

### Dotcom hogs the limelight, again...

Page 2

Kim Dotcom's promise of a "big reveal" five days out from election day has a ring of bluster to it. However, National needs to be wary about its belief that this is no more than a "beltway" issue that won't affect voter sentiment. Issues can take on new life during election campaigns.

### Greens make water an election issue

Pages  
2 & 3

The Green Party's freshwater policy announcements are shrewdly pitched and are compatible with Labour's view that the gov't's water reforms don't go far enough. While there is broad consensus for the framework of Amy Adams's NPS on freshwater, casting the issue in terms of "swimmable rivers" vs. "OK for wading" is a compelling political simplification.

### Dairy price slump continues, appears entrenched

Page 5

This morning's 8.9% drop in the GlobalDairyTrade index entrenches a 35% decline in prices since February, consistent with predictions of up to five years of surplus production for global consumption.

### Treasury in the thick of it

Page 3

A string of reports and reviews underline the size of the gov't's ambitions for public sector reform and the role of the Treasury, supported by SSC and the Dept of PM and Cabinet, in their achievement.

### Regulation needs to be better regulated: Productivity Com

Page 3

The Productivity Commission's latest report, on productivity impacts of regulation, says NZ's Parliament is producing far too much law and regulation, and that review processes are in decline.

### Income inequality static, housing costs growing

Page 4

While the Ministry of Social Development's definitive analysis on NZ income inequality shows no significant change in the last four years, housing costs are becoming a greater proportion of low income households' budget.

### Parliament on the last lap

Page 6

Parliament has just two more sitting weeks before it rises on July 31 for the general election. A range of non-controversial bills will be progressed, along with valedictory speeches and a last opportunity for Opposition parties to land any blows under parliamentary privilege.

### Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2015	2.6%	3.5%	73.0c	90.1c	3.2%	4.1%
December 2016	3.1%	1.8%	66.0c	86.7c	3.2%	4.2%
December 2017	2.7%	1.1%	62.1c	87.2c	3.1%	4.0%

## Clean rivers Greens' No 1 environment bargaining point

The Green Party will make clean rivers and beaches its main environmental bargaining point if in government and if denied its carbon tax. The same would go for bargaining with National if it were to do a memorandum of understanding as in 2008-11 but not in 2011-14.

Main planks of the policy, which it announced July 13 and called its "No 1 environmental priority", are:

- A protected rivers network for the "most precious rivers", similar to the permanent protection given to national parks. Irrigation, dams and pollution would be banned and there would be full rights for food gathering and recreation.
- "Robust standards" to ensure rivers are "clean enough for swimming". [That's all rivers.]
- A stronger freshwater management national policy statement and strong national environmental standards for water quality and flows.
- No new dams on "wild rivers".

The beaches policy, yet to be announced, will aim to "keep our beaches safe from oil spills". Labour would be wary on that – David Shearer reaffirmed a commitment to mining July 13 – and water. But there is a clear joint message, leaned towards by NZ First and apparently filched by Internet-Mana from the Greens, that there will be a step-change in water management when there is a change of government, whenever that is.

**National's** Amy Adams and Nathan Guy issued an updated national policy statement for freshwater management 3 July and a national objectives framework which sets minimum standards for different classes of rivers. (*Detail p3*). Both Labour and the Greens say it is too little.

## Labour managed a crowd and some optimism at conference

Labour's conference gave it reason for a small measure of optimism, but no more, and the prospect of a campaign based on new, data-driven techniques, stronger activism and some attractive new candidates.

Labour claims that by end-June 175,000 phone calls had been made by its activists, four times as many as at this time before the 2011 campaign. Whether that is true, Hugo cannot know but there are more members and there is a more determined effort, centred not on electorates but on "hubs", to direct resources strategically and focus on the party vote.

This is necessary because a number of MPs,

including Phil Twyford, in 2011 ran what amounted essentially to electorate-vote-based campaigns. The 2014 message generally has got through – except in Napier where Stuart Nash, who got by far the biggest electorate swing against National in 2011 but was too far down the list to get back, has kept himself off the list and will campaign to win the electorate. If he wins, will add a dose of business nous to a caucus short on it.

