

Very much on the right track

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Pollsters UMR have long tracked the national mood and are reporting very confident economic sentiment among New Zealanders. Some indicators have weakened a little in recent weeks, but expectations of improved personal circumstances continue to rise. Will rising interest rates burst this bubble of optimism, which appears to favour the Government?

Labour's monetary policy reveal, April 29

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David Parker will relaunch Labour's monetary policy approach in Auckland on April 29. We expect few new details on intended changes to the Reserve Bank Act, and that Labour will justify curbs on foreign investment as a form of macro-prudential tool to support inflation-fighting.

Mana and Doctom - sideshow or threat?

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They seem unlikely bedfellows, but if Mana Party members can swallow it, an accommodation with Kim Dotcom's Internet Party could deliver up to four seats in Parliament on as little as 2.9% of the total party vote. That assumes, reasonably, that Hone Harawira holds his seat.

The Chorus appeal - seeking leverage

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Critics were quick to fault Chorus's decision to appeal the High Court judgment tossing out its attempt to relitigate the initial pricing principles that delivered unhelpfully low regulated prices for the copper network. The move looks more aimed at trying to keep the Commerce Commission on track for Dec 1 decisions on its final pricing determination.

Taming inflation - interest or exchange rates to the fore?

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American interest rates won't rise much in 2015, the Australian economy looks healthier, and all this has pushed up the kiwi dollar. But soft commodity prices are falling. So should the kiwi. If it doesn't, the Reserve Bank may not have to push so hard on interest rates - for now.

Abbott's weak Japan FTA

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With TPP negotiations hanging in the balance, Australia has signed up to a weak free trade agreement with Japan, much to the frustration of the US, NZ and other would-be TPP signatories.

ECB prepares for negative interest rates

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Persistent deflationary pressure has the European Central Bank preparing to engage in further monetary stimulus.

Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2014	2.4%	4.0%	78.0c	92.9c	3.0%	4.1%
December 2015	3.1%	3.4%	71.9c	89.9c	3.3%	4.2%
December 2016	3.0%	1.8%	67.7c	88.8c	3.4%	4.3%

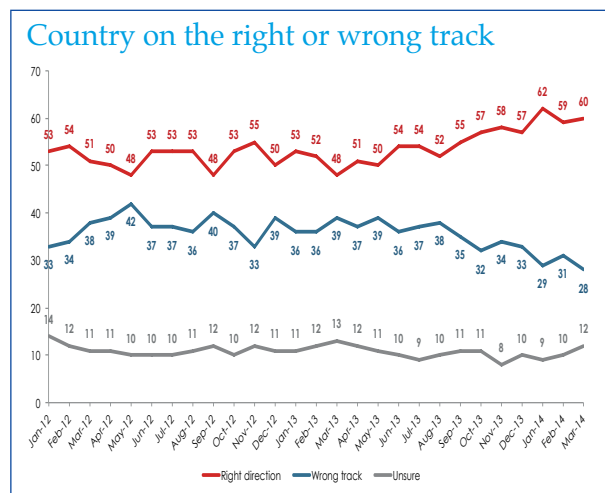
Good times for voters should spell good times for the government?

The mood of the country is very positive. That should point to the government's re-election, providing the voters can do the numbers on election day.

The charts below are from UMR Research, a respected pollster that provides polling for both the NZ and Australian Labour Parties. They are similar to readings in other polls of the same sorts of questions.

The first (top left) asks if voters think the country is going in the right direction (the red line) or the wrong direction (blue line). Since autumn 2012 the trend has been upwards and the latest readings are highly positive. For an incumbent government that is usually a pointer to re-election.

The second chart (bottom left) asks voters whether the economy is going to get better (red line) or worse (blue line). The direction has been strongly upward since winter 2012. That, too, is good for the government. A strong GDP figure released a few days before election day would reinforce that.



