

An electorally clever, contractionary Budget

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The Budget has changed the political conversation after several weeks dominated by focus on allegations of “crony capitalism” emanating from the Judith Collins and Maurice Williamson affairs. While those issues had less impact in the polls than National might have feared, the endorsements for the Budget from natural Labour supporters a fillip.

Scandals knock National’s poll lead

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The brouhaha over Collins and Williamson has knocked close to 3 percentage points off National’s previous lead in our rolling average of political polls. However, it has not helped Labour, which has slipped to just below the psychologically important 30% mark. The Greens appear now to be siphoning Labour support.

Australia’s ‘black’ Budget

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Australian Federal Treasurer Joe Hockey has delivered a “shock and awe” first Budget, cutting deeply into public service employment numbers and axing a wide range of minor programmes, in part to fund expensive pre-election pledges such as extended parental leave. Underneath the rhetoric, however, the Australian economy still looks robust and its fiscal and public debt position is hardly apocalyptic.

Labour seeks fresh thinking

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David Cunliffe’s shadow Cabinet reshuffle, to make up for the loss of Shane Jones, has placed Grant Robertson the key economic development role, where he will be hard-pressed to fill the policy vacuum that Jones never developed. Robertson attended a centre-left policy conference in Europe last month, which offered new thinking on progressive economic policy development.

A shot across the bows on building costs

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The New Zealand building products sector is on notice to sharpen its pricing and, more subtly, to ensure market access for competitors, with the Budget decision to suspend anti-dumping duties and tariffs on a wide range of products commonly used in home construction.

Eurozone looks to stimulus on June 5

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Signals from the European Central Bank suggest new monetary stimulus measures, possibly including negative interests rates, will be announced at its June 5 decision-making meeting, as the Eurozone continues to struggle with lower than expected growth.

Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2014	1.8%	4.0%	78.0c	92.9c	2.9%	4.0%
December 2015	2.8%	3.4%	71.9c	89.9c	3.2%	4.1%
December 2016	3.0%	1.8%	67.7c	88.8c	3.2%	4.2%

Collins, Williamson: an issue for Key's management style

Don't read too much into the Judith Collins and Maurice Williamson debacles – but don't read too little into them either.

Revelations have continued to trickle out on Collins' trip to China since John Key sent her to the naughty corner after two long talkings-to following her unfounded attack on TV1 journalist Katie Bradford (daughter of ex-Green MP Sue). Neither Key nor Collins have been able to cauterise the wound. Collins is too high-ranking and popular in the party to be stood down.

By contrast, Maurice Williamson was out smartly. Williamson was slated for removal in 2011 but did too good a job in the building portfolio, which cemented him in the ministry, though still outside the cabinet. Williamson was eminently expendable. But not completely: he is still the National candidate for Pakuranga, not least because if he stood as an independent he might well have won, which if the post-election numbers are tight could have caused management problems.

The common factor was Key's management style, which closely resembles a trading floor: a general "house position" is set but ministers are left to trade in the way they see fit and some go off the rails from time to time. Hekia Parata's difficulties could have been sorted with a dose of Helen Clark's wraparound "advice". Clark would have pricked her ears up when Grant Robertson landed the first questions on Collins.

The cost to National was a dip in the polls (*see below*).

But there is no compelling reason to think that dip will deepen — at least, not as a result of Collins and Williamson. They are a Wellington "beltway" issue more than an election one. Neither committed a big crime. Collins would have escaped with a scolding if she had immediately acknowledged error instead

of playing "Crusher Collins" and heaping contempt on Robertson. Williamson's explanation is plausible (though he still stepped over a line).

The fallout should be containable and the Budget should blank it out. Labour's attempt to get up a line that rich people (especially rich Chinese) buy favours from National has got no real traction.

Not to be left out: Labour has Taurima

In any case, David Cunliffe is personally vulnerable to Key's tit-for-tat over his leadership campaign anonymous trust. And Labour gets big-business donations. So, now, do the Greens (Philip Mills).

Moreover, Shane Taurima's use of Television New Zealand facilities for Labour party business is no more cauterised – either insider or outside Labour – by excluding him from the Tamaki Makaurau candidacy than Key's sinbining of Collins.

Labour's messy failure to sort out a strong candidate for that important electorate, which it has pretensions to win and thereby improve its standing among Maori electorate voters, illustrates a wider difficulty: (a) in failing to refresh its caucus where too many time-servers are hanging round; and (b) its selection process overall has been painfully slow.