Using US techniques adopted by Barack Obama among others, insiders hope it could add perhaps 2% to Labour's party vote.

The conference implicitly acknowledged David Cunliffe's deficit to John Key by opting for a twitter hashtag of #forabetterNZ versus #TeamKey.

Cunliffe did a capable keynote. David Parker surprised himself and the party with a strong speech on equality that got standing ovations.

## Teapot syndrome

It's too early to call whether the NZ media's rather breathless attempts to interpret emails written by the SIS querying delays in Kim Dotcom's residency will turn what has so far been a "beltway issue" into something that could affect the Sept 20 election.

However, this and issues like it are a risk because of the heightened and hyped atmosphere that overtakes election campaigns. The infamous "teapot tapes" cost National heavily at the last election, falling 7 percentage points from levels higher than they are polling at present. Conventional wisdom says National's support will hold up better than that this time, but only as long as there are no snafu's.

## Two conferences and a birthday

**New Zealand First** will hold its conference 19-20 July at Winston Peter's favourite Auckland venue, Alexandra Park Raceway. This is likely to be upbeat, given the party's 4%-plus poll rating. The full election manifesto, should you want to read it, is on the party's website.

Colin Craig's **Conservative** party has its conference the same weekend, but starting on Friday. It is closed to the media except for Craig's keynote and a public meeting on the Saturday evening. Hugo will drop in (and, of course, to the Peters' show).

The **Maori party** had a tenth anniversary shindig 12 July, at which it launched its campaign. Leader Te Ururoa Flavell talked about "warriors" and talked up whanau ora, which is being widened in scope and which Labour now says it will continue (after an inquiry). Flavell also explicitly said the party wants to be in the next government, whoever leads it.

## Big challenges for lead agencies

Three linked publications in the last week underline the scale of the govt's ambition for public sector reform and the quality of leadership it requires from the Treasury and SSC in particular.

Firstly, the Productivity Commission's final report on regulatory institutions and practices, published today, lays at the Treasury's door the need for much greater scrutiny of not only new regulation, but existing regimes that may be past their use-by date or need simplification.

Secondly, Bill English has tasked the commission with a new inquiry into productivity in the public sector. Terms of reference target social service contracting and delivery, but expect leadership from the so-called "centre" - the triumvirate of lead agencies comprising Treasury, SSC, and the Dept of PM and Cabinet - to feature as a theme.

Thirdly, the Treasury's latest Performance Improvement Framework report says the dept is performing well in some areas, but is suffering high turnover, poorly implemented HR, and remains on a learning curve as it moves from a command-and-control approach in its relationships with other govt agencies to a collaborative culture. Its recent performance "has been variable", says the report by reviewers Patsy Reddy and former IRD head David Butler.

Treasury is praised for work to advance English's "investment approach" to social welfare reform and social housing, and for the asset sales programme. However, it was too slow with new thinking on housing affordability, has achieved less in state sector reform than hoped, and a cross-agency financial management initiative failed to get agencies' buy-in. The report details internal changes at the Treasury, including disbanding the Crown Ownership Monitoring Unit in favour of a Govt Investment and Asset Performance Team, and the creation of an Office of the Govt Accountant.

Treasury should be "a stronger and more active participant in the debate about the economy and more frequently promote the big and bright ideas not just in Wellington, but throughout the country... while maintaining its political neutrality." The report stresses the current administration's determination to drive "population-focused solutions, analysis by sector, not by agency, and to focus on measurable results".

## Prod Com flays NZ's regulation-fest

The Productivity Commission has struggled in the past to make its inquiry into the productivity

of NZ's regulatory system interesting. Its final report, however, is very clear: there is far too much regulation generally; far too much of it is never reviewed; the wrong people are writing the new regulations; and review systems are in disrepair.

And while we're at it, a Parliament producing "on average 100 to 150 Acts and about 350 Legislative Instruments" annually is producing too much regulation too. More than 10,000 people are administering more than 200 regulatory regimes.

The commission says leading a change to more coherent regulation is clearly a job for the Treasury, which as noted above, is already in the gun for leadership on a range of other policy fronts. It says "better performance ... will require stronger leadership from ministers and central agencies, in particular the Treasury."

