

**The US-China climate deal – it matters** Page 2

It's been conventional wisdom since the 2009 climate change summit in Copenhagen failed that no progress on a post-Kyoto deal would emerge until the largest emitters – the US and China – reached a deal. Now they have, so the auguries for the Paris summit in 2015 have improved.

**Labour leader next Tuesday** Page 2

The Labour Party will finally gets its third leader in as many years on Tuesday next week. Whoever wins should be expected to lead the party into the 2017 election, but whether they will be the next Labour Prime Minister is far less clear.

**India under Modi - special report** Page 4

While other BRICs economies struggle, India is notable for its optimism, reflecting both the election of a reformist govt and improving macro-economic conditions. Hugo has been in India and reports on the new mood in the world's second most populous nation.

**More labour reform to come?** Pp 3 & 5

A joint briefing for incoming Ministers by Treasury and MBIE suggests further labour market reform is being devised, with prospective policy options held back from publication under the Official Information Act. Also withheld was preliminary thinking innovation support.

**Knauf reviews NZ plasterboard market** Page 5

It remains to be seen whether German plasterboard giant Knauf will remain in the NZ market, following resignations by its Australasian ceo's and a review of its NZ operations, where it entered as a competitor to Fletcher Building with a \$40m Christchurch rebuild contract.

**LVR's to stay for now** Page 3

High net inward migration, ongoing under-supply of new housing stock and the fact that house price inflation continues at a pace higher than the 4% average annual rise in household incomes mean the RBNZ won't be lessening its LVR lending restrictions for a while yet.

**New Parliament's timetable settled** Page 8

The 2015 parliamentary sitting timetable for 2015 has been settled. The trend for Parliament to sit in January is dropped, with the House resuming for the year on Feb 10. The govt pushed through labour law reforms as a first order of business in its initial sittings post-election.

**Forecasts at a glance**

	INFLATION ann % change	GROWTH ann avg % change	\$ v \$US spot rate	\$ v \$A spot rate	WORLD GROWTH annual avg % change	TRADING PARTNERS annual avg % change
December 2015	1.9%	3.4%	73.0c	89.0c	3.2%	4.2%
December 2016	2.5%	1.8%	68.0c	85.0c	3.3%	4.3%
December 2017	2.0%	1.1%	66.7c	89.8c	3.1%	4.1%

### The big climate news from the APEC summit – or is it so big?

The big news from the APEC summit, which will reverberate at the G20 summit in Brisbane this coming weekend, was the China-United States announcement of climate change targets.

Countries are supposed to table targets for the post-2020 period (whether for five or 10 years has yet to be settled) by March and reach some sort of agreement in December, which is almost certain to be a combination of bottom-up country-determined action and some top-down rules to try to ensure countries actually take the action.

China said it intended to achieve peak greenhouse gas (GHG) emissions by around 2030 and possibly sooner and to lift renewables to 20% of total energy production by then. The United States said it would cut GHG emissions 26%-28% by 2025 compared with 2005.

The announcement met a combination of enthusiasm and scepticism. Australia's Ross Garnaut, who headed two government climate studies, called it significant and drew attention to China's faster than expected progress towards peak use of coal, as early as 2015.

Sydney Morning Herald international editor Peter Hartcher said the deal was symbolically significant. NZ climate change ambassador Jo Tyndall called it significant.

One sceptic was Reuters' John Kemp who stressed the use of the word "intend" in the statement, the fact that China will still be increasing emissions up

to 2030 and the climate-scepticism of the Republican party, now in full control of the US Congress.

The Financial Times reported consensus emerging on what is being called the "New Zealand approach", which seeks that govts submit schedules for emissions reductions that are not legally binding, but with binding accounting and review provisions, leaving countries free to achieve their schedules however they choose. Growing adoption of this approach is strongly opposed by the US coal lobby.

Former New Zealand climate change ambassador Adrian Macey says China's peak is a big signal but notes it did not say what peak emissions would be. It will give impetus to next year's negotiations but a question remains over whether other developing nations will follow.

