

## Security contribution returns as ‘pay-to-play’ chip

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The rise of Islamic State over the last few months is creating the context for new govt focus not only on NZ’s potential contribution to its containment, but also on a wider imperative from allies to reassess defence, security and immigration settings.

## RMA reforms to focus on urban land

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Nick Smith will take his time to become reacquainted with RMA reform issues, but has signalled that whatever reform occurs, it must improve the legislation’s provisions relating to urban development, both housing and industrial.

## Labour risks farce over leadership

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Last year’s Labour leadership election was a refreshing novelty. This year’s version, however, risks ongoing damage by virtue of the crippled party’s apparent inability to get off the front page and to stop in-fighting. It’s not clear that any of the four contenders will be the next Labour PM.

## Social service provision under scrutiny

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“Radical incrementalist” Bill English laid the groundwork for major change to social housing provision in the last term of Parliament, a fact that seemed to catch both media and state house tenants by surprise when he outlined next steps post-election. Meanwhile, the Productivity Commission has begun an inquiry into more effective provision of social services generally.

## China, Europe look weak – volatility rises

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After a suspiciously benign nine months, global volatility indices have shown sharp, sudden increases, reflecting weaker global economic indicators, recognition that equities in many markets are over-valued, and that US interest rate may not rise for another 11 to 12 months.

## ECB and Bundesbank at loggerheads

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Tension between the European and German central banks over the Eurozone’s apparently intractable weakness has reached the point where the presidents of both banks no longer speak to one another.

## Parliament reopens next Tuesday

Parliament resumes next Tuesday. We recap progress to date on bills before the House.

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## 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	2.1%	3.4%	73.0c	89.0c	3.2%	4.2%
December 2016	2.9%	1.8%	67.0c	87.0c	3.3%	4.3%
December 2017	2.2%	1.1%	65.0c	89.2c	3.1%	4.1%

## Security imperatives to the fore in Nats' 3rd term

Govt actions to curb the travel plans of would-be kiwi jihadists and the potential to contribute to a coalition to oust Islamic State from Iraq are the visible signs of a much deeper strand of activity emerging on the security front.

Take, for example, the elevation of the Defence portfolio to No. 3 ranking in the Cabinet, and sitting with Gerry Brownlee. This isn't just a case of finding someone to do the job, but of signalling the govt understands its traditional allies are looking for commitment on the global security front from NZ and that contribution will be counted when it comes time to do trade deals, such as TPP.

Likewise, NZ is coming under increasing pressure, and is seen by allies as increasingly out of step, by continuing to pursue visa-free policies with a very wide range of countries. The other Five Eyes partners – US, Aust, UK and Canada – have been tightening visa requirements in response not only to fears about terrorism, but also organised crime, infectious disease transmission, people-smuggling and refugees. It appears likely there will be a policy response in this area.

Less clear is whether a defence spending boost is possible. While any capital spending wouldn't immediately dent the fiscal deficit, the size of spend required for a credible uplift would be daunting.

## Some clarity on RMA reform

Urban development is inadequately dealt with in the RMA, says Nick Smith, now with the Environment and Building Housing portfolios, in his first statement on the govt's RMA reform ambitions.

Smith gives no guidance on the pre-election plan to merge Sections 6&7, which John Key has now confirmed will be reconsidered. Note: that proposal is not yet abandoned, but by framing reform in the cause of housing affordability, the govt is seeking to change the debate onto fertile political ground, especially in Auckland.

While planners and media flayed Bill English for recent comments suggesting urban planners' rule-making is creating poverty, National knows that message plays well to Auckland householders.

"It's important we have a system that balances environmental protection with the wider needs of New Zealanders," says Smith. "We need a system which ensures that important environmental standards are maintained, but which also enables growth and development, including a strong housing supply." Note that Smith is talking as much about

easing consents for industrial urban land as he is about land for housing.

He is arguing the RMA and its implementation are "largely responsible" for over-priced urban land in places like Auckland. The need for legislation covering urban development is argued by noting most resource consents are for urban developments, yet they rate "barely a mention" in the RMA.

## Education Act rewrite on the cards

Education Minister Hekia Parata is likely to push for a rewrite of the Education Act to include reference for the first time to achievement standards and children.

The empowering legislation currently does neither explicitly and there appears to be appetite in a nonetheless grumpy sector for reform of this kind.

More controversial will be another attempt to have funding "follow the child" and to shake up the current decile-based funding system. Given ideological opposition among teacher unions to anything that smacks of vouchers or bulk funding, this will require skilful political handling. Differences of position between primary and secondary teachers may prove decisive, especially as the govt continues to push out the policy announced at the start of the year to pool teacher expertise across clusters of schools. Also up for a full review is special education, where serious deficiencies in current arrangements need fixing.

## Social service provision under scrutiny

The govt is continuing to push its so-called "investment approach" into social services, with a Productivity Commission inquiry kicking off into "more effective provision".

This will shape thinking and arguments for more contestable funding for non-profit and community agencies to be funded by central govt, rather than funding MSD to run services.

The approach is most visible so far in the social housing reform programme that caught media unawares last week, despite a four year policy-making and the passage of legislation last year that puts state house allocation in MSD's instead of Housing NZ's hands.

Treasury, MBIE and MSD are currently working on an establishment unit, including a new entity, which will have a mandate to negotiate on Housing NZ's behalf to sell state houses to community organisations. This has proven very difficult to achieve so far, despite ministerial directive to do so.