It says the regulations review select committee has been allowed to languish, with diminishing membership and inadequate staff support, while the Law Commission has recently stopped reviewing new legislation, citing lack of funding.

## Freshwater – swimming vs wading

The National Policy Statement on Freshwater Policy and its accompanying National Objectives Framework represent the biggest step forward in this long-vexed area since the early 1990's.

But it is very much a compromise position, intended to allow agricultural intensification to continue and to give both urban and rural industries using freshwater a long timeframe in which to adapt.

It establishes new environmental bottom lines and a detailed set of decision-making tools intended to allow communities to make collaborative decisions, led by regional councils, while not allowing waterways to deteriorate overall.

However, there is wriggle room in that improvement must be "within a region" rather than in every water body, so that "overs and unders" may be allowed.

The human health bottom line, for Category C waterways, requires only that water be good for wading or boating, not swimming. Swimmable waterways would need to be Category A or B.

There is no requirement for a waterway to improve its category status, unless it's Category D, below the bottom line.

These calibrations have left the policy open to attack from Opposition parties, all of whose policies are on a continuum of higher standards than those included in the NPF and NOF, leaving Environment Minister Amy Adams making complex arguments about the

value of benchmarking to bottom-line minima.

While the new framework has wide buy-in, thanks to Nick Smith's 5 year collaborative experiment, the Land and Water Forum.

However, both Greens and Labour policy would substantially unpick that consensus, in part because both are publicly committed to a position that would require resource consents for farming - a politically bigger bridge to cross than promising to make all waterways swimmable.

## Nats to change paid parental leave

Assuming the re-election of a John Key-led govt, Labour Minister Simon Bridges's new discussion document on paid parental leave is worth examining. feedback on the Government's proposals to enhance and modernise parental leave.

"Since parental leave was first introduced, family structures have become more diverse and less-regular working arrangements have become more common.

Key proposals currently under consultation are to: extend eligibility to primary carers other than parents; extend payments to people in less regular work or who recently changed jobs, and allow employees to take unpaid parental part time and flexibly.

## Greens put numbers to innovation policy

The Greens' flagship economic policy, announced this morning, focuses on innovation rather than the environment and makes some huge spending commitments. As with its water policy, these may represent relatively uncontroversial ideas for Labour to pick up, although with greater fiscal restraint. The Greens would spend \$1 billion over three years on R&D, including tax breaks; allow the govt to take stakes in innovative companies, "green" govt procurement, and use regulation to drive innovation.

The party also makes a push for incentives to study and teach engineering, mathematics, computer and the physical sciences, targeting 1,000 new tertiary places at a cost of \$50 million annually.

## New construction regulations

New regulations under Part 4A of the Building Act have been promulgated for residential construction, with effect from Jan 1 2015, applying to all building work worth more than \$30,000. The new requirements require: a written contract with warranties, dispute resolution and remedy clauses; consumer guidance on project management; and mandatory disclosure of information by building contractors.

## House prices stabilising

The Reserve Bank should take some heart from evidence the pace of house price inflation is easing, even if it's not as low as the central would like. June figures from the Real Estate Institute of NZ show that, despite continuing very low levels of new inventory, house prices across the country were flat in seasonally adjusted terms. In Auckland, the rate of annual increase has fallen to 6.2%, from 9.9% last October. Elsewhere, sales turnover is stabilising and at a level that would be consistent with ongoing price inflation of around 3% to 4% p.a. Meanwhile, residential building consents fell 4.6% in May, reflecting volatile apartment stats. Annual trend expansion of more than 18% remains intact.

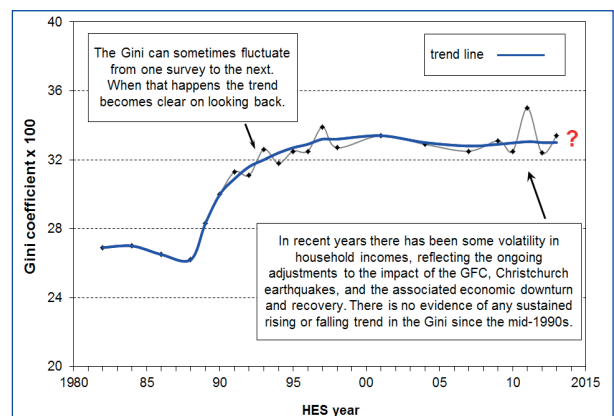
## Income inequality steady, but housing costs a heavier burden

The Ministry of Social Development, which provides the most comprehensive analysis of NZ income inequality, finds there has been little movement in measures between 2009 and 2013 in the latest edition of its Household Incomes in NZ: Trends in indicators of inequality and hardship 1982 to 2013" report.