Compare National's refreshing of a quarter of its caucus and rapid-fire selection of candidates, many in the next-generation age group.

But a small buckup for Labour: some new thinking on the left

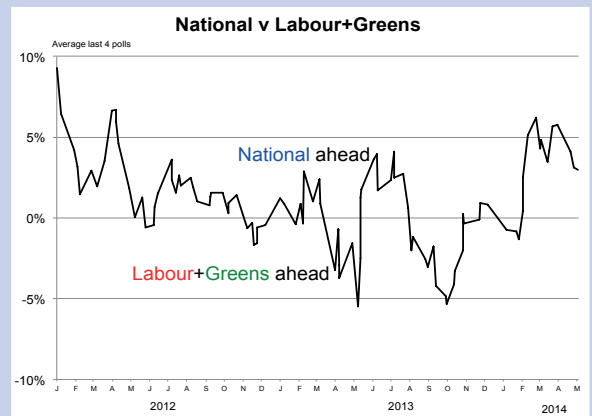
Since 1984 Labour has struggled, like all western social democratic parties, to develop an effective policy response to the lower-regulated, lower-taxed, more-open economic theories that replaced mixed-economy Keynesianism.

Now there are glimmers of a response. These come in a book of brief commentaries by a wide range of centre-left thinkers prepared for a conference in late

National off its poll peak

The Collins and Williamson affairs dented National's ratings in polls taken in late-April/ mid-May — down from a peak average of 48.8% in to 45.9%. In any case, National's lead over Labour+Greens appears to have plateaued in March.

Post-budget polls are likely to show a lift for National. And to the extent Labour+Greens have lifted, it has been the Greens who done the lifting. Labour's latest average is 29.8%, the lowest since April 2012, against the Greens' 13.2%, up from 10.2% in February-early March.



April Grant Robertson went to.

The salient point is the absence of nostalgia for a golden age of social democracy and hand-wringing about inequality and, instead, a tougher-minded acceptance of modern geo-economic and technology realities and the irreversible changes of the past 20 years and this decade.

The analysis is therefore more relevant to the eventual development of modern policy responses. It contrasts with the throwback to pre-1980s Keynesianism which has characterised much of the centre-left's policy initiatives.

It is notable that it was Robertson who went to the conference. Robertson demanded the economic development portfolio in the **post-Shane-Jones reshuffle**. Whether he can make much of it remains to be seen but he is likely to do more than Jones's zero. Labour's forestry policy was written by Jones's predecessor in that portfolio, Stuart Nash, former MP and bloke-ish candidate for Napier.

The other change of note to Hugo members in the reshuffle was Phil Twyford's return to transport, to add to housing and Auckland issues. Note also Maryan Street's return to tertiary education.

Note also the retirement decision this week from former unionist Darien Fenton, who failed to fire in Parliament

Greens want a state bank to fund the "smart, green" economy

The latest instalment in Russel Norman's "smart, green economy" is a Kiwibank-style, government-backed "investment" bank to fund "new projects ranging from renewable energy and biofuel production to new clean technologies".

This would be a "government-owned, for-profit bank, partnering with the private sector". It would "secure billions of dollars of new investment into smart green innovation", mainly from the private sector.

Norman cited "successful precedents": the British Green Investment Bank set up by the present Conservative-Liberal Democrat government; a "state-owned and self-financing" KfW Development Bank in Germany; and several unnamed banks elsewhere.

He also cited 25 world-leading banks' backing for \$US11 billion of "green bonds" issued in 2013.

The setup cost to taxpayers would be \$120 million over three years, financed by higher oil royalties.

Should Hugo take this seriously? If there is a Labour-Green-led government, this is a concession Labour could make to the Greens, reflecting the Kiwibank concession in 2001 to the Alliance. ■

Budget politics: English keeps National's election edge

The Budget sends two main messages to voters, now just four months out from an election.

One message consists of patches for some of the social itches the three main opposition parties have been scratching – plus hints of modest tax cuts post-election.

The second message is that the brakes can be eased a bit, thanks to high dairy prices and past caution, but restraint is still necessary in an uncertain world.

