

National heads to pre-election conference

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The National Party heads into its pre-election national conference at the end of the month riding high in the polls, with John Key's photo opportunity at The White House this week intended to reinforce its post-Budget bounceback. How Key handles any pressure to engage in Iraq has emerged as the wild card for his Washington swing.

The Colin Craig factor

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It remains unclear whether National will need the insurance policy that a guaranteed seat for Conservative Party leader Colin Craig would create. What is clear is that John Key will only deal with Craig if he absolutely feels he must. The question remains: could Craig win a gifted seat?

Crucial first EEZ decision this week

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The outcome of the first application for a marine mining consent under the new regime for the Exclusive Economic Zone is expected this week. TransTasman Resources has spent \$60 million developing its ironsands mining project. Both a yes and a no will provide important signals to resource sector investors.

Competition law review urged

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The Productivity Commission has further developed its thinking on the need for an updated competition test in the Commerce Act, to replace the existing Section 36 "counter-factual" test. The govt's updated Business Growth Agenda confirms a review, assuming re-election.

New push on electricity derivatives

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The Electricity Authority is starting fresh consultations to deepen the wholesale electricity hedge market as a slew of retail competitors prepares to enter the market. It has also put back its timetable for decisions on the vexed transmission pricing methodology until late next year.

Director sanctions bill finally returns

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Lost for years on the Order Paper, a bill originally intended to criminalise certain actions by company directors has returned from select committee following the tabling of a third SOP containing more tweaks intended to allay professional directors' concerns.

Economic growth - top of the cycle in March

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This week's Gross Domestic Product figures for the March quarter are likely to show the top of the current economic cycle.

Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2015	2.8%	3.4%	71.9c	92.6c	3.1%	2.7%
December 2016	3.0%	1.8%	67.7c	88.8c	3.2%	2.8%
December 2017	2.8%	1.1%	66.7c	89.9c	3.0%	2.6%

National heads to a victory (?) conference. Pity about Banks

National will be bullish at its pre-election conference on June 28-29 but there are two reasons for the caution its leadership will drive home through the weekend.

The first is that even at its current star poll ratings, a third term is not a done deal, though the odds point that way. With the Maori party in trouble and unlikely anyway to be enthusiastic about backing National again as its support ebbs, David Seymour and Peter Dunne are not enough on their own.

That keeps the Conservatives in focus (*see below*).

The second reason for caution is over what it will be able to do in a third term.

John Banks' sad, guilty exit removed, as of Friday, the majority for the next labour market liberalisation. The bill is parked until after the election. Seymour would back it but Dunne has been getting edgier, the Maori party won't and the Conservatives couldn't be counted on. (Neither could Winston Peters.)

That is not the only casualty of fraying solidarity. Dunne's withdrawal of support for major changes to sections 6 and 7 of the Resource Management Act has killed that bill for this term – and probably next.

So a third term is at this stage looking much less policy-confident than this term, which is likely to have been the Key (or, rather, the Key-English) government's defining term.

There is another undertow which will get no attention at the conference, where the rising economy will get pumped up and a wave of new candidates featured. As in a third term the Christchurch rebuild begins to ebb through 2016 and as some pips (notably hospitals) begin to squeak under the pressure for efficiencies and output, the government would likely look less in charge. That would put the pressure on John Key to be a tougher, more hands-on boss than he has so far shown he wants to be. He would also be

less able to slide off problems, as he did with Banks.

Colin Craig not yet on the hook

Over the past week Colin Craig's Conservatives have been back in the news but without, yet, a clear path.

National is keeping its options open about gifting a seat on the North Shore, where Craig has indicated he will stand. John Key said he would do a maximum of three deals, which would logically include Craig (in addition to ACT's David Seymour in Epsom and United Future's Peter Dunne in Ohariu).

Craig continued to insist in interviews over the weekend that he wants and can get 5% – and that he is not asking for a deal and won't ask for one. The risk to the Conservatives is that if National deals him a seat, voters who might vote for him because they want another partner for National to ensure a third term might feel safe to keep their party vote with National and Craig falls short of his 5% target. The latest average was 1.6% (*see chart p3*).