The MSD graph below uses a commonly cited Gini co-efficient measure to show the trend since a sharp jump in income inequality in the mid-1990's has changed very little, notwithstanding some volatility created by the GFC and coinciding NZ recession.

Other analysis in the same report, however, indicates that housing costs have become a substantially larger proportion of low income households' outgoings. Some 34% of lower quintile households, for example, were spending more than 40% of income on housing costs in 1994. That figure fell to around 26% in the mid-2000's, but returned to the 1994 level in 2013.

Likewise, some 94% of renters are spending more than 30% of their income on housing, and 48% are spending more than 50%. The proportion of low income renters receiving the full Accommodation supplement has risen to 50% from 33% in 2007.



## DOMESTIC ECONOMY

## INTERNATIONAL ECONOMY

## PMI/QSBO confirm “new normal”

BNZ Business NZ Performance of Manufacturing Index for June showed slight improvement, rising to 53.3, from the 18-month low of 52.6 in May. Its 3-month average has slipped to 53.4, from 56.9 three months ago. It's still growth, but the pace of growth is settling into a groove rather than continuing to increase.

However, there was one dark spot: a sharp reduction in the rate of new orders, tracking barely positive at 50.9, compared with 60.9 three months ago.

The June quarter NZIER Quarterly Survey of Business Opinion showed a similar pattern, with orders over the previous three months tracking flat, compared with a long term average annual growth rate of 6%.

On the other hand, a net 16% of manufacturers in the QSBO expected orders to increase over the next 3 months, about five points higher than recent trends. Reported output amongst manufacturers in the latest QSBO slowed to +6% – from +14% in Q1 and +27% in Q4 – although a net 20% expected output growth in the three months ahead, which is higher than average, with an even split between export and domestic sales.

So, while there are clear signs of moderation from the recent growth surge, this appears to be more a settling down into normal growth patterns than evidence of economic activity stalling.

QSBO and PSI readings also suggest that even if manufacturing is a little subdued by comparison with recent trends, the services, merchant and construction sectors remain relatively buoyant. The PSI index rose 0.6 points to a seasonally adjusted 54.7 in June, from 54.1 in May. That gave a steady composite index for the month of June.

## Goldman Sachs sees 5-year global milk surplus

With this morning's GlobalDairy Trade Index showing dairy prices have tumbled a cumulative 35% so far this year, since the falling trend started in mid-February, Goldman Sachs is calling a five year period of dairy over-production.

With record supply from NZ expected this year and previously sharply rising prices fuelling production in Europe, the US and Latin America, Goldman's is forecasting a 9.6% drop in average dairy prices in the year ahead.

In the short term, Rabobank suggests Chinese manufacturers are sitting on substantial inventories, which is reducing immediate import needs.

BNZ economists suggest the combination of sharply

dropping dairy prices and continued elevation of the NZ dollar create further pressure for a currency correction.

Meanwhile, Fonterra continues to expand its Chinese domestic dairy investment in a joint venture with US food and drug giant Abbott to invest US\$300mln in a third dairy hub. 🇳🇿

## Indonesia to follow India with a reforming leader?

The world's fourth largest democracy, Indonesia, may have followed the largest democracy, India, in electing a reformist leader.

India's PM Narendra Modi and Indonesia's presidential candidate, Joko Widodo, are similar only in their records as effective, reformist governors of major parts of their respective countries. The governor of Jakarta, Widodo is more of a “people's choice” candidate than Modi, and he has yet to see the official count from the election held across the archipelago on July 9.

His rival, Gen. Prabowo Subianto, is a polo-playing member of the military-industrial elite in Indonesia, who has increasingly been pressing a victory claim in recent days and claiming evidence of voting irregularities. Both candidates' claims are based on tallies from the country's system of “quick count” polls, taken from actual results early in the voting process, primarily as a check on electoral fraud.

