

Sept 20 general election

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PM John Key will go to the polls on Sept 20. The timing is partly to leave enough room to allow a new government to be formed ahead of global leader visits coinciding with the Brisbane G8 Summit in Brisbane, and partly to head off the potential loss of ACT leader John Banks if he loses pending court action.

Cunliffe is safe - for now

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David Cunliffe's Labour Party leadership lacks credibility and authority so far, but speculation that Cunliffe could be replaced before the election is unfounded. Apart from anything else, the most visible pretender, Shane Jones, doesn't have the numbers.

Aggressive monetary tightening ahead

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Reserve Bank governor Graeme Wheeler has begun raising the Official Cash Rate with a 25 basis point hike this month. Another 75 to 100 points are to come this year, followed by another 125 points in the following two years. This is essential to sustain the current economic recovery "as long as possible," says Wheeler, who cites inflation breakouts as one of the biggest threats to recoveries in small, open economies.

Australia makes progress on FTA's

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Tony Abbott's Coalition government appears to be stepping up the pace on long-running negotiations with both Beijing and Tokyo for free trade agreements with Asia's two most important economies. A swing through the Chinese and Japanese capitals next month could produce agreements in principle, to add to the South Korea FTA completed in December.

Single business number plan

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All registered companies have been issued New Zealand Business Numbers as part of the government's push to reduce compliance costs. By 2016, businesses should be using NZBN's to interact with MBIE, IRD, Statistics NZ, NZTE, Customs and other key agencies.

Last roll of the dice on asset sales

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The Genesis float draws on the experience of the MightyRiver and Meridian part-privatisations, with issued capital diluted to make the offer price attractive to small investors (taken from Meridian) and a one year loyalty bonus (from MRP). Will it make punters any keener to invest?

Legislation update

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With barely a month of sitting days before Parliament rises for the general election on July 31, the government is preparing to clear the decks of legislation it must pass. It's also introduced what it says is the most comprehensive package of health and safety reform in a generation.

Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2014	2.4%	3.9%	77.0%	91.7%	3.1%	3.7%
December 2015	2.9%	2.3%	69.9%	87.4%	3.2%	3.8%
December 2016	2.8%	2.2%	65.9%	86.3%	3.3%	3.9%

No, there won't be a change of Labour leader pre-election

There was some loose media talk of a challenge by Shane Jones to David Cunliffe in the wake of Cunliffe's mistakes since the beginning of the year. It won't happen, not just because Jones said it wouldn't, but because Jones doesn't have the numbers. Moreover, though the month-long leadership election process involving the whole party can be set aside in an emergency, there is no appetite for that.

And now the election date has been set at Sept 20, a leadership change would give the impression the party wasn't ready to govern. National is very high in polls and Labour is where it was when it dumped David Shearer. The four-poll rolling-average gap between National and Labour+Greens (see chart) is wider than at any time since soon after the 2011 election.

This in part reflects high consumer and business confidence, improving jobs and wages, and strong readings of whether the country is on the right track.

It also reflects Cunliffe's leadership – or lack of it.

- Policy position papers in a range of portfolio areas were completed in November, for progressive release from February, but only the child policy and a small part of the ICT policy have got air time. An economy speech was due March 14, after press time. The child policy was mis-sold as a handout for having babies and Cunliffe forgot to say parental leave payments would be deducted. The ICT policy came after the position paper found its way to Minister Amy Adams.

Policies on jobs and employment, public services, housing, education and in other areas have sat on Cunliffe's desk.

- This exemplifies Cunliffe's indecision. Critics recall his failure to get Labour's costings done till too late during the 2011 election campaign, leaving John Key free to taunt Phil Goff with "show me the money".

- On his latest mistake, failing to declare a trust that took donations for his leadership campaign, insiders say Cunliffe's arm had to be twisted hard to come clean.

None of this means Cunliffe is under threat as leader. But (a) it requires more effort among non-Cunliffe MPs to maintain a show of loyalty, (b) it risks others filling the publicity gap (Shane Jones on supermarkets and attacking Greens' Gareth Hughes as a "mollyhawk" on oil drilling at sea) and (c) it points to a leadership change after the election if Labour is in opposition unless Cunliffe lifts his game.