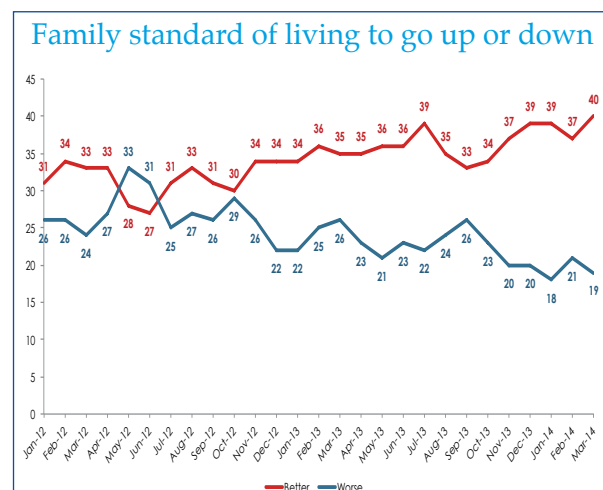
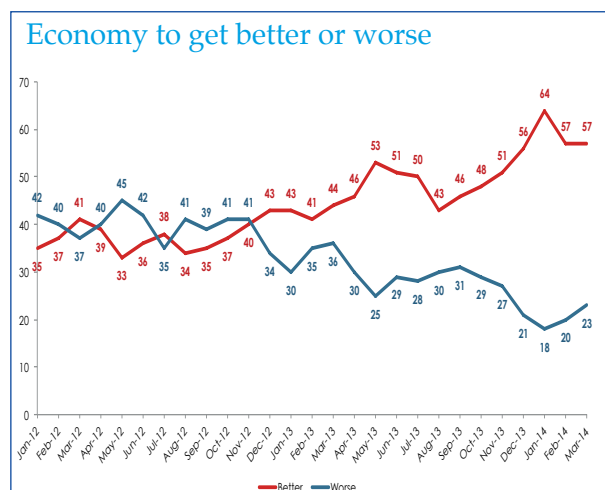
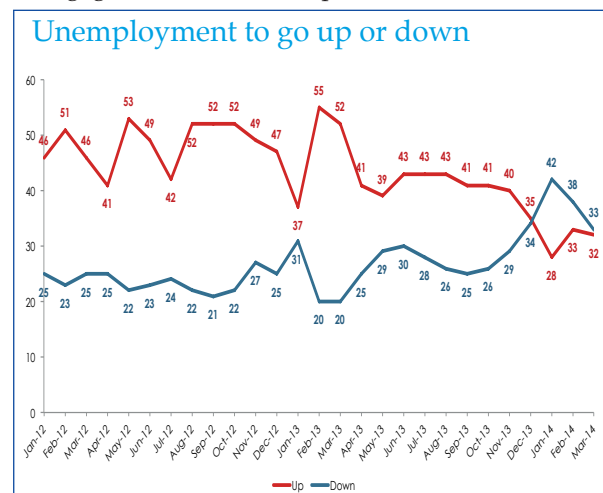
The third chart (top right) asks voters if they think unemployment is going up (red line) or down (blue line). This picks up whether people are more worried or less worried about their job security. Again, the trend is strongly positive for the government.

The fourth chart (bottom right) brings all that home. It asks whether the voter expects his/her standard of living, or that of the voter's family, to go up (red line) or down (blue line). That reading is strongly positive but less so than the expectation for the economy as a whole: 40:29 in the late March poll versus 57:23.

One interpretation is that many voters feel they are missing out on the good times or at least not getting their fair share. That might encourage some to vote for Labour+Greens in the hope of a bigger slice of the pie they see baking in the economic oven.

But an alternative interpretation is that there is a degree of caution which might discourage voters from risking a change.

The evidence five months out from election day points to the second interpretation. Rising interest rates will likely reinforce that caution because even if not many will have been much affected by election day, most mortgage holders will anticipate a rise afterwards.



Dotcom and Mana – what if?

Kim Dotcom's Internet Party and the Mana Party may be two of the flakiest factors in NZ politics, but if they reach a political accommodation and attract a chunk of disengaged voters, their influence could be significant.

Mana leader Hone Harawira can expect to hold his Te Tai Tokerau seat. If the Mana/Internet party vote tops 1.26%, it will get two MP's. At 2.1%, it gets 3 MP's, and at 2.9%, 4 MP's.

It's arguably as cynical as ACT and National making deals over Epsom, and the inbuilt contradictions between Mana and Dotcom are substantial. An accommodation is not yet a done deal and is seriously straining loyalties among key Mana activists.

For Labour, it may be time to start courting Mana, since a party with two to four seats would represent an alternative to a deal with NZ First.

We are not predicting this outcome, only that the oddities for the 2014 election are now aligning, and under MMP, the oddities can have an impact.

Chorus appeal – tactical pressure on ComCom?

Its critics were unimpressed by Chorus's decision to appeal the High Court decision that determined the company should have seen a "sea-change" in telecommunications network pricing coming.

However, Chorus will leverage every avenue it can find in its battle to make new generation fibre-enabled products as competitive as possible with the internet services provided over the aging copper network.

Appealing the April 8 decision of Justice Stephen Kos on the Commerce Commission's initial pricing principle (IPP) determination, keeps pressure on the commission to deliver its final pricing principle (FPP) determination by December 1 this year.