Subianto enjoys wide support based on the tradition of political patronage and control represented by the fact he is the son-in-law of former President Suharto.

Indonesia is only NZ's 13th largest trading partner, but its appetite for high quality nutrition is like China's, it is South East Asia's largest economy and the economy is growing at around 6% p.a. Widodo's record as governor of Jakarta suggests he has capacity to effect positive change quickly. We are tied up with Indonesia already in the ASEAN free trade area agreement. India is outside that, but the love-in between the NZ-India Business Assn and govt ministers on July 8 put the NZ-India FTA firmly back on the agenda. While the Indonesian election is not a foregone conclusion, two big markets may be about to start opening up.

## PUP wags dog over tax repeals

Clive Palmer's one-seat Palmer United Party has brokered a deal to allow the Abbott govt to repeal the Australian carbon tax, but is holding out now over repeal of the mining tax. PUP wants pension and income support measures linked to the tax, to be retained. 🇳🇿

**LEGISLATION**

## A low-stakes final fortnight

Parliament will rise on July 31 after a two week final session starting July 22, with the 50th Parliament dissolved on August 14 for the general election. The govt appears more likely to use extended hours provisions than Urgency complete business.

Priority will go to the Land Transport Amendment Bill (No 2) and the Accounting Infrastructure Reform Bill. The House will sit under extended hours to progress the Subordinate Legislation (Confirmation and Validation) Bill (No 3), Parliamentary Privilege Bill, Kaikoura (Te Tai-o-Marokura) Marine Management Bill, Te Urewera-Tuhoe Bill and the Ngā Mana Whenua o Tamaki Makaurau Collective Redress Bill. Also requiring passage is the appropriate bill to authorise spending, a Members' Day, valedictory speeches by retiring MPs and the adjournment debate.

- *Italics denote update from previous edition of Hugovision*

## Bills introduced

**West Coast Wind-blown Timber (Conservation Lands) Bill:** Introduced and passed through all stages under Urgency on July 2 with the support of the Maori Party, United Future and, notably, two Labour MPs. Allows the removal of timber from trees felled by Cyclone Ita from some public conservation lands on the West Coast. Requires that timber be processed into finished or manufactured indigenous timber products, sawn or cut wood (excluding firewood and wood chips), or other products specified by the Director-General. Strongly opposed by the Greens, the bill divided the Labour Party.

**Organised Crime and Anti-Corruption Legislation Bill:** To align NZ with international conventions, including banks and other financial institutions being required to report international wire transfers over \$1,000 and physical cash transactions of \$10,000 or more to the Financial Intelligence Unit within police. Awaiting first reading.

## Bills in progress

**Accounting Infrastructure Reform Bill:** Aims at a more competitive and efficient accounting market by: allowing more people to do statutory audits; replacing legislative 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 and a lack of checks on those registered maintaining standards. 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. Reported back from select committee May 20, implementing many of the recommendations of the Institute. *Second reading debate was interrupted when the House rose on July 3. Ministers have indicated they wish to pass the bill before the House dissolves.*

**Animal Welfare Bill: First reading August 2013:** The bill seeks to improve the animal welfare system following the Government's review in 2011–2012. It does not alter fundamental policy settings. Reported back from select committee on June 26 with amendments to standards of welfare for animals, including live animals for export. The Greens unhappy the bill does not ban animal testing of cosmetics or strengthen factory farming regimes.

**Building (Earthquake-prone Buildings) Amendment Bill:** Gives effect to decisions in Aug 2013 on managing earthquake-prone buildings and gives central government more oversight. Requires local authority seismic capacity assessments of non-residential buildings and multi-storey/unit residential buildings. Sets up a seismic register of buildings. Requires remedial work within 20 years, with an extra 10 years for category 1 historic buildings. Allows 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 closed April 17.

**Commerce (Cartels and Other Matters) Amendment Bill:** Applies criminal sanctions to hard-core cartel behaviour. Includes amendments extending coverage to international shipping and aviation. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013. *Began second reading on July 24 with Commerce Minister Craig Foss satisfied the bill now has the right balance in dealing with behaviour which is "truly culpable" and not "legitimate collaborative purpose". Sets up a process for companies to seek guidance on current practices from the Commerce Commission. Changes to bring shipping under general competition law remain in place.*

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

**Crimes (Match-fixing) Amendment Bill:** Seeks to criminalise match-fixing ahead of NZ hosting of the Cricket World Cup and the FIFA Under 20 World Cup. Awaiting first reading.