Can Craig win a seat if he is dealt one? Many National party people and supporters don't want a bar of him (far more than don't want a bar of Seymour or Dunne). But the main view is that the North Shore has enough conservative voters of his sort and so, if a deal is done, he will get the numbers.

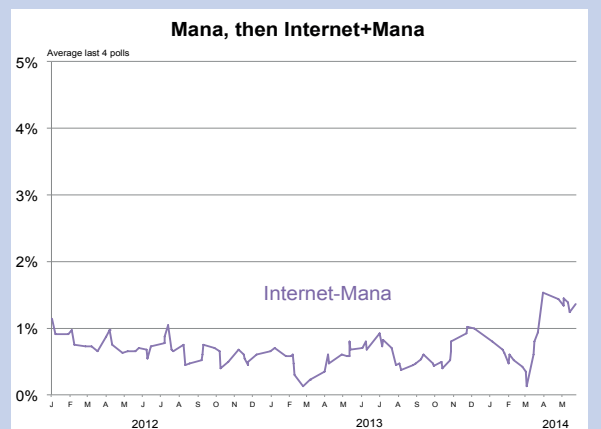
But for that to happen, it may need to be sorted well before the last fortnight of the election campaign. Time is running out.

The Greens are buoyant, too – and want to tax carbon

The Greens' Queen's Birthday weekend conference was as bullish as National's will be: no one was worrying that the 2013 logic for the 2014 election – that on the way to a Labour-Green-led government the Green vote would fall – would hold. But that came with frustration: that Labour can't get traction and so the Greens might not make government.

The Internet effect...

... is so far not dramatic. The chart adds Mana and Internet (obviously, Internet has been recording support only over the past few months). As the graph shows, the combination has only just climbed over 1%, which would net just two MPs, both of the old hard-left variety (Hone Harawira and Laila Harre), not the bright-young-thing variety. That is not to say it won't suddenly take off – the Internet side has some innovative approaches, such as a membership-crowd discussion on policy devised by Loomio. But three months from the election, it hasn't yet hit a nerve.



The aim is 15% (from 11% in 2011; though polling is around 12%). Membership is up and so are finances. The members are more active and the Greens are attempting another stage in their transition to a “normal” party: canvassing and doorknocking. That has been sparse in the past in a party that is far keener on policy idealism than election mechanics.

The big conference announcement was Russel Norman’s **\$25-a-tonne tax on carbon** to replace the ineffective and rorted emissions trading scheme, with a concession for dairy at \$12.50 and other agriculture excluded and \$12.50 credits for forestry. It comes with an income tax sweetener: zero tax on the first \$2000 of personal income tax free and a 1% cut on corporate tax. The ETS price was originally expected to be around \$25.

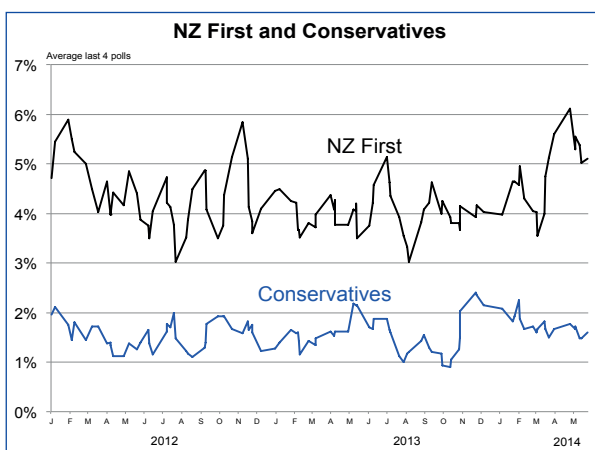
Don’t get excited. The Greens will push it very hard if in government but Labour won’t buy it – David Parker was the architect of the ETS. The issue would become what the Greens would get by way of compensation for not getting a star policy.

The Greens’ buoyancy and capacity for getting publicity is **bothering Labour**. At first Labour ignored the carbon tax – not an act of brotherly love. And David Cunliffe said Labour would remove the coattails provision – not an act of conciliation to Internet-Mana. Labour’s need is to get voters to back it up to a level where it can look a credible lead-party of a government, not share their votes out among potential partners.

Labour’s conference is July 4-6.