Chorus must implement the new commission-determined prices on that date. It is optimistic the commission will reset prices somewhat higher than under the IPP. A delayed decision would increase uncertainty and require recalculated billing. The company faces a \$675 million refinancing hurdle in November next year, so it is focused on policy progress, even if election-focussed politicians aren't.

Cabinet tensions on UFB

Comments to an Infratil investor day on April 4 by Finance Minister Bill English indicate the tensions at Cabinet level over both the decision to pursue the UFB scheme at all, and the way it was executed.

Answering a question on regulated sectors'

frustration with the commission's recent performance, English suggested it was "poor policy process" rather than an unpredictable regulator that created the Chorus outcome.

"You'd think government would have enough regulatory experience to understand the implications of that sort of provision and I don't think it did," he said, in comments that reverberated around the sector and bureaucracy, and attracted attention from David Cunliffe – assumed to be the policy lead on telecommunications regulation rather than Clare Curran. Cunliffe is expected to deliver a speech traversing communications policy late this month.

Labour's monetary policy

David Parker is using a breakfast briefing for businesspeople at the Stamford Plaza in Auckland on April 29 to give greater detail on Labour's plans to amend the Reserve Bank Act.

Its intention to soften the primacy of price stability in the central bank's mandate is well-known.

Parker appears likely to elaborate on non-monetary policy actions intended to support inflation control, which may be portrayed as macro-prudential tools. These are likely to include restrictions on foreign investment in housing and other real estate.

While it is almost certainly a misdiagnosis to blame foreign interest for residential and rural real estate price rises, it is a politically attractive misdiagnosis that Labour's competitors, including NZ First, will exploit if Labour doesn't.

Parker's speech will closely follow the RBNZ's expected second increase in the Official Cash Rate this year, at its six weekly monetary policy review on April 24.

Local govt lobby seeks taxing powers

Emboldened apparently by research from the NZ Initiative, Local Government NZ is proposing that local bodies move beyond revenue-raising based on property value rating to allow locally levied taxes on income and economic activity.

The play looks to be long term. Prime Minister John Key poured cold water on the proposal, describing it as "a bit rich" and questioning why local government needed such significant additional sums.

LGNZ argues "the common international approach is for local government systems to have a multiple taxing power, important for both resilience and fairness reasons".

Competitive local tax regimes are cited as ways that cities and regions compete with one another to attract investment and resources, rather than the

perverse incentives that can arise in NZ, where local governments may discourage new residents for fear of the additional burden their requirements will create.

LGNZ first mooted these concepts when it launched a study it funded, conducted by the NZ Initiative, last October on the subject of “localism” and the success of such approaches in parts of Europe.

Biggest ever experiment in state housing kicks off

By referring to state housing as “social housing”, National has managed to keep what Bill English calls the biggest reforms to state housing “since it was invented” fairly low key. It begins officially mid-April and will slowly start moving state house tenants to accommodation that’s more obviously suited to their household needs over a period of years.

English reckons a large cohort of older state house tenants is keen to move to smaller digs in nicer neighbourhoods, and that the government will become “the main buyer of medium density housing in all NZ metro markets.”

Note: buyer, not builder. English says “we would hope not to be taking the development risk because we don’t know anything about development or its commercial and economic dimensions.”

The opportunity, he believes, is for “a product, not a gold-plated Ryman product, for around 15,000 tenants in ... medium density communal living. We could have Housing Corp do that. It would be a long, slow process. Or we could have a market compete to provide that product, which could allow us to free up a large part of our stock relatively quickly.”

A chunk of the Crown’s current \$17 billion state housing estate will turn out to be worth next to nothing. The new system will give the job of finding housing for eligible tenants to a range of agencies other than Housing NZ, starting with “some discounted assets to politically acceptable organisations to help them see the rabbit.”

“Now they have seen the rabbit, we’ve got a queue of people lining up because they think there’s going to be a lot of discounted assets. That’s probably not the case.”

There is still significant political risk in launching these changes so close to the election, since it creates the potential to suggest state house tenancies are insecure. This is the sort of lever Opposition parties can use to get their vote out on election day.

Central Plains Water secures Irrigation NZ funding

The Central Plains Water irrigation scheme, in North Canterbury, is to be the first recipient of funding from

the \$400 million Crown Irrigation Investment fund.

This follows the withdrawal of a \$50 million to \$60 million investment in the Hawke’s Bay Ruataniwha Water Storage Scheme by TrustPower, which is a partner in the CWP scheme.

The Crown’s investment is small, at \$6.5 million, and will allow excess capacity in the headrace to be built for Stage 1 of the three stage scheme. ■

The real monetary policy problem: the Fed vs commodity prices

The economy is at an inflection point and monetary policy will tighten. But will the tightening occur through a prolonged and stronger NZ dollar or through aggressive interest rate increases if the kiwi starts to correct for falling dairy commodity prices?