Is Matt McCarten a game lifter?

Cunliffe's hasty appointment of Matt McCarten as chief of staff gives National a basis to say Labour is going hard left. McCarten does come from the old/hard left, as a former president of the Alliance and Mana member. But there is another side.

McCarten is a good organiser, so (a) more decisions might get made more quickly in Cunliffe's office and (b) that should get more respect from MPs and so more order. He also acknowledges Labour's need to be centrist. However, there's no early sign of hopes that McCarten's links to the old/hard left might end the blogging that the Robertson brigade says is undermining Cunliffe. Chris Trotter's "Bowalley Road" blog on March 12 writes off Labour's chances of winning, "unless something hugely dramatic happens."

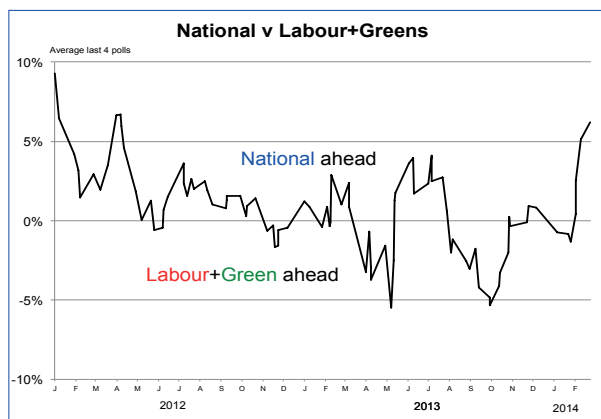
A coalition is still to be sorted

David Shearer had a good relationship with the Greens leadership, Cunliffe less so. (Same with Winston Peters.) Russel Norman on 12 March retreated from a firm coalition commitment with Labour to saying only it is "very unlikely" the Greens would go with National – the 2011 position. Jones's denigration of Hughes doesn't help, especially since Jones didn't back off in interviews after Cunliffe said he had admonished him. Disunity and acrimony within and between parties is a sure-fire voter turn-off.

Election sorted

The Sept 20 election date is less justified by John Key's allusion to the G20 and possible foreign leaders' visits than to the fact that John Banks will be kicked out of Parliament if convicted in May, which would leave Key dependent on the Maori Party, which is trying to put distance between itself and National.

This the second time Key has announced the date early - a plus for business planning by reducing uncertainty. If Key is re-elected and does that again in 2017, future Prime Ministers would likely be under



pressure to do the same.

Coalition capers

John Key used his election date announcement to demand NZ First say who it will back before the election. Winston Peters stuck to his usual refusal. He also refused to say the party with the most seats is automatically entitled to govern.

Key wants NZ First under 5% and therefore out of Parliament, which would reduce the percentage needed for a majority to around 47%-47.5%. He now says all the anecdotal evidence he is getting is that Peters would go with Labour+Greens. This ploy is designed to convince National-side sympathisers not to stray off to Peters.

Key did not demand clarity from the Maori Party, which has shifted from commitment to National to openness to backing Labour+Greens. This is potentially critical if the result is close.

Meanwhile, NZ First's flirtation with supporting National's remaining RMA reforms has come to nothing.

What does ACT do for Key's coalition?

One party clear about its coalition option is ACT: it is explicitly saying that a vote for ACT is a vote for National. But is it?

The way MMP works means the last quota for the party vote alternates between Labour and National (and only occasionally lands on the Greens or a minor party), so if ACT and United Future both win one electorate seat that adds only one net seat to the National-side total.

Richard Prebble's pitch at the ACT conference was for nine seats. Leader Jamie Whyte more realistically said after the election date announcement that getting to 5% would be a big ask.

Would 4% build the National-side vote? Probably not and if it does, the net additional gain would be at most one seat because most of any rise in the ACT vote would come from National and so just a transfer within the National-side total.

Can ACT get to 4%-5%? The mood at the conference was optimistic, which should translate into more active campaigning and some more votes. One good sign for ACT is that the selection of David Seymour as Epsom candidate probably secures that seat.

A problem for ACT is Whyte's political naivety.

