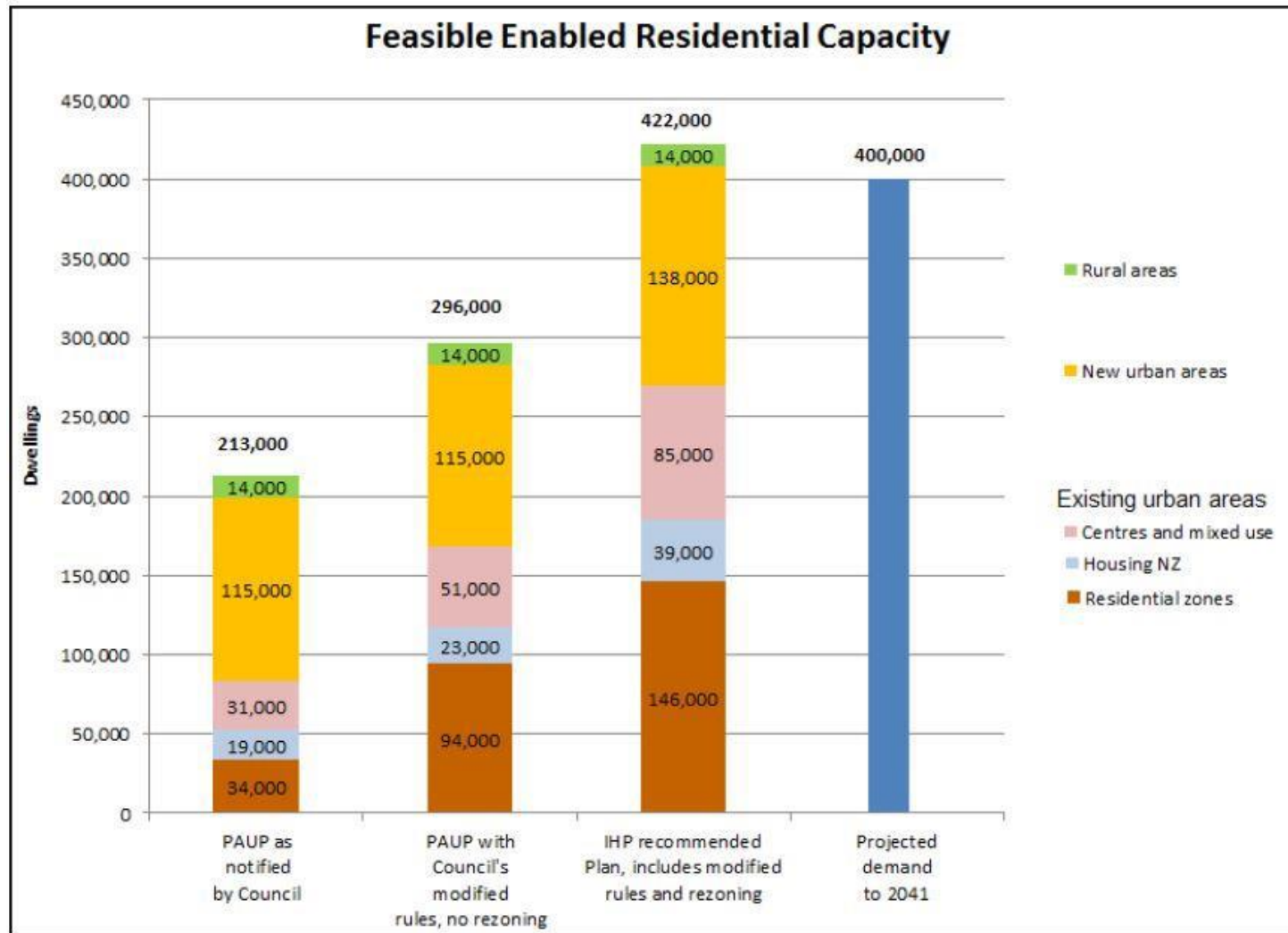# Political update

For The Hugo Group August 5 2016

The Unitary Plan in one slide

Electricity – two big issues ahead

- Transmission pricing methodology
  - Transpower uncertain the Electricity Authority's second proposals can be made to work in practice
  - EMA and other Auckland business interests seeing opportunity to push back on higher costs to upper North Island consumers
  - Serious for the Tiwai Pt smelter if TPM gains were to evaporate
- Regulation of emerging technologies
  - Commerce Commission and EA at odds
  - Issue is treatment of network-connected assets, particularly batteries
    - Under what circumstances should batteries be regarded as part of an electricity network's assets and returns regulated?

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KiwiSaver – a 'disruptive' new entrant

- Launch of www.Simplicity.kiwi has the potential to be a disruption point for KiwiSaver

- Credibly backed

- Commitment to out-sourced passive investment

- Commitment to fees half the level of current averages – no differentiation for risk profile

- Exposing the ease of customer switching between schemes

- Kick-starting a debate about which matters more for long term fund performance: fees or investment returns

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The Maori Party – muffing it?

- Election of Tuku Morgan as party president
  — Deeply connected to Maori leadership through the Iwi Leaders' Forum
  — Regards himself as senior to the parliamentary leadership

- Opposition to Helen Clark shows Maori Party is fundamentally in opposition to Labour
  — In a qualitatively different way to the Greens

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Global politics – everything's changing

- Breakdown of the 'neo-liberal consensus' is real

- Trump, Brexit, rise of populism of the left and right in Europe

- A Western democratic phenomenon

- More than just about those who feel 'left behind'

- A clash of moral as much as ideological bearings

- The beneficiaries of globalism embrace tolerance, freedom of movement, the rise of opportunity in less developed countries

- Those left behind expect their governments to look after them – which is not unreasonable

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