There is considerable tension between the dovish approach confirmed last week by the US Federal Reserve, which sees US interest rates staying ultra-low for a long time yet, and the 20% drop in the last 12 months for the global price at auction for NZ’s recovery-leading commodities: dairy products.

These price changes have yet to show up fully in physical markets, but they will, and further declines are expected as other dairy-producing nations react to recent historic highs.

Last week’s publication of Federal Open Market Committee minutes confirming a bias towards low US interest rates sent the NZ dollar higher, pulled along by a stronger Australian dollar, reflecting signs of greater than expected economic resilience across the Ditch, such as unexpectedly low unemployment at 5.8% in March.

A sustained high kiwi might discourage the RBNZ from raising rates as much as previously signalled – i.e., a rise of around 200 basis points over the next two years.

However, the gathering pace of weakness in dairy prices should by rights be putting downward pressure on the kiwi.

Historically, corrections in the exchange rate tend to be sharp and significant.

This is the inflection point that businesses need to focus on.

If the dollar falls suddenly, then importers will need to be well-hedged and domestic debt holders should aggressively fix their borrowing rates.

On the other hand, a weaker dollar and higher interest rates would, all things being equal:

- Put the brakes on house prices;

DOMESTIC ECONOMY

- Encourage local producers over imports;
- Improve export returns, especially for manufactured goods.

Trade agreements: Abbott weakens TPP with Japan FTA

Australian media are talking up PM Tony Abbott's achievements from his swing through Seoul, Tokyo and Beijing in a way that a NZ PM could only wish for from our parochially obsessed media.

However, praise for Abbott's achievement of a "free trade" agreement with Japan is not echoed by observers from other countries seeking a united front on a high quality deal in the Trans-Pacific Partnership negotiations. Rather, Australia has weakened Washington's already weak hand.

"The outcome in the Australia-Japan agreement is significantly less ambitious than leaders agreed to seek in the Trans-Pacific Partnership," said a spokesman for U.S. Trade Representative Mike Froman.

That is a rebuke to Canberra.

The agreement will halve Japan's 38.5% tariff on Australian beef to just under 20% over 18 years, in exchange for a phase-out of 5% tariffs on Japanese vehicles three years after the agreement takes effect – a relatively minor concession given the wholesale withdrawal of the car industry from Australia announced in recent months.

Butter and wheat will be subject to "possible review" in the future, but rice was excluded from any tariff reduction negotiations.

Abbott is now homing in on an FTA with China, with a loosening of restrictions on foreign land ownership in Australia an area of likely concessions – the opposite of what is likely in NZ in the event of a change of government.

Economic impacts of the commodities boom

While agricultural commodity prices have boomed over the last decade, neither agriculture nor manufacturing have shown any growth in real GDP, a newly published Reserve Bank analytical note concludes. That's partly because resource reallocation within the agricultural sector has been the main impact.

The high real exchange rate has largely offset commodity price rises, except for dairy, and has reduced manufacturing output. The net effect has been most favourable to service industries, which don't face direct foreign competition. ■

INTERNATIONAL ECONOMY

Aussie employment surprise

Unemployment fell to 5.8% in Australia in March, well below the expected 6.1%, increasing expectations the Reserve Bank of Australia is now under pressure to consider raising its benchmark interest rate. Note, however, that Australian labour market participation rates fell in March to 64.7%, compared with 68.9% in NZ.

A little like the RBNZ, the RBA faces an additional challenge when considering an interest rate increase: the recent strength of the \$A against the US dollar.

Business conditions and sentiment remain soft.

ECB looks to more stimulus

European Central Bank president Mario Draghi says the euro "requires further monetary stimulus" to combat the potential for deflation.

However, it's unclear whether the ECB would opt for quantitative easing or might favour moving to negative interest rates, effectively requiring depositors to pay for the privilege.

His comments coincide with growing concern about stubbornly high Eurozone unemployment and the threat of deflation, both of which are made worse by a strengthening euro.

IMF sees 3.6% global growth

The IMF has upped its forecast for global economic growth in the next two years, from 3% to 3.6% in 2014 and 3.9% in 2015, supported by stronger advanced economies, but recovery remains "uneven and subpar".

China is assumed to achieve its officially forecast 7.5% growth rate this year, despite growing debate on whether the reform agenda remains on track, and signs of strain between competing arms of the Chinese financial regulatory system. Geo-political risks, particularly developments in Ukraine, are among significant new risks.