Collins dinner date

Is it a big deal? No. Arrogance was her real crime. Humility can be a virtue, even for one who aspires to be leader.

Genesis to list April 17

Ministers will breathe a huge sigh of relief when Genesis Energy lists on the NZX, scheduled for April 17. Irrespective of how well-supported the offer is, it will mark the end of a vexed asset sales programme, which it pursued as much to pacify political backers who thought the Key administration too cautious in its first term, and which has been a source of endless political trouble, let alone producing underwhelming fiscal results. The April 27/28 bookbuild will be crucial to how much the float raises for the taxpayer. If it's poorly supported, as little as 30% may be sold, although the one year wait for the 1:15 bonus share issue (it was two years for MRP) may prove attractive, in combination with an issue price well under \$2.

Single business numbers: how far should they go?

The govt is seeking feedback on the NZ Business Number System, the single identifier for company dealings with key government agencies.

All registered companies got NZBN's last December, although they have no practical purpose at present. By 2015/16, MBIE functions (including Companies Office, WorkSafe, and employer registration), IRD, ACC, Statistics NZ, Customs, MPI, NZTE, and Callaghan Innovation will be bound into the system. It will use the 13 number international Global Location Number protocol.

Among key issues is whether and how to extend the system to a wider range of agencies, and to sole traders, partnerships, charitable trusts, NGO's and credit unions. Submissions are due by April 11, with legislation due to be introduced in August, for passage by a new government after the election.

Tax-pooling hitting tax take?

The Crown accounts for the seven months to Jan 31 showed a weaker position than expected, just one month after the Half Year Fiscal and Economic Update, in December, with lower tax revenue the culprit.

The two largest variances from forecast were a 2.8 percent undershoot on corporate tax and GST receipts 3.7% below forecast.

The Treasury had predicted an operating balance before gains and losses (obegal) of \$426 million at Jan 31, but it came in at \$1.06 billion. In fiscal balance terms, these are not huge variations, but the fact it was the third month in a row that tax revenues came in below forecast has officials scratching their heads. The outcomes are at odds with strong economic sentiment, high labour market participation, and an recovery in GDP growth.

The most likely explanation for the corporate tax result appears to be increasing volatility created by the practice of tax-pooling, which sees licenced tax agents managing taxpayers' liabilities over the course of a tax year, which in turn changes the timing of cash payments to IRD.

With GST, around one-third of the undershoot is thought to be timing differences, while the remainder is thought to reflect "underlying weakness in the tax type". Officials suggest that while retail activity may be on the rise, widespread discounting could be having an impact on total GST receipts.

At this stage, the trend is not causing great concern or prompting a rethink of conditions in the real economy. While lower than forecast, the total tax take for the period is still 5.7% higher than it was, compared with the same period a year earlier. ■

Highlights from the March monetary policy statement

The Reserve Bank's well-signalled 25 basis point increase in the Official Cash Rate on March 13 is the start of the first monetary policy tightening cycle in a decade, and contained a number of important observations about the course for the NZ economy:

- The NZ dollar is likely to remain higher for longer than the RBNZ predicted in December. Wheeler did very little "jaw-boning", compared to earlier statements, noting only that the exchange rate is unsustainable at current levels, but underpinned by very strong terms of trade. The TWI stays above 78 until mid-2015 in the latest MPS, whereas it never went higher than 77.4 in the December MPS during that period;
- The 90 day bill rate is forecast to rise to 5.3% by the end of the forecast period, March 2017, the end of the current forecast horizon. The published OCR track implies the cash rate will rise by a total of 125 basis points, to 3.75%, by year end. A further 75 basis points of hikes is anticipated through 2015 and then another 50 in 2016. This leaves the cash rate no lower than 5% by March 2017. It's unclear whether this is the expected peak in the cycle as the rate track as the rising trend is intact at the end of the forecast horizon.
- Potential growth rates have been revised upwards to reflect strong net inward migration, mainly caused by the drop-off in long term departures to Australia, high labour market participation rates, and upward revisions to business investment, which has been spurred by the strong NZ dollar making imported capital goods more affordable;
- Households will slip back into spending more

than they save in 2015 and 2016, although to a far lesser degree than in the mid-2000's. The bank believes the coming savings and consumption cycle will be "modest" and that there is a new mood of "household prudence" created by high debt levels and experience since the GFC;