**Education Amendment Bill (No 2):** Abolishes the Teachers Council for a new body, the Education Council, to oversee teachers. Reforms tertiary education governance. First reading March 13, opposed by Labour. Select committee hearings have been dominated by teachers and others opposing the bill.

**Energy (Fuels, Levies, and References) Amendment Bill:** Introduced Nov 23 2013. Extends a levy of 0.045 cents on each litre of liquid fuel to fund international oil reserves obligations. Passed first reading March 5 by 77 to 41 with National, Greens, Maori Party, ACT and United Future in support. The Greens argued the reserves should be held in NZ and not overseas. Submissions closed April 17. *Reported back from select committee July 1 with minor amendments – the committee did not address the overseas reserves issue.*

**Environmental Reporting Bill:** Introduced Feb 20. 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 closed April 17.

**Fisheries (Foreign Charter Vessels and Other Matters) Amendment Bill:** Requires all vessels chartered by NZ fishing companies to be NZ flagged from May 1 2016 and applies NZ 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 govt 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. Second reading April 15. Govt indicated removal of select committee's exemptions for those holding Treaty Quota.

## 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](http://www.parliament.nz/en-NZ/PB/Legislation/Bills). Details of select committee amendment are at [www.parliament.nz/en-NZ/SC/Reports](http://www.parliament.nz/en-NZ/SC/Reports) which is in descending date order.

**Harmful Digital Communications Bill:** Seeks to mitigate the harm caused to individuals by electronic communications and to provide victims of harmful digital communications with a quick and effective means of redress. Sets up an agency to assess and resolve complaints, and provide public education. Sets up a process to take down material from websites. Introduced Nov 2013 with select committee reporting back on May 27. Labour criticised fast tracking and urged caution. Awaiting second reading.

**Health and Safety Reform Bill:** Described by the govt as the biggest health and safety reforms in 20 years. Puts more legal onus on managers and company directors to manage risks and keep workers safe. Establishes stronger penalties, enforcement tools, graduated offence categories and court powers. Will be followed by two phases of regulations, expected to be released for consultation later this year. First reading completed on a voice vote March 13 despite Opposition criticism of detail.

**Immigration Amendment Bill (No 2):** Sets a maximum 7 year sentence for employers exploiting immigrants and deportation for employers who hold residence visas less than 10 years old. Addresses gaps in the compliance regime and responds to new technology. First reading Nov 19 2011 was completed with NZ First and Mana opposed. Reported back from the Transport and Industrial Relations on May 16. Labour and the Greens withdrew their support saying it did not do enough to protect immigrant workers who wanted to report abuse and objected to wide powers for immigration officials.

**Insolvency Practitioners Bill:** Extensively rewritten by 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. Also recommended the bill clarify definition of "fit and proper" practitioners. First reading Aug 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 govt's response to the Law Commission's review of the Judicature Act 1908 and other court system changes. 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. *Select committee reported back June 13 with numerous technical amendments. Labour supports the bill, but is concerned about some aspects including the inclusion of an age of retirement for judges.*

**Kaikoura (Te Tai-o-Marokura) Marine Management Bill:** Creates a number of marine reserves, a whale sanctuary and fur seal sanctuary off the Kaikoura Coast. Restricts activities in the areas including tighter controls on seismic surveying in the whale sanctuary and restricts access in the fur seal sanctuary. First reading March 2014, reported back from select committee with minor amendments on July 1. Generally supported but the Greens want larger reserves.

**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. Encourages 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, 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; narrows the range of infrastructure for which contributions can be charged; sets up objection process; encourages greater private provision; improves transparency of council policies on contributions. First reading completed Dec 3 2013 by 104 to 14 with the Greens and Mana opposed. Second reading completed May 27 by 95 to 25 with Greens NZ First and Maori Party opposed. The committee stage was completed May 29. Awaiting its third reading.