India's Power, Coal, New and Renewable Energy Minister, Piyush Goyal, said this month he wants to double coal production over the next five years.

### Where does this put NZ? The Treasury takes a cost line, with variations

Officials and ministers here are now preparing the post-2020 target and the "narrative" to go with it. Minister Tim Groser wants a more ambitious goal than so far contemplated by ministerial colleagues.

He has his work cut out. The Treasury did a special briefing to incoming ministers (BIM) on climate change which focused tightly on (1) doing only our "fair share" and (2) the economic cost of doing more than that. That cost will rise in the 2020s because there will be fewer trees to offset emissions, it says.

Its general BIM ("Holding on and Letting Go") does

### Labour's leadership vote: what comes next and does it matter?

The Labour party announces its new leader on November 18. Should you bother who it is?

Note a difference from last year: the four contestants' body language is collegial, not antagonistic, and there is much more of a will among party members after the big defeat in September to pull together and make changes.

So the chosen leader is highly likely to be the leader going into the 2017 election.

The contest is essentially between a management approach – Andrew Little – and a risk approach with a leap to a new generation – Grant Robertson and Jacinda Ardern.

The outcome may also determine whether Labour drops its capital gains tax and pension qualifying age rise (Little) or not (Robertson-Ardern). It will also likely determine how adventurous policy for 2017

is and how realistically it deals with modern global economic conditions.

The new leader has to work out a better relationship with the Greens. Labour's most pressing need in 2017 is to look like an alternative government, which it did not in 2011 and 2014.

### Maori party trapped in a bind

The Maori party is in an inescapable bind between its need to stay with National to bed in whanau ora (National would let it decay if the deal ends, Tariana Turia says) and the need to stop being typecast by voters and opponents as a National stooge – a repeated theme at the conference two weeks ago.

It may hold its two seats in 2017 just because Mana may not be around and some of its voters go back to it. But Mana's split was because of the National taint and pressure to cut ties with National will grow as the 2017 election nears. So it cannot be counted in National's camp for that election.

note climate change as a factor but only in passing.

Opposition parties and NGOs highlighted the Environment Ministry's BIM, which says: "Our gross emissions have increased by 25% since 1990, and are projected to rise substantially in the time to 2050, based on current settings." MfE wants a "common vision for a resilient, low-carbon New Zealand society" and "an optimal and realistic rate of change".

The natural resources sector BIM says: "We are off track in transitioning to a low carbon future, and there is increasing international pressure to reduce emissions." The Ministry of Primary Industries "redacted" most of its BIM's climate change advice.

### The not-so-big news from APEC: an Asia-Pacific trade deal – or not

The APEC summit agreed, at China's urging, on a feasibility study on a free trade area of the Asia-Pacific (FTAAP). Don't get too excited. If negotiations follow, which is not certain, they will take many years and the resultant agreement would need to take account of different stages of economic development and thus may not be high quality.

More lively is the ongoing speculation that a TPP agreement could be reached in the early part of next year, with the Republican congressional majority under pressure to show economic leadership.

Trade liberalisation will be on the G20 agenda, in part because Australia has initiated FTA talks with India. But India this year withdrew from a 2013 World Trade Organisation deal at Bali to reduce trade red tape. Lifting growth is the G20's primary agenda item.

Note: Simon Power has replaced Jim Bolger as chair of the NZ-US Business Council, and Stephen Jacobi has handed the executive directorship to his long-time chief adviser, Fiona Cooper Clarke.

### Treasury's wider economic view

The Treasury's "Holding on and Letting go" BIM sets "prosperity" inside "inclusiveness" and both inside "sustainability".

This gels with a speech by Secretary Gabs Makhoulf last week saying models based on efficient markets and rational individuals are only one tool and that economists must work with experts from other disciplines. Makhoulf said that takes the Treasury to the "frontier of economic thought".

A joint BIM by the 13 economic agencies prioritises "deeper international flows of people, capital, ideas and trade", smarter and more exports, better environmental performance, and improved outcomes for Maori and Pasifika.