Personal tax burdens keep rising

NZ showed the third highest increase in real wages before tax in the OECD in 2013, at 2.9%, bettered only by Chile (4.2%) and Australia (3.3%). However, the same study found NZers had the fourth highest increase in personal income tax, (+0.5%) last year also.

NZ had the smallest tax wedge for one-earner families with two children (2.4%), against an OECD average of 26.4%. Single earners' average tax burdens, at 16.9%, were the OECD's second lowest. ■

LEGISLATION

House plugs on with what must be done

A two week recess dominated Parliament in the last month though the Government made reasonable progress on its legislative programme in the sitting time available.

Priority continued to be given to bills of a mainly non-controversial nature, with the exception of one or two such as the Employment Relations Amendment Bill. Ministers are still putting an emphasis on implementing policies promised at the last election (such as the Environmental Reporting Bill and health and safety reform) or which are part of an election campaign plank (such as welfare fraud and justice issues).

The House will have a two week break for Easter. Over the next month a number of bills are due back from select committee, but progress will be slow with the Budget falling in the May sitting period. It is likely the Government will seek to use Urgency then or possibly even before to make progress on bills.

The Govt has in recent years used Urgency provisions fairly rarely in comparison to the past, but with election day drawing ever closer Leader of the House Gerry Brownlee might think about wielding the parliamentary tool a bit more freely.

Bills introduced

Education Amendment Bill. *The bill abolishes the Teachers Council and set up a new body the Education Council to oversee teachers. The bill also reforms the structure of tertiary education governance. Received its first reading on March 13, opposed by Labour and others who say it reduces representation. Submissions close on April 30.*

Bills in progress

Accounting Infrastructure Reform Bill: Aims at a more competitive and efficient accounting market by: changing the rules on statutory audits; replacing references to chartered accountants to qualified statutory accountants; reducing restrictions on audit firms; requiring independent assurance of financial statements for medium and large charities; and allowing the Institute of Chartered Accountants more freedom in how to structure itself (including the formation of an Australasian accountants body). Shortly after the bill's referral to select committee, Minister Foss asked

the committee to look at weaknesses in the proposals which may allow sub-standard bodies or individuals to be registered. Introduced Dec 2, 2013. Completed first reading by 106 to 15 with Greens and Mana opposed on Jan 28, sent to the Commerce Committee for consideration. Submissions closed March 3.

Building (Earthquake-prone Buildings) Amendment Bill: Gives effect to decisions in Aug 2013 on managing earthquake prone buildings and gives the central government a bigger oversight role. Requires local authorities to do seismic capacity

assessments of non-residential buildings and multi-storey and multi-unit residential buildings. Sets up a seismic register of buildings. Clarifies what an earthquake-prone building is and allows rules to be applied to parts of the building. Requires remedial work within 20 years to ensure a building is not earthquake-prone, with an extra 10 years for category 1 historic buildings and exemptions for other work which would otherwise be required in building consents. Prioritises work on some buildings. Allows for exemptions for certain buildings. Introduced Dec 9, 2013. First reading March 5 opposed only by the Greens and sent to the Local Govt and Environment Committee for consideration, submissions close on April 17.

Commerce (Cartels and Other Matters) Amendment

Bill: Applies criminal sanctions (up to three times the gain) to hard-core cartel behaviour. Includes amendments extending the Commerce Act to cover international shipping and aviation. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013. Awaiting second reading.

Companies and Limited Partnerships Amendment Bill:

Requires registered companies to have a resident agent to meet all the registrar's requirements if no director lives here or in an approved jurisdiction. New powers to the registrar to investigate and deal with non-compliance with the Companies Act and "flag" companies under investigation. Allows deregistration for inaccurate information or persistent noncompliance and bans on miscreant directors. Similar changes for limited partnerships. Better aligns the Companies Act with the Takeovers Code. Up to 5 years' prison for serious offences by directors. The select committee wanted boards to include a director living in New Zealand. It recommended more work on the criminalisation clauses to ensure they don't discourage legitimate risk-taking. Changes were incorporated in a Government amendment announced June 5. More changes were announced November 2013. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013 and awaiting second reading.