- Some 73% of all mortgage holders are either on floating mortgage rates or will have to re-fix their rates within the next 12 months. That means three-quarters of borrowing households will be highly sensitised to rising rates over the course of this year, a significant difference from the high proportions fixed rate borrowing that dulled the impact of the last monetary tightening cycle, which began in late 2003;
- The current account deficit is not something to worry about unduly in the short term. It's forecast to remain below 4% of GDP in the March 2014 and 2015 years, having previously been forecast to rise to 4.8% of GDP in 2015. It rises to 5.6% of GDP in the March 2017 year, which is forecast for the first time in this MPS;
- Loan-to-Valuation Ratios may have had most of their impact already. Wheeler observes their effect appears to have been "front-loaded", and can be attributed with limiting annual house price inflation to 8.8% in the year to Jan. RBNZ modelling suggests the Jan annual figure would have been above 11% without LVR's. It will be three to four months, though, before the RBNZ draws firmer conclusions on whether and to what extent this experiment in macro-prudential tweaking has had its desired impact.

Innovation firms bulk up

NZ's small but vibrant tech sector has produced two notable events in the last week. First, Dunedin-based bio-tech firm Pacific Edge has replaced clothing retailer Hallenstein Glasson in the NZX50.

Its low-cost, non-invasive test for bladder cancer, CXbladder, is finding a ready market in the US health system after gaining FDA approvals last year.

Meanwhile, Jade Corp offshoot Wynyard Group, whose intelligence-gathering software is also finding favour in the US, has raised \$35m, largely by private placement, to accelerate expansion. The company raised \$65 million and listed on the NZX in July last year.

Elsewhere, Callaghan Innovation has issued a Request for Proposals, to expand the national network of business incubators, with an emphasis on supporting "innovative, complex, technology-based start-ups". Responses are due by April 23. ■

INTERNATIONAL ECONOMY

Action on Australian FTA's

Reports from Canberra suggest Australia is making serious progress on free trade agreements with China and Japan. PM Tony Abbott is due in Tokyo next month and Trade Minister Andrew Robb will fly there March 25 to try and advance sticking points around beef tariffs, currently set at 38.5%, Asahi Shimbun reports. Japanese PM Shinzo Abe is also due in Australia in July, as well as the G8 summit in Brisbane, in November.

Abbott's Asian swing next month will also include Beijing, where Premier Li-Keqiang recently included approving remarks about an Australian FTA in a speech to the National People's Congress earlier this month. A China-Australia FTA has been under negotiation for 8 years, and China remains Australia's largest single market.

The Abbott administration also concluded FTA talks with South Korea four months ago.

Kiwi/renminbi convertibility on the cards?

PM John Key heads to Beijing on March 17, amid speculation the Chinese government is ready to formally allow conversion of NZ dollars and renminbi.

The global rise of the renminbi as a global currency is one of Beijing's economic priorities, although the policy will only emerge on a timetable that fits the Chinese leadership's comfort levels. The historic first instance of a corporate bond default by a Chinese company this month, and the central bank's recent moves to lower the value of the Chinese currency for the first time since it became globally tradable a decade ago, are both indications of the balancing act required for what remains a highly managed economy.

So, too, was the reluctance of the deputy governor of the People's Bank of China, Madame Hu Xiaolian, to grant media interviews when she was in NZ earlier this month.

Hu's presence in NZ, as the PM's annual China Fellow, has fuelled talk that a formal renminbi convertibility agreement could be announced during the forthcoming Beijing state visit. Such an announcement would have more symbolic than practical value, and would place NZ on the same footing as Australia, which already has such arrangements.

First Chinese corporate bond default

Financial markets were temporarily jittery over the

default on a bond repayment by Chaori Solar, the first such default on a Chinese corporate bond, for fear that it could represent the tip of an iceberg, given widespread concern about the quality of much Chinese local govt and corporate lending.