### RBNZ details conditions for LVR removal

Contrary to market expectations, RBNZ governor Graeme Wheeler (addressing Hugo breakfasts this month), has indicated LVR lending restrictions will remain in place for some time yet.

Key to the timing of their removal is a further slowdown in house price inflation to something closer to the rate of household income growth – around 4%p.a. in the last five years.

The Financial Stability report, published Nov 12, describes as a "reasonable expectation" the notion that long term growth in house prices should relate to household income growth.

"Nationwide house price inflation and credit growth have moved towards that level during 2014," the report says. However, strong immigration flows could yet put upward pressure on house prices, so the bank will keep LVR's in place, albeit under close monitoring.

Financial system risk is heightened by lower dairy payouts and the potential impact on farmers' ability to service debt. However, the bank judges the banking system could withstand a severe economic shock, brought on by a sudden deterioration in global market conditions, in part because the bulk of NZ foreign debt is denominated in NZ dollars.

### Economic advisers try to keep it simple

The joint briefing to incoming Ministers from the Treasury and MBIE boils down NZ's economic performance challenges to three broad areas of focus:

- better international connectedness by businesses, driving greater export growth;
- skills that drive social participation and economic growth;
- a high quality natural and built environment.

Areas of priority for improved international connectedness are identified as: strengthening international linkages; reducing pressure on the real exchange rate, which has not occurred during the most recent recovery, with the real exchange rate continuing to appreciate and compromise competitiveness; improving tax and regulatory settings; improved performance from the innovation system; and improved adoption of ICT by businesses.

- Improve tax and regulation settings
- Lift the performance of the innovation system

**SPECIAL REPORT: INDIA**

## What does Modi mean for India and the world?

Hugo has been in India in the last fortnight, accompanying a trade mission and taking the temperature on the 6 month-old govt of Prime Minister Narendra Modi. Business confidence is on an up-swing and the country is optimistic about Modi's reform ambitions. After a false start in 2011, it is arguably time for the NZ govt to re-engage with India, the first country to be subject to its NZ Inc strategic approach.

At the highest level, the election not only of the BJP party with a clear parliamentary majority but also a lower caste Indian as its leader, represents a historic break-point in the 67 years since India gained independence from Britain in 1947.

The impact of defeat on the traditional part of govt during that period, the Congress party, has been profound.

Dynastically controlled by the Gandhi family, Congress appears to be in a similar position to NZ's Labour Party – lacking an obvious leader and struggling to rediscover its purpose. Its dependence on the Gandhi name is seen to have left it without ideological underpinnings. Its current leader, Rahul Gandhi, doesn't want the job and the only other realistic contender is his sister, Priyanka. While she is said to have political gifts and to be available, her husband's tainted business record may hold her back.

## Among the key trends in India observable at present:

- There is a palpable optimism in the vigorously entrepreneurial Indian business sector about the prospects for stronger growth and greater integration of India into the global economy, driven by expectations of strong local and foreign direct investment. Modi, who pushed FDI as the successful governor of Gujarat state, says FDI also means "First Develop India";
- At a rhetorical level, two broad themes dominate Modi's messaging: "Make in India" and "Clean Up India". For the former, Modi is seeking growth as much as jobs from a greater focus on manufacturing, while the clean-up campaign relates to bureaucratic and corporate corruption as much as to cleaner streets and better public sanitation;
- His inhuman capacity for work is part of his story, reputedly sleeping 4 to 5 hours a day and popping up all over the country for photo opportunities;
- While some media commentary has questioned the pace and depth of reform actions taken so far, six months is not long in this populous, complex society, which lives constantly with the threat of religious and communal violence. Modi is deliberately seeking to temper expectations by laying out a decade-long programme of reform, requiring a second five year term. Close advisers suggest Modi, a son of the Hindu nationalist RSS movement, will seek subtly to hose down the more odious elements of its approach, which traditionally animates a large chunk of Indian political discourse, as he pursues growth

and global approval;