Construction Contracts Amendment Bill: Amends the disputes adjudication process. The select committee made a number of adjustments. First reading June 2013, select committee reported back December 2013. *Second reading debate held on March 20 and progress made with general support.*

Credit Contracts and Financial Services Law Reform

Bill: Amends the 2003 act to make consumer protection the primary purpose, with more informed participation and fair, efficient and transparent lending. Under a new code, lenders are to be required to exercise care, diligence and skill, ensure credit will meet the borrower's needs and help the borrower and guarantors reach informed decisions, not act oppressively, including in repossessions, and meet all legal obligations. Lenders will have to be licensed and can be banned after two code breaches. The cooling off period goes from three to five days. Borrowers must be told if the creditor's rights are transferred. Rules on fees and repossession are tightened. It clarifies processes if a borrower experiences financial hardship. Introduced April 2013, first reading completed Sept 2013 on a voice vote. *Select committee report reported on March 17. Changes include a longer implementation period for the sector to make changes and tightens the definition of a consumer credit contract. A number of other changes are made including the rules around repossession. Bill received second reading on April 10 with Labour and the Greens unhappy about parts of the bill including the lack of a cap on interest rates. They indicated they would put pressure on Peter Dunne to support amendments to introduce caps.*

Electronic Transactions (Contract Formation) Bill:

Member's bill by Paul Goldsmith (National). States that an offer is deemed to be accepted by an electronic communication at the time of receipt of the acceptance by the offeror. The select committee refined the wording and allowed parties to contract out of the acceptance rule. Completed its first reading by 83 to 37 with Labour, Maori Party and Brendon Horan opposed. Select committee report back on Nov 11 2013 with a second

This section includes

major bills and those likely to be relevant to Hugo members. Minor, social services and members' bills are not generally included.

Full details of each bill as introduced are on the Parliament website www.parliament.nz/en-NZ/PB/Legislation/Bills. Details of select committee amendment are at www.parliament.nz/en-NZ/SC/Reports which is in descending date order.

reading on Feb 19 2014. *Committee stage completed on April 9 with slow progress as it is being used by the Government to delay debate on Labour's parental leave legislation.*

Employment Relations Amendment Bill: Major changes to employment law. The Employment Relations Authority (ERA) must issue a decision or indicate a decision at the end of a hearing, with three months allowed for a written decision or for more information. Good faith bargaining will not require parties to agree a collective agreement; the ERA will be able to declare collective bargaining at an end and new negotiations are barred for 60 days unless both parties agree. Employers will be able to opt out of multi-employer contracts. Partial pay cuts allowed for partial strikes. Abolishes requirement that non-union members take union terms and conditions for first three months. All employees may ask for flexible work and do that from day one. Employers get more flexibility about transferring employees after restructuring or a change of contract; firms with fewer than 20 employees are to be exempt. Notice will be required of a strike or lockout. The select committee made significant changes to the provisions covering transparency of information for employees, good-faith collective bargaining, protection of employees on a change of contractor, franchises, strike provisions and timelines for Employment Relations Authority decisions. National, ACT and United Future supported the bill at its first reading in May 2013. Select committee reported back Nov 2013 and the bill received its second reading on March 19 after the Govt agreed to some changes at the request of Peter Dunne. The bill is still opposed by all but National, ACT and United Future.

Energy (Fuels, Levies, and References) Amendment Bill: Introduced Nov 23. Extends a levy of 0.045 cents on each litre of liquid fuel to fund international obligations over oil reserves. Passed first reading March 5 2014 by 77 to 41 with National, Greens, Maori Party, ACT and United Future in support and sent to the Commerce Committee for consideration. The Greens argued the reserves should be held in NZ and not overseas. *Submissions close on April 17.*

Environmental Reporting Bill: Introduced Feb 20, Sets up a mandatory environmental reporting regime to be conducted by the Environment Secretary and Govt Statistician. First reading on March 5 supported by National, Greens, Maori Party, ACT and United Future. Labour agrees in principle, but disagrees with detail. NZ First, like the Greens, wants the Environment Commissioner to run the process. Sent to Local Govt and Environment Committee. *Submissions close on April 17.*

Fisheries (Foreign Charter Vessels and Other Matters) Amendment Bill: Requires all vessels chartered by New Zealand fishing companies to be New Zealand flagged from May 1 2016 and applies New Zealand catch, employment, vessel safety, and criminal law to them. It is unclear whether the select committee (or other political parties) endorsed last minute amendments by the government to give iwi longer to comply. Introduced Nov 2012, received general support at first reading on Feb 2013. Select committee reported back in July 2013 with Greens dissenting.

Food Bill: Bill has been substantially rewritten from the original introduced in 2010. Minister Nikki Kaye recently asked the committee to consider changes to recall provisions, following the findings of the Government Inquiry into the Whey Protein Concentrate Contamination Incident. First reading Sept 2010, select committee reported back in Dec 2010. Sent back for reconsideration with another select committee report due on May 6 from the Primary Production Committee.

Health and Safety Reform Bill: Described by the Govt as the biggest health and safety reforms in 20 years it intends to put more onus and legal requirements on managers and company directors to manage risks and keep their workers safe. It also establishes stronger penalties, enforcement tools, graduated offence categories and court powers. The Bill will be followed by two phases of regulations, expected to be released for consultation later this year. *The first reading of the Health and Safety Reform Bill was completed on a voice vote on March 13*

despite Opposition criticism of details in the bill. Submissions closed on April 11.