The patches are probably enough to get by through to the election. There is enough additional health spending to keep hospital deficits off the public agenda till next year. The parental leave and related cash take the gloss off Labour's more generous offer (and will appeal to any middle class couples who might have thought of switching sides). Social housing gets a mention and there is a trickle of announcements aimed at easing the house supply shortage for would-be owners, plus the removal of duties and tariffs on a range of building materials.

And Bill English's "growing economy" rhetoric hints at more itch-patches in future budgets, assuming the economy doesn't hit a pothole.

That goes also for the wages and jobs ("inequality") itch for which the budget held out the prospect of continuing improvement but not exactly a bonanza.

That focuses on the budget's other message: that things are getting better and will go on getting better but are not cause for euphoria or extravagance. Middling voters are not long out of the post-GFC stringency and job fears. They now face the reality and anticipation of mortgage interest rises.

So, while consumer confidence figures are high, those figures are off relatively constrained household finances. There is confidence things will be better but by comparison with the past, not in anticipation of a cloudless future. Household finances are not so flush that middling households are likely to feel free to take a punt on the other side.

The Budget's tone probably accurately captures, reflects and reinforces this mentality.

Moreover, that mentality limits opposition parties' scope for generosity. Labour, the Greens (and New Zealand First on a good day) have bought into English's surplus track. They can promise more spending but only if offset with some more tax on the affluent (compared with English's tax cut hint).

In summary: English's Budget's itches and restraint messages are probably pitched about right for the election. Next year could be a different story. ■

A cleverly sold, contractionary Budget

Note that despite the generous, almost Labour-ish “wash” across the Budget, its underlying economic impact is contractionary. The private sector is driving growth. The public sector is a slight drag.

The \$1 billion annual spending increase doesn’t keep pace with inflation and, once record net immigration is taken into account, per capita government spending is falling, albeit not by much.

This is what the Reserve Bank needed to see. As Bill English himself noted, \$1.5 billion in new spending is the limit at which the RB sees government-led fiscal stimulus starting to push inflationary pressures and interest rate rises.


As a result, government spending as a percentage of GDP falls over the forecast period to just below 30%, from a high point of a little over 35% in 2011. Meanwhile, although the Treasury has pulled back its tax forecasts a bit since last December, the tax take as a proportion of GDP rises roughly through to June 2018 from 26% to 28% of GDP.

If NZ’s primary cyclical worry is rising inflation and higher interest rates, and its biggest structural issue is a poor national savings effort, the Budget delivers to the mitigation of both problems.

The robust growth elsewhere in the economy masks this fiscal restraint. Meanwhile, if growth were to surprise on the upside, along with export performance - both entirely possible outcomes - the current account deficits forecast at above 6% of GDP in the out-years might also be lower.

By taking an underlying contractionary stance, potential is being stored for more largesse in future years. The traditional method of delivering such bonuses is through tax cuts, and English was happy to comment that tax cuts are potentially less inflationary than government spending increases, since at least some of any tax cuts will be saved.

However, it is not yet clear that tax cuts will be available or that they are the political winner once assumed. Either way, the surplus and growth forecasts through to beyond the 2017 election suggest that the campaign for that election may provide the grounds for an unusually generous array of choices, from tax cuts through to increased spending new areas of social, infrastructure and environmental need.

For more on Hugo’s take on Budget 2014, refer to our commentary, published yesterday, and attached with this edition of Hugovision. 

Chorus has a brainwave

Chorus has launched a suite of new copper-based high speed internet products that allow it to operate outside the regulated environment that has been dictating and stifling its approach.

The launch of high-speed “gateway” products offering very fast VDSL connections will prepare customers for the availability of fibre while allowing Chorus to compete in the regulated copper market.

Up until now, Chorus has responded through the courts and in the Beehive to capital-sapping setbacks at the hands of the Commerce Commission on regulated pricing.

Those options are still in play, but by offering services over new Alcatel-Lucent technology allowing Chorus to make service commitments on both copper and fibre networks, the company is fighting back commercially as well.

Deep sea mining

Would-be ocean floor ironsands miner TransTasman Resources delivered its final submissions to the EPA-appointed decision-making committee (DMC) considering its application, on May 8.

The DMC adjourned rather than closed the hearing while it ensured it had all the information it required.

In closing, TTR was highly critical of an EPA staff report, which cast doubt on the ability to draft effective environmental management protocols, based on the information received at the hearings.

TTR’s opponents regarded the staff report’s scepticism as a significant win. The DMC must make a final decision on the marine consent application under new EEZ law within 20 days of formally closing its hearings. It operates to a six month statutory sign-off.