- Falling global oil prices have allowed Modi to implement a cut to diesel subsidies without major political pain and at considerable benefit to the govt's fiscal position. This is arguably the most significant reform implemented to date;
- First steps have been taken in labour market reforms – relevant to only 5% of the Indian workforce, given low labour unionisation, but highly relevant to international investors;
- A national GST, languishing under the previous administration for want of a fiscal deal with the states, appears likely to be implemented within the next 18 months;
- Modi is building momentum with outright wins or new coalitions in recent state elections and strong expectations of wins in such crucial states as Uttar Pradesh and even some talk of a win in Jammu and Kashmir, where Modi's BJP has never previously had a hope. Within two years, Modi can reasonably expect to gain control of the Indian federal upper house, where he doesn't yet command majority. If he strikes trouble with legislation before that, there are mechanisms, most notably the ability to force both the upper and lower houses to sit together, to force action;
- Macro-economic factors are aligning favourably for India at present. Inflation is falling swiftly from above 10% annual to around 6% at present, partly thanks to the oil price slump. Pressure is mounting on the Reserve Bank of India for a rate cut. Indian real interest rates are high for commercial borrowers and the local bond market is under-developed. This is recognised;
- Mumbai, the financial centre, is pitching to be headquarters for the new BRICS bank to challenge the IMF and World and Asian Development Banks.

Do not under-estimate the potential for religious politics, from the spread of IS into Afghanistan and Pakistan through to a strain of underlying Hindu antipathy towards Muslims, to upset the apple cart.

Modi's back story is rooted in this religiously fractious past, even if he knows it can't be the future.

## India and NZ: current issues

- **Free trade talks:** Primary Industries Minister Nathan Guy managed last week to convince his Indian counterpart to revive stalled talks on a bi-lateral FTA. However, it's important to be realistic about this. The Indian side made no mention in its statement about the inclusion of dairy products, which are the key sticking point. India boasts the world's largest domestic dairy industry, but is grossly inefficient by NZ standards. Agriculture remains politically sensitive. There is no discernible appetite for a comprehensive FTA that includes agriculture.
- **Technology and services:** The opportunities for NZ firms are clearly more in agricultural technology and food supply chain logistics, which are comparatively free of trade barriers. Likewise, opportunities for joint ventures and scaling of NZ

operations are clearly available in the ICT sector, where India has both scale and skill;

- **Export education:** There is some friction over the large numbers of Indian students seeking higher education in NZ, with evidence that a growing number are not being adequately screened for English language skills and that some private training establishments are gaming the system to facilitate Indian migrants seeking work in NZ rather than training. Part of the problem is NZQA's abandonment of the internationally recognised IELTS English language proficiency test. A simple fix appears likely – reinstatement of IELTS – along with closer monitoring of NZ private providers and Indian student recruitment agents.

Indian education export agents say NZ is becoming popular because it offers permanent residency, with a path to Aust, for educational migrants who find work in NZ. **NZ and Canada are increasingly popular destinations for smart Indians, some already qualified, seeking ways out of a country that does not yet offer enough well-paid jobs for its most educated.**

*Continued from p3*

- Improve adoption of ICT by businesses.

Among proposals to consider is creation of a fiscal “stabilisation fund” to store against severe periods of economic disruption.

Under the skills and participation heading, further labour market reform is contemplated, although detail is withheld from the BIM under the Official Information Act.

The natural and built environment focus includes as a priority focus “increasing value from the use of natural resources within sustainable limits”, along with better local govt support for local economies, the importance of the Canterbury being a “platform for a dynamic and innovative regional economy”, and a “cross-portfolio approach” to improving housing affordability.

## Knauf to exit NZ building supplies market?

German plasterboard manufacturer is finding the going tough in both Aust and NZ, where it had won a \$40m govt contract to supply product to the Christchurch rebuild in what was seen as an attempt to kick-start more competition in the building supplies market.

Knauf struggled for distribution channels in NZ, but its current problems appear more related to under-performance in Aust. The Commerce Commission appears no closer to concluding its long-running inquiry into the plasterboard market. ■

## World stuck in low gear: OECD

A pre-G20 economic stocktake by the OECD forecasts global growth for 2014 of 3.3%, rising to 3.7% next year, little changed from its Sept update, although it sees slightly stronger US growth (2.2% vs 2.1%).