There were some Green nerves about Internet-Mana but generally it was dismissed as marginal. And claims of a good relationship with Winston Peters.

For the record, New Zealand First has come off its autumn highs to an average of just over 5% through May/early June. That should be enough to get Peters back in September but if Craig does well, some of that could come off New Zealand First.



Inequality emerging as key economic issue

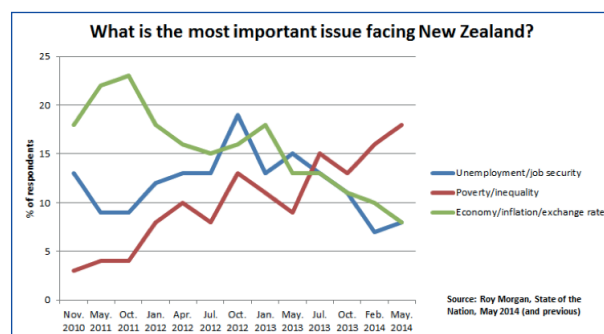
Polling by Roy Morgan, confirmed we understand by UMR polling, shows a dramatic jump in public concern about income inequality as the economy recovers.

Both pollsters continue to get strongly positive readings from NZers about whether the country is on the “right” or “wrong” track, so it’s clear there’s acceptance that economic recovery is under way and becoming entrenched.

But as we’ve noted previously, once economic conditions improve, public attention tends to move onto broader social concerns. Voters have, in effect, “banked” the recovery already, as Bill English puts it.

The combination of the national campaign and collection of essays on inequality mounted by advocacy journalist Max Rashbrooke and the extraordinary impact of French economist Thomas Picketty’s “Capital in the 21st Century” (discussed in earlier editions) saw the issue spike all through last year and again this year.

The “family package” in last month’s Budget was a response from the govt to this growing concern.



S36 review increasingly certain

A review of core competition law tests looks almost certain, irrespective of who takes the Treasury benches at the Sept 20 election. The govt’s Business Growth Agenda update, issued last week, confirms a review of section 36 of the Commerce Act, while the Productivity Commission’s report on the services sector makes concrete proposals for alternative approaches.

The explosion in use of information technology “will likely feature large economies of scale and network effects and thereby raise competition issues,” the commission found.

The report acknowledges the difficult balance required in many competition decisions in the small NZ market, where small firms often struggle for

scale, and a few, dominant players are always likely to emerge and may provide the most competitive outcomes for consumers.

The current “counter-factual” test enshrined in S36 of the Commerce Act “causes problems because it focuses on the actions of firms in the hypothetical counterfactual world where a firm lacks substantial market power rather than on market outcomes,” the Productivity Commission says.

“Actions are not only harder to pin down, they are also unreliable proxies for market outcomes. While the current approach may deliver a desirable degree of certainty, it does so only by effectively setting a very high threshold for what counts as a transgression,” the commission says. “The price paid for this certainty is the risk of damage to dynamic efficiency from a too-lenient test that allows dominant firms to indulge in and behave in exclusionary ways.”

The commission proposes an error-cost analysis to assess alternatives to the current test, by evaluating rules according to the probability and gravity of errors they may produce.

It recommends “more an ‘effects’ approach to judging whether conduct has harmed dynamic efficiency and provide for an efficiency defence in cases where a firm’s conduct fails a primary test that it is harming competition”.

First EEZ decision due this week

The first application for a marine resource consent under the new legislation governing the Exclusive Economic Zone is due this week from the Decision-Making Committee appointed by the Environmental Protection Authority, perhaps as early as Wednesday.

The application, from TransTasman Resources, seeks permission to mine ironsands and redeposit tailings in an area between 22 and 36 kilometres offshore in the south Taranaki Bight.

TTR has spent \$60m since 2007 developing the project. Whatever the EPA process determines, it will be an important signal to investors contemplating EEZ resource extraction initiatives.

TTR believes that even with low global iron ore prices, offshore mining is low-cost compared to on-land operations. If granted a consent, its next move will be to raise as much as US\$500m in debt and equity to purchase equipment.

Second in line for an EEZ marine consent, and with its application now open for public submissions, is Chatham Rock Phosphate, which plans to extract phosphate nodules from the Chatham Rise and replace imports of phosphate used for farm fertiliser.