Meanwhile, Chatham Rock Phosphate has become the second offshore mining project, after TTR, to lodge an EEZ marine consent application, to mine phosphate off the Chatham Rise.

A decision is due in November.

Pressure on FBU from tariff cuts

Powerful forces are at work to unsettle Fletcher Building’s dominant position in the building supplies market. The Budget announcements temporarily suspending anti-dumping duties on plasterboard, reinforcing steel and nails, and tariffs on a far wider range of commonly used home-building products is a shot across the bows to the building supplies sector. The Commerce Commission is already investigating supply arrangements in the sector.

Chalk and cheese – Canberra’s Budget vs Wellington

Comparing this week’s Budgets, Wellington and Canberra could almost be said to have switched sides between the 1990’s and today.

Australian Labor under Bob Hawke and Paul Keating made a virtue of incrementalist reform, in the interests of staying in power. An object lesson in the dangers of radical reform lay across the Tasman, in the form of the destruction the NZ Labour Party wreaked on itself when the speeding train of Roger Douglas met the immovable object of David Lange in the late 1980’s.

John Key and Bill English have repeated a mantra of incrementalism since 2008, taking care not to cut social welfare entitlements radically and to carry the public with an agenda on the right critics have felt was too soft and slow.

In Australia, Tony Abbott and his Treasurer, Joe Hockey, have made a virtue of being seen to take an axe to the public service as they hack their way back to fiscal surplus.

However, the rhetoric - which has worked politically, given the angst emanating from the Australian media in response to Tuesday’s Budget - is not matched by the scale of the actions taken.

The fiscal impulse over the next two years from this week’s announcement will be about 0.75% of GDP, according to HSBC analysis.

The Australian economy is forecast to grow 2.5% and 3% in real terms in those two years respectively. NZ will peak at 4%p.a. nominal GDP growth in 2014/15 and slip back towards 2% by 2017/18.

Meanwhile, Hockey’s first Budget shows a Budget deficit, measured on slightly cruder terms than by NZ’s Crown accounts, will narrow from 3.1% of GDP this year to 1% in two years’ time.

As National Australia Bank’s commentary notes, much of the supposed “toughness” and the size of some cuts to federal funding reflected Abbott’s need to fund promised high spending in areas such as paid parental leave, where something of a bidding war occurred with Julia Gillard’s Labor administration.

Indeed, while most of the public commentary has focused on the cuts to a very wide range of federal programmes and workforces, most of the projected deficit reduction is achieved on the revenue side of the ledger.

Finally, net public debt is projected to rise from just 12.5% of GDP to 14% of GDP by 2017/18 - hardly apocalyptic. ■

ECB preparing unconventional monetary stimulus

A chorus of commentary is emerging from the European Central Bank on the likelihood that it will introduce new monetary stimulus to combat the low growth and deflationary risk that continues to bedevil European economies.

Eurozone growth for the March quarter came in at 0.2% – half the expected rate.

Among options in play are negative interest rates on bank deposits and long term loans to banks, backed by special conditions.

ECB president Mario Draghi has signaled the bank’s decision-making meeting on June 5 is likely to be where decisions are announced.

Crucially, support is coming from the Bundesbank for “aggressive and in some cases unprecedented ECB moves, including a negative interest rate on deposits,” according to The Wall Street Journal.

This week, ECB vice-president Vitor Constancio “reaffirmed our forward guidance and stressed that we are determined to act swiftly if required and do not rule out further monetary policy easing.”

ECB executive board member Yves Mersch said “we are working on a broader range of instruments that might even strike the most fertile imagination.”

Weakness in France and Italy is principally blamed for the sluggish Eurozone outlook.

In China, “mini-stimulus”

Economic activity in April softened, led by weaker property construction and industrial investment. However, Beijing is refraining at this stage from any large stimulus measures, opting instead for a range of “mini-stimulus” actions.

These include allowing interbank lending rates to drift lower, no action to prevent a slightly weaker USD/yuan exchange rate and a range of fiscal and regulatory stimulus actions, including increased infrastructure spending (railways investment particularly), a funding boost for social housing, relaxation of investment regulations, and increased regional development investment.