Immigration Amendment Bill (No 2): Sets a maximum sentence of seven years prison for employers who exploit immigrants and deportation for employers who hold residence visas if the offence was committed within 10 years of gaining residence. Also address gaps in the compliance regime and responds to new technology. First reading on Nov 19 2011 was completed with NZ First and Mana opposed, report due back from the Transport and Industrial Relations Committee by May 19.

Industry Training and Apprenticeships Amendment Bill: Implements the industry training review in 2011 and 2012 to provide the same support to all apprentices, to focus industry training organisations on setting skills standards for their industries. Gives the NZQA more oversight of new quality assurance processes. First reading in November 2013, reported back on March 7. Opposed by Labour, the Greens and NZ first as the bill allows organisations other than ITOs to be directly funded by the Government for industry training. *Second reading on March 18 and committee stage on April 8.*

Insolvency Practitioners Bill: Extensively rewritten by the select committee to require all insolvency practitioners to be licensed by the Registrar of Companies instead of giving the Registrar power to restrict or prohibit individuals from providing corporate insolvency services. Recommended the bill clarify definition of "fit and proper" practitioners. First reading August 2010, select committee report back May 2011, second reading Nov 2013, awaiting clause-by-clause debate.

Judicature Modernisation Bill: 1,238-page rewrite implementing the Government's response to the Law Commission's review of the Judicature Act 1908 and other court system changes. Also includes processes to deal with vexatious litigants. Introduced Nov 27, 2013. First reading completed Dec 5, 2013 with unanimous support and sent to Justice and Electoral Committee. Submissions closed Feb 21.

Land Transport and Road User Charges Legislation Amendment Bill: A tidy up bill correcting anomalies and loopholes in original legislation. First reading August 2013. Reported back from Transport and Industrial Relations Committee on Feb 17. There was unanimous agreement to minor changes around the management of Road User Charges. *Received its second reading on March 18 and completed its committee stage on April 8 with general support.*

Local Government Act 2002 Amendment Bill No 3: Implements a second round of local body reform, including local boards in future amalgamations, along Auckland's lines. Introduces encouragement for more shared services, joint delivery and other collaborative arrangements. Sets up a new single "focused" consultation document for long-term and annual plans. Requires a 30 year infrastructure strategy in long term plans, covering at least water supply, sewage, stormwater, flood protection and roads. Defines the purposes for which development contributions can be required on subdivisions and other developments; clarifies and narrows the range of infrastructure for which contributions can be charged; sets up an objection process; encourages greater private provision; improves transparency of council policies on contributions. First reading completed on Dec 3 2013 by 104 to 14 with the Greens and Mana opposed. Select committee report back due on May 12.

New Zealand Superannuation and Retirement Income Amendment Bill: Introduced on Nov 2013, awaiting first reading. Allows guardians to control entities formed to hold, facilitate or manage investments. *The bill completed its first reading on a voice vote on March 19 and was sent to*

House sitting timetable 2014

April 8 - 17

May 6 - 29

June 17-29

July 1-3, 22 - 31

Parliament rises for the election on July 31

The House sits Tuesday/
Wednesday 2-6pm, 7.30-10pm,
Thursday 2-6pm.

Party caucuses meet Tuesday mornings

LEGISLATION

the Finance and Expenditure Committee for consideration. Submissions close on May 5.

Overseas Investment (Owning Our Own Rural Land)

Amendment Bill: Member's bill by Phil Goff (Labour). Narrows grounds for approving foreign purchases of rural land to investments that deliver benefits over and above what a New Zealand investor would produce and that creates substantial numbers of jobs and export increases. Introduced Dec 12, 2013. Awaiting first reading.

Parental Leave and Employment Protection (Six Months Paid Leave) Amendment Bill:

Member's bill by Sue Moroney (Labour). Doubles paid parental leave to six months. Parties seeking compromise so government will not veto it on fiscal grounds. Has the support of United Future and Maori Party, delayed in the Government Administration Committee while National looks at its own policy. First reading July 25 2012. Bill reported back on Feb 28 with the committee divided on political lines and unable to agree on whether the bill should proceed. Set down for second reading on Members' Day. *The Government has been using delaying tactics on Members' Day to avoid debate. Finance Minister Bill English picked to use financial veto and to introduce a less costly version.*

Parliamentary Privilege Bill: Codifies Parliament's privileges, including absolute immunity from defamation actions.