However, the default may have been a sanctioned trial run as Chinese authorities seek to take some of the heat out of some sectors and drive growth to a more sustainable annual rate of around 7.5%.

While globally insignificant in its own right, the Chaori Solar default acts to counter to the implicit guarantee on debt instruments issued by local govt and state-backed corporations.

Slowing China hits hard commodities again

Iron ore, coking coal and copper prices have all dropped steeply in the last fortnight, in response to China's economic slowdown. As an Australian fund manager told the Wall Street Journal on March 13: "China has gone from the saviour of the world to one of the weakest links in the chain."

Bathurst Resources' plans to mine on the Denniston Plateau have been postponed because of dropping coal prices, but would-be offshore ironsands miner TransTasman Resources, whose marine consent application hearings began March 10, remains confident its extraction costs will be substantially lower than land-based mining.

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LEGISLATION

Election Changes Legislative Priorities

John Key's announcement of a Sept 20 election date allows the House to rise on July 31 ahead of Parliament being dissolved on August 14.

This will mean the Govt has just over 30 sitting days to advance its programme, so it will be looking to clear the decks.

Priority has been given to administrative bills and stalled measures useful for campaigning purposes.

The House will have a flurry of extended hours sittings over the next month or so to complete a number of treaty settlement bills.

Budget-related legislation will eat further into the short time available. It is likely the Govt will need to use Urgency to make the necessary progress.

Regulation

Financial Markets Conduct Regulations: The Ministry of Business, Innovation and Employment is consulting on regulations under the Financial Markets Conduct Act 2013. The draft regulations provide for the governance regime, regulations relating to financial product markets, and conduct obligations for discretionary investment management services. The deadline is March 14, with the regulations intended to come into force in mid-2014.

Bills introduced

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. Introduced on March 10 and awaiting first reading.

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.

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. 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 due by xx. (this will be finalised soon)

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.

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, awaiting second reading.

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, report due back from Commerce committee by March 17.

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

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.

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 reading on Feb 19 2014. Now awaiting committee stage debate.*

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. There are privacy safeguards on information supplied to employers about employees. 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, bill awaiting second reading.

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.*

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. One version reported back by select committee was sent back for further consideration. States risk-based measures to be applied to each food sector, expands the range of sectors covered and gives local councils more certainty in regulating food premises. Central government remains the principal regulator; local government will still regulate food premises. The select committee made mainly technical, textual and clarifying amendments. These stalled politically and Minister Nikki Kaye put forwards amendments which cover recognition of industry programmes, food handler guidance (to be voluntary) fund-raising activities (not regulated), gifting and donating food, seeds, alignment with other legislation, fees and genetic modification. Kaye recently wrote to the committee asking it 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.

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.

Insolvency Practitioners Bill: Extensively rewritten by the select committee to require all insolvency practitioners to be licensed by the Registrar of Companies instead of, as in the original, giving the Registrar power to restrict or prohibit individuals from providing corporate insolvency services. The committee also 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. It is now awaiting second reading.*

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.

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.

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.

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

House sitting timetable 2014

March 4 - 20

April 8 - 17

May 6 - 29

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

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. This may not take place until April because of other business taking precedence. 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 on Feb 28 with report due by June 2.*

Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill: Introduces a plain packaging regime for tobacco products modeled 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 close 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.

Bills passed in past month

Taxation (Annual Rates, Foreign Superannuation and Remedial Matters) Bill: Brings taxation of capital expenditure for mining minerals (notably gold, silver and ironsands) into line with other businesses. Simplifies tax treatment of foreign superannuation schemes paid into by returning New Zealanders and immigrants so that the tax treatment of all schemes is the same. Makes technical amendments to taxing of insurance schemes. The select committee made extensive, mainly clarifying amendments and incorporated a government amendment covering issues arising from the Christchurch earthquake. First reading June 2013, select committee reported back Nov 28 2013 with second reading on Dec 2 2013. The Govt introduced a number of amendments at the committee stage held on Feb 18. These covered the tax treatment of foreign superannuation transfers and also a further delay of child support reform for administrative purposes. *The bill passed its third reading on Feb 20.*

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.

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 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. 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