Reluctant giant

Beijing is also far from happy with the report from the International Comparison Programme, under the auspices of the World Bank, showing that China is poised to become the world’s largest economy this year, based on purchasing power. The National Bureau of Statistics of China fought its release. ■

LEGISLATION

Urgent debates crowd out progress on pre-election bills

After a two week adjournment MPs returned to the House last week and the time available to the Government to progress legislation was quickly eroded by political intrusions. Question time dragged out and an urgent debate on the resignation of Maurice Williamson took out even more time. Then the Government decided to pass through all stages a ban on synthetic highs. This was followed by a very slowly paced Members' Day. This all ate into the time available to pass other legislation.

The Government will put the House into Urgency after the Budget and will probably put non-Budget related legislation into the motion extending sitting hours. Going by past experience, progress is likely to be slow on any contentious bills.

Bills introduced

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.

Budget legislation

The Government introduced two bills under Urgency after Budget speeches to pass through all stages.

The Budget Measures (Financial Support for Newborn Children) Bill will increase the length of paid parental leave from 14 weeks to 18 weeks in two steps – to 16 weeks on April 2015 and then to 18 weeks on April 2016. The Parental Tax Credit is also increased in value though the thresholds are dropped in line with Working for Families.

*The Budget Measures (Miscellaneous Fiscal Matters) Bill immediately suspends duties on plasterboard, reinforcing steel and nails and tariffs on building products will be suspended from July 1. Abolishes cheque duty from July 1. **Closes a reregistration arbitrage in the Emissions Trading Scheme**, which was an unintended consequence arising from significant differences between the price of New Zealand units and the price of certain Kyoto units.*

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 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 special provisions 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 on April 17.*

Commerce (Cartels and Other Matters) Amendment Bill:

Applies 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. Allows deregistration for inaccurate information or persistent noncompliance and bans on miscreant directors. Similar changes for limited partnerships. Better aligns the Companies Act with the Takeovers Code. Up to 5 years' prison for serious offences by directors. The select committee wanted boards to include a director living in New Zealand. It recommended more work on the criminalisation clauses to ensure they don't discourage legitimate risk-taking. 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. First reading June 2013, select committee reported back December 2013. Second reading debate held on March 20 and progress made with general support.

Credit Contracts and Financial Services Law Reform Bill:

Amends the 2003 act to make consumer protection the primary purpose, with more informed participation and fair, efficient and transparent lending. Under a new code, lenders will 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. Clarifies processes for financial hardship. Introduced April 2013, first reading completed Sept 2013. 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. Changes to repossession rules. Bill received second reading on April 10 with Labour and the Greens unhappy about elements including the lack of a cap on interest rates. *MPs began the committee stage on April 8 with opposition parties pushing hard for interest rate caps, though the Government appeared unmoved. The Government has indicated it will give some priority to the bill in the coming month.*

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.

Education Amendment Bill: Abolishes the Teachers Council and sets up a new body, the Education Council, to oversee teachers, and 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 on April 30.*

Employment Relations Amendment Bill: Major changes to employment law. The Employment Relations Authority (ERA) must issue or indicate a decision at the end of a hearing, with three months for a written decision or more information. Good faith bargaining will not require parties to agree a collective agreement; ERA able to declare collective bargaining at an end and new negotiations are barred for 60 days unless both parties agree. Employer opt-out for 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. Employees may seek flexible work from day one. Employer flexibility for transferring employees after restructuring or contract change; exemption for firms with fewer than 20 employees. Notice required of a strike or lockout. Privacy safeguards on information supplied to employers about employees. The select committee made significant changes in many of these areas. National, ACT and United Future supported the bill at its first reading in May 2013. Select committee reported back Nov 2013. Second reading on March 19 after the Govt agreed to some changes at the request of Peter Dunne.

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 oil reserves obligations. Passed first reading March 5 2014 by 77 to 41 with National, Greens, Maori Party, ACT and United Future in support and sent to the Commerce Committee for consideration. The Greens argued the reserves should be held in NZ and not overseas. *Submissions closed on April 17.*

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

Fisheries (Foreign Charter Vessels and Other Matters) Amendment Bill: Requires all vessels chartered by New Zealand fishing companies to be New Zealand flagged from May 1 2016 and applies New Zealand catch, employment, vessel safety, and criminal law to them. It is unclear whether the select committee (or other political parties) endorsed last minute amendments by the government to give iwi longer to comply. Introduced Nov 2012, received general support at first reading on Feb 2013. Select committee reported back in July 2013 with Greens dissenting. Second reading on April 15 with the Government indicating the bill would be amended to remove exemptions for those holding Treaty Quota, as included by the select committee.