Key messages are that the world economy is “stuck in low gear” and that financial risks and volatility are rising after a period of relative calm.

Eurozone weakness remains a primary concern. BRICs economies are diverging, with China slowing, Russia and Brazil looking vulnerable, and India improving.

It recommends ongoing monetary stimulus by both the European and Japanese central banks.

UBS analysis suggests a mildly positive way of looking at the world economic recovery, five years since the post-GFC turnaround began.

It notes the unsynchronised nature of the recovery and its weakness suggest that the current cycle may be far longer, if shallower, than the average of recoveries in the past.

At a global level, capacity utilisation gaps remain significant and there is little evidence of wage pressure, implying the current cycle is well short of topping out.

## UK austerity gets harsher

The UK is at the half-way point in its 10 year austerity programme and is not hitting its targets. Chancellor of the Exchequer George Osborne faces a doubling to some 48 billion GBP the size of fiscal savings required.

Tory PM David Cameron’s political room to move is constrained by a general election to be held within the next six months, for which he has been dropping hints of tax cuts.

The calculations are based on independent analysis of progress on the programme rather than the govt’s own assessment. The impact is likely to be felt in areas such as armed forces, policing and social welfare entitlements, as health, education and overseas assistance are exempt from the plan to cut the UK’s high levels of public debt.

## US job growth strong

October job growth in the US remained robust although 19,000 jobs below forecast at 214,000 new positions, and the unemployment rate fell to 5.8%, down one basis point from September. ■

## LEGISLATION

### 2015 sitting timetable settled

Swift passage of the Employment Relations Act and moving to kill off Labour's paid parental leave proposals were early proof of a govt with plenty of parliamentary options.

All business before the last Parliament was reinstated and bills already before select committee were given the nominal report back date of March 30.

The sitting programme for this year and 2015 has been settled. The govt has decided against the recent trend to sit in Jan., with the House set to resume on Feb 10. *See the box, page 7, for timetable details.*

• *Italics denote update from previous edition of HugoVision*

### Bills introduced

No bills introduced

### 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 May 20, implementing many of the recommendations of the Institute. Second reading debate was interrupted when the House rose on July 3. *Completed its committee stage Oct 28 with minor amendment and support of all parties.*

**Animal Welfare Bill:** First reading Aug 2013. Seeks to improve the animal welfare system following the govt's review in 2011–2012. It does not alter fundamental policy settings. Reported back June 26 with amendments around standards of welfare for animals, including live animals for export. The Greens unhappy the bill does not ban animal testing of cosmetics and want stronger protections for animals used in intensive factory farming. 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 govt 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 closed April 17. *Select Committee report due by March 30.*

**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. Govt proposes further amendments. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013. Began its second reading July 24 after a long delay with Commerce Minister Craig Foss saying he is satisfied the bill now has the right balance in dealing with behaviour which is "truly culpable" and not "legitimate collaborative purpose". Sets up a process for companies to seek guidance on current practices from the Commerce Commission. Changes to bring shipping under general competition law remain in place.

**Construction Contracts Amendment Bill:** Amends the disputes adjudication process. The select committee made a number of adjustments. First reading June 2013, reported back Dec 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 NZ hosting of the Cricket World Cup and the FIFA Under 20 World Cup. Given first reading on July 31 sent to Law and Order committee for consideration with general support. *Reported back from select committee Nov 7 with only a minor change – it retains the punishment of a maximum of seven years imprisonment for fixing a match for betting purposes, however throws out a potential defence of throwing a match for sporting strategic purposes saying it could confuse the issue. The govt has indicated it wants the bill passed before the summer adjournment.*

**Education Amendment Bill (No 2):** Abolishes the Teachers Council and sets 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. Reported back from select committee July 14. Still strongly opposed by opposition parties with only minor changes made by the committee. *The govt has indicated it wants to make progress on the bill ahead of the summer adjournment.*

**Energy (Fuels, Levies, and References) Amendment Bill:** Introduced Nov 23. Extends a levy of 0.045 cents on each litre of liquid fuel to fund international obligations over oil reserves. Passed first reading March 5 2014 by 77 to 41 with National, Greens, Maori Party, ACT and United Future in support and sent to the Commerce Committee for consideration. The Greens argued the reserves should be held in NZ and not overseas. Submissions closed April 17. Reported back July 1 with minor amendments, the committee did not address the issue of whether reserves should be held onshore.