Govt consults on transport funding

A draft Government Policy Statement on transport funding is out for consultation, with submissions due by August 11. It focuses particularly on the needs of Auckland and Christchurch, the former because some 60% of NZ’s population growth is projected to be there between now and 2042.

While private vehicle trips aren’t expected to grow as strongly in the current recovery as in the growth spurt of the early 2000’s, the document anticipates 80% of daily trips will continue to be made in private cars in 20 years’ time. With Auckland’s population forecast to grow by almost half a million over that time, that means increased focus on public transport, although the draft warns metro-rail investment has run ahead of demand to date and that congestion is likely on dedicated bus infrastructure in Auckland.

It notes NZ’s major urban centres “are more densely populated than most cities in Australia or America”, with comparative congestion data suggesting “our urban road networks are under more pressure than cities with more roading per person”.

Freight volumes are expected to rise by 58% between now and 2042, around 2% annual growth, with roads expected to continue carrying around 70% of tonne kilometres, with the main growth in tonnage forecast to be in building materials (102%) and waste (70%).

Central govt funding for transport is expected to increase from around \$3.4b p.a. in 2015/16 to \$4.4b billion per annum by 2024/25.

While more sophisticated road pricing could be part of the answer to improving performance for the land transport system, that issue is left for a future GPS.

EA to seek deeper electricity hedge markets

The Electricity Authority wants more market-making and further innovation in hedge products to improve new-entrant electricity retailers’ to compete, while not owning their own generation capacity.

In the mix are a wider range of products already coming to the electricity derivatives platform run by the ASX, including one month as well as the existing three month products, and potentially much smaller parcels, with perhaps as small as 0.1 Megawatt possible.

The authority is again testing whether to require the fifth and sixth largest generators in the local market – Trustpower and Todd Energy-owned Nova – to participate in market-making. Neither is keen.

Meanwhile, the timetable for a new transmission pricing methodology has been extended again, with a

decision unlikely before September next year.

Callaghan Innovation's priority areas

Seven areas of focus have been identified by Callaghan Innovation as the organisation continues to build capacity following the multi-year reform and restructuring process that is finally starting to bear some fruit.

These are: information and communication technologies; sensing and automation technologies; advanced materials technologies; biotechnologies; food technologies; measurement and compliance technologies; and design and manufacturing technologies.

Business integrity initiative

BusinessNZ has put its weight behind an initiative to up the focus and provide training to bolster NZ's global reputation for high integrity govt and business dealings.

Also involved are ExportNZ, Transparency International, the Serious Fraud Office, Deloitte, Chapman Tripp, the Institute of Directors and the NZ Institute of Chartered Accountants.

TI's 2013 National Integrity Survey found NZ's reputation deserved, but was concerned at signs of complacency, especially among smaller exporters and importers, who may be too inclined to rely on a "don't ask, don't tell" approach to relationships with third party agents in offshore markets.

The initiative offers online and face-to-face training courses to raise awareness of the risk of corrupt practice and to help businesses deal with it.

Auckland to host inaugural science advisers' summit

Auckland will host the inaugural Science Advice to Governments meeting in August, the first such meeting called to seek greater sharing of experience and insights by global science leaders advising govts. Chaired by the PM's Chief Science Advisor, Sir Peter Gluckman, the meeting is intended to help develop best practice for procuring evidence and delivering appropriate advice to governments and global bodies, particularly in times of crisis – such as natural disasters – "or in situations where science-based evidence is contrary to political views or ideologies".

Water decisions next month

Policy decisions on the new National Policy Statement on Freshwater Management, initially anticipated this month, are now scheduled for release in late July. ■

March GDP figures – top of the cycle?

Gross Domestic Product figures for the March quarter are due this Friday from Statistics NZ and are likely to show the peak of the economic recovery. While the headline annual figure may increase to above 4 percent over coming months, the quarterly trend of increases is expected to slow from now on, particularly reflecting the fall-off in dairy prices and, more recently, log export prices.