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. *The rewritten bill was reported back from select committee on May 2 with only minor changes and widely supported by political parties. The Government has said it will give some priority to passing this bill ahead of the election. Labour and Greens seek Country of Origin Labelling amendments.*

Health and Safety Reform Bill: Described by the Govt as the biggest health and safety reforms in 20 years it intends to put more onus and legal requirements on managers and company directors to manage risks and keep their workers safe. It also establishes stronger penalties, enforcement tools, graduated offence categories and court powers. The Bill will be followed by two phases of regulations, expected to be released for consultation later this year. The first reading of the Health and Safety Reform Bill was completed on a voice vote on March 13 despite Opposition criticism of details in the bill. Submissions closed on April 11.

Immigration Amendment Bill (No 2): Sets a maximum sentence of seven years prison for employers who exploit immigrants and deportation for employers who hold residence visas if the offence was committed within 10 years of gaining residence. 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. 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 future amalgamations, along Auckland's lines. Encourages more shared services, joint delivery and other collaborative arrangements. Sets up a new "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 on Dec 3 2013 by 104 to 14 with the Greens and Mana opposed. Select committee report back due on May 12.

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

House sitting timetable 2014

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

Overseas Investment (Owning Our Own Rural Land)

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

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

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

Parliamentary Privilege Bill:

Codifies Parliament's privileges, including absolute immunity from defamation actions. 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 modelled on Australia's legislative package

for tobacco plain packaging, modified to fit New Zealand circumstances. The Bill is drafted to be brought into force either by Order in Council or, at the latest, 18 months after receiving Royal Assent. Requires detailed regulations. Introduced Dec 17 2013, first reading on Feb 11 by 118 to 1 with John Banks opposing. NZ First indicated support limited to select committee at this stage only. Bill referred to Health Committee, however Govt has indicated it will not pass into law until legal action in Australia against similar legislation is completed. Submissions closed March 28.

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

Exempts employer-provided accommodation for employees expected to work away from their normal workplace for up to two years (three years for capital projects and five years for

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

Trade (Safeguard Measures) Bill: Replaces the 1987 regime of emergency measures (usually a special duty, either provisional or permanent) applied at the border to allow domestic industry to adjust to increased imports which damage an industry. This is in addition to anti-dumping and antisubsidy

measures and conforms to World Trade Organisation rules. Introduced October 2008. First reading March 2009 with select committee report back in July 2007 and second reading March 2012. Since then committee stage debate has been held but interrupted before completion. The bill finally completed its committee stage with general support on April 8.

Bills passed in past month

Electronic Transactions (Contract Formation) Bill:

Member's bill by Paul Goldsmith (National). States that an offer is deemed to be accepted by an electronic communication at the time of receipt of the acceptance by the offeror. The select committee refined the wording and allowed parties to contract out of the acceptance rule. Completed its first reading by 83 to 37 with Labour, Maori Party and Brendon Horan opposed. Select committee report back on Nov 11 2013 with a second reading on Feb 19 2014. Committee stage completed on April 9 with slow progress as it was used by the Government to delay debate on Labour's parental leave legislation. *Completed its third reading on May 7.*

Industry Training and Apprenticeships Amendment Bill:

Implements the industry training review undertaken in 2011 and 2012. The bill gives the NZQA more oversight of new quality assurance processes. Received its first reading in November 2013 and reported back from select committee on March 7. Opposed by Labour, the Greens and NZ First as the bill allows organisations other than ITOs to be directly funded by the Government for industry training. The parties say this is de-facto privatisation. Second reading on March 18 and committee stage on April 8. *Passed into law on April 15 with the Government saying its reforms of this area were now complete.*

Land Transport and Road User Charges Legislation Amendment Bill:

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

Bills stalled

Housing Corporation Amendment Bill: Bill has been stalled awaiting second reading since May 2011. First reading April 2011, select committee reported back in May 2011.

Natural Health and Supplementary Products Bill: (Was Natural Health Products Bill.) Second reading in March 2013 and now awaiting clause-by-clause debate.

Public Health Bill: First reading in Dec 2007 with select committee reporting back in July 2008.

Regulatory Standards Bill: 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: First reading Oct 2010 with select committee report back in March 2011, awaiting second reading ever since.

Therapeutic Products and Medicines Bill: 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