**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. *Report due by March 30, expected to be received sooner.*

**Gambling Amendment Bill (No 3):** *With the new Parliament finally completing the passage of the Gambling Amendment Bill (No 2) seven years after its introduction. The govt moved with more speed on the latest patch up for gambling law with it given a first reading on November 6 by 108 to 11 with NZ First opposed. Seeks to increase transparency of grant-making*

### This section includes

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

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

from the proceeds of Class 4 gambling; reduce potential conflicts of interest situations between Class 4 gambling operators (societies), venues, and grant recipients; improve transparency surrounding management companies that provide societies with services; simplify compliance and reduce costs for societies and venue owners; and ensure the efficiency of the appeals process is not undermined. Now before the Govt Administration Committee with submissions closing Jan 30 2015 with its report due by May 6 2015.

**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. Also sets up a process to take down material from websites. Introduced Nov 2013, 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 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. Will be followed by two phases of regulations, expected to be released for consultation later this year. First reading completed on a voice vote March 13 despite Opposition criticism of details in the bill. Submissions closed April 11. *Report due back by March 30.*

**Health (Protection) Amendment Bill:** Introduced on July 31. Gives effect to the govt's decision in Oct 2013 to improve the range of measures available to protect the public from the harm associated with infectious diseases. *This takes in some aspects of the stalled Public Health Bill. Also bans the commercial provision of ultra-violet sun tan treatment to those under 18. First reading Nov 6 with general support, sent to the Health Committee for consideration with report due back by May 6 2015.*

**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 Nov 19 2011 was completed with NZ First and Mana opposed, reported back from the Transport and Industrial Relations on May 16. Labour and the Greens withdrew their support saying it did not do enough to protect immigrant workers who wanted to report abuse. They also objected to the wide powers given to immigration officials. Awaiting second reading.

**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 Aug 2010, reported 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. 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. Reported back June 13 with numerous technical amendments. Labour supports the bill, but is concerned about some aspects including the inclusion of an age of retirement for judges.

**New Zealand Superannuation and Retirement Income Amendment Bill:** Introduced on Nov 2013. Allows guardians to control entities formed to hold, facilitate or manage investments. Completed its first reading on a voice vote March 19 and was sent to the Finance and Expenditure Committee for consideration. Submissions closed May 5. Reported back July 30 with a number of minor amendments mainly around the control of Fund investment vehicles. Awaiting second reading.

**Organised Crime and Anti-Corruption Legislation Bill:** Intended to bring NZ into line with international conventions. This includes requiring banks and other financial institutions to report all international wire transfers over \$1000 and all physical cash transactions of \$10,000 or more to the Financial Intelligence Unit within police. *Given its first reading Nov 4 and widely supported. Submissions close Feb 5 2015 and report back due by May 4 2015.*

**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 govt will not veto it on fiscal grounds. Has the support of United Future and Maori Party, delayed in the Govt Administration Committee while National looks at its own policy. First reading July 25 2012. 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 govt has been using delaying tactics on Members' Day to avoid debate. After the Budget delivered National's alternative watered down policy, the bill received its second reading despite much confusion over who was voting for what. National remain the only party in Parliament now opposed to this bill. Finance Minister Bill English picked to use financial veto if necessary, though time is running out for the bill to progress in this Parliament. Completed its second reading with just National opposed, but run out of time in its committee stage on June 25 following delaying tactics from National. MPs returned to the committee stage, but delaying tactics from National meant it did not progress to the next stage. *Committee stage debated again on Nov 5 with the new composition of Parliament resulting in National and ACT voting down clauses by 61 to 60. Barring an Act of God will be defeated at the govt's earliest opportunity.*