Nonetheless, this will be the 13th consecutive quarter showing positive growth, with some economic houses projecting much stronger activity than consensus. UBS, for example, says average growth is running at 2.7%, just above the post-1990 average. "We forecast growth at 4.1% for 2014 and 3.5% for 2015" compared with consensus forecasts at 3.5% and 3% respectively. That kind of optimism underpinned the Reserve Bank's surprise decision at last week's Monetary Policy Statement not to indicate any pause in its track for interest rate increases.

Financial markets are now, on balance, expecting the RBNZ to raise the Official Cash Rate a further 25 basis points in July. Part of the reason for the central bank's stance appears to be frustration that low borrowing demand and high levels of deposits mean fixed rates on mortgages have fallen this year, despite the rising OCR.

Kiwi dollar – gradual fall by year-end?

The MPS drove international appetite for NZ dollars, especially in the absence of any likely increase in rates by the Australian central bank this year and following the European Central Bank's move to negative cash rates for holding overnight deposits.

However, BNZ holds to its view the currency will be lower by year-end, arguing that "currently it is as about as good as it gets for the NZ dollar", with the country's positive surprise factor fading and some prospect of a stronger recovery in the US by the second half of the year. "Current high risk appetite and low volatility is unlikely to be sustained at such extremes. We continue to see the NZ TWI near 75.0 by this time next year (lower than the 77.7 mark forecast by the RBNZ)," BNZ says.

On the interest rates front, BNZ believes the "neutral" point for monetary policy is an OCR at 4.25%. Accordingly, it expects the OCR to get to at least 5% in the course of the current cycle to ward off inflationary pressures which are building, especially in the construction sector.

The bank notes that, despite favourable conditions, corporate bond issuance remains surprisingly subdued. ■

LEGISLATION

Banks departure kills labour reform

Time is running out for this Parliament, with just 15 sitting days before it's dissolved on July 31. Set piece debates and at least 15 valedictory speeches will claim some of those days. Non-controversial bills, mainly treaty settlement legislation, will be passed. John Banks's departure removes the ability to pass some legislation, including contentious employment law reforms. It still has a majority on confidence and supply votes through the support of Peter Dunne and the Maori Party. Long delayed legislation dealing with the criminalisation of directors' offences has finally returned to the House after a 3rd SOP.

• *Italics denote update from previous edition of Hugovision*

Submissions Sought

Commerce Minister Craig Foss is seeking feedback on options for introducing a bounded public interest test for the anti-dumping regime. It follows the removal of duties and tariffs on imported building material in the budget. "Adopting a public interest test would provide flexibility to consider whether an anti-dumping duty is actually in the best interests of the public," Foss said. Submissions close June 30.

Bills introduced

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 first reading.

Bills in progress

Accounting Infrastructure Reform Bill: Aims at a more competitive and efficient accounting market by: changing the rules to allow 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. Awaiting second reading.*

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. 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 tough criminal sanctions (up to three times the gain) to hard-core cartel behaviour. Now includes amendments proposed by the Minister of Commerce extending the Commerce Act to cover international shipping and aviation. Mainly tidy-up amendments from select committee. Government proposes further amendments. 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 non-compliance 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. These 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. *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.*

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 March 20 and progress made with general support.

Crimes (Match-fixing) Amendment Bill: Seeks to ensure match-fixing is a criminal offence ahead of New Zealand 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 and set up a new body the Education Council to oversee teachers. 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 closed April 30. *Select committee hearings have been dominated by teachers and others opposing the bill.*

Employment Relations Amendment Bill: Major changes to employment law. The ERA must issue or indicate a decision at the end of a hearing, with three months allowed for a written decision or for more information. Areas of reform including to good faith bargaining definition, opt-outs from multi-employer contracts and other employer flexibility gains. 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.*

Energy (Fuels, Levies, and References) Amendment

Bill: Introduced Nov 23. Extends a levy of 0.045 cents on

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.

each litre of liquid fuel to fund international obligations over oil reserves. Passed its first reading on 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 closed 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 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 its first reading on Feb 2013. Select committee reported back in July 2013 with Greens dissenting. Received its second reading on April 15 with the govt indicating it would be amended to remove exemptions for those holding Treaty Quota as included by the select committee.