Implements the recommendations in the Report of the Privileges Committee: "Question of Privilege concerning the defamation action Attorney-General and Gow v Leigh". Introduced Dec 2, 2013 sent to the Privileges committee on a voice vote on Dec 11. Submissions closed Feb 28, report due June 2.

Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:

Introduces a plain packaging regime for tobacco products modelled on Australia's legislative package for tobacco plain packaging, modified to fit New Zealand circumstances. The Bill is drafted to be brought into force either by Order in Council or, at the latest, 18 months after receiving Royal Assent. This is to allow detailed regulations to be drawn up. Introduced Dec 17 2013 and received first reading on Feb 11 by 118 to 1 with John

Banks opposing. NZ First indicated support limited to select committee at this stage only. Bill referred to Health Committee, however Govt has indicated it will not pass into law until legal action in Australia against similar legislation is completed. *Submissions closed March 28.*

Taxation (Annual Rates, Employee Allowances, and Remedial Matters) Bill:

Exempts employer-provided accommodation for employees expected to work away from their normal workplace for up to two years (three years for capital projects and five years for Canterbury earthquake projects); exempts accommodation or accommodation payments for those working at more than one workplace on an ongoing basis; values an accommodation benefit at market rental value if taxable (and special arrangements for defence forces and ministers of religion); exempts certain travel-related meal payments; exempts payments for distinctive work clothing. Introduced Nov 22, 2013. Completed first reading by 104 to 16 with the Green, Mana and Brendan Horan opposed. Sent to the Finance and Expenditure Committee with report due by June 10.

Trade (Safeguard Measures) Bill: Replaces the 1987 regime of emergency measures (usually a special duty, either

provisional or permanent) applied at the border to allow domestic industry to adjust to increased imports which damage an industry. This is in addition to anti-dumping and anti-subsidy measures and conforms to World Trade Organisation rules. Introduced October 2008. First reading March 2009 with select committee report back in July 2007 and second reading March 2012. Since then committee stage debate has been held but interrupted before completion. *The bill finally completed its committee stage with general support on April 8.*

Bills passed in past month

Bills stalled

Housing Corporation Amendment Bill: Removes Housing Corporation's policy functions; consolidates housing advice in the Department of Building and Housing. No significant committee changes. Bill has been stalled awaiting second reading since May 2011. First reading April 2011, select committee reported back in May 2011.

Natural Health and Supplementary Products Bill: (Was Natural Health Products Bill.) Establishes a natural health products regulator in the Ministry of Health; requires online registration of natural health products; requires assessment and regulation of ingredients, claims and evidence of health benefits and manufacturing standards; lists prohibited ingredients; requires notification of new ingredients before marketing; exempts some categories. The select committee had difficulty balancing consumer choice, public health safety, light regulation when risk is low, and scientific evidence. It tightened provisions on allowable health benefit claims except where the claim is based on traditional use. Greens opposed this tightening and the proposal to charge fees. First reading Sept 2011 report back from select committee was delayed until Oct 2012. Second reading in March 2013 and now awaiting clause-by-clause debate.

Public Health Bill: Rewrites, updates and replaces the Health Act 1956 and the Tuberculosis Act 1948 and includes updates enacted in the Epidemic Preparedness Act 2006. National has shown no interest in proceeding with the bill since taking government. First reading in Dec 2007 with select committee reporting back in July 2008.

Regulatory Standards Bill: Legislates a set of principles for all law, requires those proposing and creating law to certify whether it complies with those principles and empowers the bill was part of National's deal with Rodney Hide's ACT party and subject to criticism both politically and legally. Select committee report back delayed until December 15 2014.

Taxation (Income-sharing Tax Credit) Bill: An annual tax credit for resident married, civil union or de facto couples responsible for an under-18 dependent child. The bill was part of National's deal with United Future which allowed for it to go to select committee. The select committee supported the policy intent but requested much more research in its report back to Parliament. First reading Oct 2010 with select committee report back in March 2011 been awaiting second reading ever since.

Therapeutic Products and Medicines Bill: Would establish an Australia New Zealand Therapeutic Products Authority, agreed by the two governments in 2003. Stalled by incoming government November 2008; announcement 20 June 2011 to proceed with authority. A Medicines Amendment Bill has made some adjustments. Government again said the bill would proceed in 2013, but this did not happen. First reading in December 2006, select committee reported back in June 2007.

• *Italics denote update from previous edition of HUGOvision* 

Stages in a bill's passage

Introduction

First reading

Select committee hearings and consideration

Select committee report

Clause-by-clause study by the whole House in Committee

Third reading

A bill cannot progress through more than one stage on a sitting day unless "Urgency" is taken or leave granted