delays due to geopolitical disruptions, but it has not been derailed. While near-term growth remains constrained at 1.2% for the 2025/26 fiscal year, domestic economic activity is projected to strengthen and broaden heading into the second half of the year. Mid-term annual average growth is forecast to accelerate to 3.0% by March 2028.
- **Inflation:** Annual consumers price index (CPI) inflation printed at 4.1% for the June 2026 quarter. This temporary spike was heavily driven by high global fuel and energy prices resulting from Middle East friction. Core inflation, however, remains better behaved with non-fuel CPI down to 2.9%. The Reserve Bank of New Zealand (RBNZ) expects headline inflation to remain elevated through the end of the year before returning to the 1% to 3% target band by mid-2027 and hitting the 2% target mid-point by late 2027.
- **Mortgage Rates:** Borrowing and wholesale interest rates have lifted. To aggressively combat persistent inflationary pressures, the RBNZ shifted its policy and executed consecutive rate hikes in July and September, lifting the Official Cash Rate (OCR) to 2.75%. Commercial economists expect the RBNZ to tighten policy further, with predictions of the OCR reaching 3.0% to 3.5% by late 2026 or early 2027 to drag inflation back down.
- **Unemployment:** The labour market contains high levels of spare capacity. Job availability remains weaker, though high-frequency data shows small sequential monthly job gains. This persisting labour pool availability is actively limiting domestic wage growth and cooling domestic demand.
- **House Prices:** The housing market is described as being in a "holding pattern". Spurred by increasing retail mortgage rates and low consumer confidence, the property market has seen weaker house price projections relative to earlier mid-year outlooks, though localized household spending has shown mild improvements.
- **Key Risks:** Economic threats remain centred around geopolitical instability from the Middle East conflict affecting import prices and supply chains, persistent domestic tradable inflation driven by a depreciated New Zealand dollar, and navigating a highly data-dependent domestic monetary path. Conversely, the fiscal deficit outlook has noticeably improved, with the 2026/27 deficit forecast reduced to \$6.8 billion (down from \$11.4 billion predicted in May).

Economic Outlook Sources

- The Treasury: Pre-election Economic and Fiscal Update (PREFU), September 2026
- Reserve Bank of New Zealand: Monetary Policy Statement, September 2026
- Reserve Bank of New Zealand: Survey of Expectations, August 2026
- ANZ New Zealand: Economic Outlook and Forecast Updates, September 2026

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