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 complaints, where appropriate investigating and using negotiation, mediation, or persuasion to resolve matters. The agency's primary functions would include education. Sets up a process to take down material from websites. Introduced Nov 2013, select committee reported back May 27. Labour criticised the fast tracking of the bill and urged caution. Some have expressed concern that punishment for offences on the internet would be more severe than a similar offence in the street. Awaiting second reading.*

Health and Safety Reform Bill: Described by the govt as the biggest health and safety reforms in 20 years, it puts new legal requirements on managers and company directors to manage risks and keep their workers safe. Establishes stronger penalties, enforcement tools, graduated offence categories and court powers. Will be followed by two phases of regulation, expected to be released for consultation later this year. First reading was completed on a voice vote on March 13 despite Opposition criticism of details in the bill. Submissions closed 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. First reading on Nov 19 2011 completed with NZ First and Mana opposed. Reported back from the Transport and Industrial Relations May 16. *Labour and the Greens withdrew their support saying it did not do enough to protect immigrant workers who wanted to report abuse. They also objected to the wide powers given to immigration officials.*

Insolvency Practitioners Bill: Extensively rewritten by the select committee to require all insolvency practitioners to be licensed by the Registrar of Companies. The committee also recommended the bill clarify the 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 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.

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 longterm 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 Dec 3 2013 by 104 to 14 with the Greens and Mana opposed. Select committee report back due May 12. *Completed second reading May 27 by 95 to 25 with Greens NZ First and Maori Party opposed. Committee stage was completed May 29. Awaiting 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. First reading completed on a voice vote March 19 and 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 approving foreign purchases of rural land to investments that deliver benefits over and above what a NZ 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. Reported back Feb 28 with the committee divided on political lines and unable to agree on whether it should proceed. The govt has been using delaying tactics on Members' Day to avoid debate. *After the Budget delivered National's alternative, less generous policy, the bill received its second reading. Bill English picked to use financial veto if necessary, though time is running out for it to progress in this Parliament.*

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 Dec 11. 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."*

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

House sitting timetable 2014

June 17-29

July 1-3, 22 - 31

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

Party caucuses meet Tuesday
mornings

LEGISLATION

to select committee at this stage only. Referred to Health Committee. Will not pass into law until legal action in Australia on similar legislation concludes. 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); 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 supported the bill despite expressing concern about parts of it. 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 US to be "persons of interest" for financial reporting purposes.*

Trade (Safeguard Measures) Bill: Replaces the 1987 regime of emergency measures 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 October 2008. First reading March 2009 and second reading March 2012. Finally completed its committee stage with general support on April 8.

Bills passed in past month

Budget Measures (Financial Support for Newborn Children) Bill: Introduced after the Budget and passed through all stages. Increased paid parental leave from 14 to 16 weeks from April 2015 and then to 18 weeks from April 2016.

The Budget Measures (Miscellaneous Fiscal Matters) Bill: *Introduced after the Budget and passed through all stages. Suspended anti-dumping duties on plasterboard, reinforcing steel and nails, with tariffs on building products suspended from July 1. Abolishes cheque duty from July 1. Closed a reregistration arbitrage in the Emissions Trading Scheme, by stopping owners of post 1989 foresters using Kyoto units when deregistering from the ETS.*

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. Lenders will have to be licensed and can be banned after two code breaches. Introduced April 2013, first reading completed Sept 2013 on a voice vote. Select committee 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. Second reading April 10. *Passed its third reading May 27.*

Food Bill: Substantially rewritten from the original introduced in 2010. States risk-based measures to be applied to each food sector, expands the sectors covered. Central government remains the principal regulator; local government will still regulate food premises. Minister Nikki Kaye has 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. The rewritten bill was reported back from select committee May 2 with only minor changes and widely supported by political parties. The govt has said it will give some priority to passing this bill ahead of the election. *Labour attempted to introduce Country of Origin Labelling amendments at the committee stage, but these were defeated. Passed its third reading on May 27.*

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. 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. 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 Dec 2007 with select committee reporting back 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 The bill 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 was pushed back to Feb 28, but the Business Committee agreed another delay 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. 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. Awaiting second reading ever since.

Therapeutic Products and Medicines Bill: Would establish an Australia-New Zealand Therapeutic Products Authority, agreed by the two govts in 2003. Stalled by incoming govt Nov 2008; announcement 20 June 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. ■

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