**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. *First reading Nov 4, sent to the Law and Order Committee for consideration by 105 to 16 with the Green and Maori Party opposed. Labour MPs also expressed misgivings saying the changes were originally intended to help meet the costs of policing profit making events such as concerts and sporting matches. They feared the vetting service charges would hit cash-strapped organisations hardest. Submissions close Feb 5 2015 with a report due by May 4, 2015.*

**Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:** Introduces a plain packaging regime for tobacco products modelled on Aust's legislative package for

## House sitting timetable 2014-15

Nov 25 - 27

Dec 2 - 11

Feb 10 - 26

March 10 - 31

April 1 - 2, 28 - 30

May 5 - 7, 19 - 28

June 2 - 4, 16 - 30

July 1 - 2, 21 - 30

Aug 11 - 27

Sept 8 - 24

Oct 13 - 22

Nov 3 - 19

Dec 1 - 10

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

Party caucuses meet Tuesday  
mornings

## LEGISLATION

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 Feb 11 by 118 to 1 with John Banks opposing. NZ First indicated support limited to select committee at this stage only. Referred to Health Committee, however govt has indicated it will not pass into law until legal action in Aust against similar legislation is completed. Submissions closed March 28. Reported back with a number of minor changes including a name change to the Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill. NZ First expressed opposition to the bill. Awaiting second reading.

**Standards and Accreditation Bill:** Introduced July 22. Amends and consolidates the law relating to standards and accreditation of conformity assessment bodies, and repeals and replaces the Standards Act 1988 and the Testing Laboratory Registration Act 1972. It establishes a new independent statutory board to approve NZ Standards and new arrangements for Standards development and approval, and minor amendments to the institutional arrangements for the Testing Laboratory Registration Council. A new independent statutory officer will be set up within the Ministry of Business, Innovation and Employment to oversee the development of Standards. Also amends the Copyright Act to preserve existing intellectual property in Standards. *First reading Nov 4 with general support, though some expressed concern about the independent nature of standards setting being compromised with work being done by MBIE. Submissions due before the Commerce Committee by Jan 15 2015 with a report due by March 31 2015.*

### Stages in a bill's passage

Introduction

First reading

Select committee hearings and consideration

Select committee report

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

Third reading

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

### Bills passed in past month

**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 ERA decisions. National, ACT and United Future supported the bill at its first reading in May 2013. Select committee reported back Nov 2013, second reading March 19 after the govt agreed to some changes at the request of Peter Dunne. *With the new make-up of Parliament, the bill became the govt's top priority and passed its third reading Oct 31 by 62 to 58 with National,*

*ACT and United Future supporting. This was strongly opposed by all other parties.*

**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 Oct 2008. First reading March 2009 with select committee report back July 2007 and second reading March 2012. Since then committee stage debate has been held but interrupted before completion. Finally completed its committee stage with general support on April 8 and then received its third reading on Nov 4.

### 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. Has been stalled awaiting second reading since May 2011. First reading April 2011, select committee reported back in May 2011.

**Natural Health and Supplementary Products Bill:** (Was Natural Health Products Bill.) Establishes a natural health products regulator in the Ministry of Health; requires online registration of natural health products; requires assessment and regulation of ingredients, claims and evidence of health benefits and manufacturing standards; lists prohibited ingredients; requires notification of new ingredients. First reading Sept 2011, report back delayed until Oct 2012. Second reading March 2013. 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 govt. First reading Dec 2007, reported back in July 2008.

**Regulatory Standards Bill:** Legislates a set of principles for all law, requires those proposing and creating law to certify whether it complies with those principles and empowers. The bill was part of National's deal with Rodney Hide's ACT party and subject to criticism both politically and legally. 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 Dec 15 2014. *Given yet another report back deadline of March 30 2015.*

**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, reported back 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 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, reported back June 2007. ■