**New Zealand Superannuation and Retirement Income**

**Amendment Bill:** Introduced Nov 2013, awaiting first reading. Allows guardians to control entities formed to hold, facilitate or manage investments. Completed its first reading on a voice vote March 19 and was sent to the Finance and Expenditure Committee for consideration. Submissions closed May 5.

**Overseas Investment (Owning Our Own Rural Land) Amendment Bill:** Member's bill by Phil Goff (Labour). Narrows grounds for foreign rural land purchases to investments delivering benefits beyond what a NZ investor would produce and creates substantial numbers of jobs and exports. 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. Reported back 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 govt has been using delaying tactics on Members' Day to avoid debate. National has produced alternative policy and is the only party in Parliament opposed to this bill. Bill English may use financial veto if necessary, though time is running out for the bill to progress in this Parliament. *Completed second reading but ran out of time in its committee stage on June 25 following delaying tactics from National. Will not pass before the election.*

**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 2013. Submissions closed Feb 28. Reported back June 5 with extensive redrafting and restructuring. The report said "The importance of this bill for our country and parliamentary democracy should not be understated. Once enacted, it will form part of our constitutional framework."

**Policing (Cost Recovery) Amendment Bill:** Allows the Police to charge fees and recover costs for some of its services. Cabinet has agreed this will only apply to vetting services. Awaiting its first reading.

**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 NZ circumstances. 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.

**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 antisubsidy measures and conforms to World Trade Organisation rules. Introduced Oct 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. Finally completed committee stage with general support April 8.

## House sitting timetable 2014

July 22 - 31

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

Party caucuses meet Tuesday  
mornings

## Bills passed in past month

### 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 NZ. It recommended more work on the criminalisation clauses to ensure they don't discourage legitimate risk-taking. These changes were incorporated in a govt amendment announced June 5. More changes were announced Nov 2013. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013 and awaiting second reading. On June 10, the Govt presented an SOP which amongst other things made changes to the proposed criminalisation of some offences by directors. Most notably it changes the proposal for it to be a criminal offence for a director to allow a substantial risk of serious loss to the company's creditors. Now, the offence is to become one of acting in bad faith towards the company with knowledge this will cause the company serious loss. The SOP also creates a new offence where a company incurs a debt when the company is unable to pay its debts. In those circumstances, a director commits an offence if they knew the company would become insolvent. If the director's failure to prevent the debt was dishonest it is punishable by imprisonment for up to 5 years or a fine up to \$200,000. *After these changes the bill was rapidly pushed through second reading and committee stage with a third reading on its two divided bills June 24.*

### 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. Reported back and received its second reading May 27. Labour MPs supported the bill despite expressing concern about parts of it. The bill gives effect to the FATCA agreement (the Foreign Account Tax Compliance Act) which requires reports to USA tax

officials on any NZ citizens deemed by the USA to be "persons" of interest to them for financial reporting purposes, including those born in the USA who have not lived as adult citizens there. Labour MPs said it was wrong for parliament to enact legislation around FATCA when MPs had yet to see the final agreement. *Completed committee stage and was given its third reading June 30.*

## 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

## Bills stalled

**Employment Relations Amendment Bill:** Major changes to employment law, unable to be passed in the current Parliament owing to opposition from United Future and Maori Party. TNational, ACT and United Future supported the bill at its first reading in May 2013. Select committee reported back Nov 2013, second reading March 19 after the govt agreed to some changes at the request of Peter Dunne. Still opposed by all but National, ACT and United Future. The resignation of John Banks means the govt does not have the numbers to progress the bill and its future will depend on the results of the election.

**Housing Corporation Amendment Bill:** Removes Housing Corporation's policy functions; consolidates housing advice in the Department of Building and Housing. No significant committee changes. Stalled awaiting second reading since May 2011. First reading April 2011, select committee reported back 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 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 Was part of National's deal with Rodney Hide's ACT party and subject to criticism both politically and legally. Also the subject of a very negative report from the Regulations Review Committee. Select committee report back repeatedly delayed, but the bill is expected to be superseded. First reading July 2011. Select committee report pushed back to Feb 28, but the Business Committee agreed another delay until Dec 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. 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, select committee report back March 2011, awaiting second reading ever since.

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