## Labour's issue: can it set course back to being a major party?

The field is set and the hustings meetings start on October 22. But will Labour's leadership decision put it on course to recovering "major party" status?

That is a different question from whether Labour might be the government after the 2017 election. National sits pretty now but it faces (1) a likely slowing of economic growth through 2016 and 2017 as the Christchurch rebuild comes off the peak, which will reduce consumer confidence, (2) some fiscal issues in the hospital system which won't be wished away with exhortations to district health boards to live within their means and (3) the almost certain end to Peter Dunne's long life-support tenure of Ohariu and an uncertain future for the Maori party, which would prefer the other side if there is a real choice.

There is a prospect that a stitched-together Labour party, in a constructive relationship with the Greens, could scratch together more votes than National and ACT and squeeze into office. The average poll for Labour+Greens through 2013 was 0.5% higher than National's average. Up till David Cunliffe took over from David Shearer, Labour and the Greens were presenting the semblance of a coalition-government-in-waiting.

If there is a clear choice of leader, if MPs feel compelled to unite (more likely in a third term of opposition), if the new leader tightens up the leader's office, travels the country five days a week listening to a wide range of people and develops direct policy messages to that wider range and if there is a formal or informal restructuring of the party organisation to create a coherent executive, Labour might crawl high enough up the 30s in the polls to go into 2017 looking competitive. Those are all big ifs.

A change in 2017 revives the "regulatory risk" factor that was live last year – though it is unclear how much Labour might pull back from its 2014 positions if more of National's policies become the status quo.

### Who can get Labour over the line?

The leading candidates of the four are Andrew Little and Grant Robertson. It is possible the preference system could derail one or both but more likely they will be the last two standing.

Little comes from a National family, has been president of the party, has run an effective and big union, has connections with business as a result of the union's interactions and looks and sounds more like middle New Zealand than the other three.

But he did poorly in a seat Labour used to hold, is not universally revered in his old union (so will not win

100% of the union vote, which in total is 20% of the overall vote) and is unlikely to win a majority of MPs. In addition Cunliffe has endorsed him, which might count against him in some quarters, even though he has insisted he has done no deal with Cunliffe. He has developed very little policy and coasted in Parliament.

Robertson had a huge electorate vote, won the caucus vote last time, has rising star Jacinda Ardern on his ticket, has toughened up since his defeat by David Cunliffe last year and has slimmed down.

But he came third in the party vote in Wellington Central, is seen as an insider at a time when the party must widen its appeal and did not tramp the country after his 2013 defeat to get better known. Some believe – or say others believe – that his being gay makes him a risk (others say this is far overstated).

Little and David Parker have focused on policy items as the pressing need. Robertson has focused on the need to be "part of the communities we live in" which requires a big expansion of membership and, through that, connection with middle New Zealand.

Nanaia Mahuta has played up Labour's recovery of three Maori electorate seats. Samoan MP Su'a William Sio, who nominated her, says she represents ethnic diversity and would cement the Pasifika vote.

Mahuta was in Cunliffe's camp last year but insists she is not his substitute nominee. Insiders doubt her capacity to apply herself.


### Beyond the leader election

In any 50-year period from 1927 up to 2017 Labour has been a part-time government, second to National in tenure of office. Now it has to share space on its side of the spectrum with the Greens.

Moreover, if it cannot build a credible presence in the suburbs and mortgage belts, it risks losing ground to populist parties which pick up on anti-establishment, anti-elite anger and various disgruntlements. There was a bit of that this time, to New Zealand First and the Conservatives.

Note that many social democratic parties in Europe are in the doldrums. And populism is also a threat to conservative parties. Take John Key's popular appeal out of National's equation and there is no guarantee of 45%-plus or even 40%-plus election results.

**Meantime, Parliament starts next week.** There Robertson is more effective than the other leader candidates. He has got under Key's skin, notably over the GCSB stuff in 2013 by lacing his questioning with a little humour at Key's expense.

But the contestants will be out of the House much of the time travelling to hustings meetings and Chris Hipkins will be acting shadow leader of the House. 



## Chorus backs off on Boost

Chorus's attempt to find innovative ways around the regulation on its copper-based broadband has been pared right back to just one part of its original plan for enhanced, unregulated services it dubbed Boost.

While it will continue to promote an unregulated, enhanced version of its VDSL service, Chorus has abandoned the ADSL version because of the opposition from ISP customers. Its regulated VDSL service will continue to be offered. Its withdrawal had previously been planned.

As a result, the Commerce Commission has suspended its investigation into the proposals. This outcome makes the commission's pending determination on final pricing principles all the more important for Chorus, as it continues to seek ways to fund the gap between govt funding for the UFB rollout and its projected revenues.

## Dairy prices stabilise, meat booms, wool levy fails

Dairy prices stabilised in this week's GlobalDairyTrade auction, with a 1.4% lift in the GDT index from the five year low seen a fortnight ago. It appears the earlier, unexpectedly hard 7.5% fall in the index was influenced by the auction falling on a Chinese public holiday. However, while welcome, there is nothing to indicate any trend in the latest result.

While dairy languishes, prices for beef and sheepmeat have continued to leap away. Beef + Lamb NZ reports export receipts in the year to Sept 30 were a record, at \$5.3b, an increase of 9.6% on the previous year, reflecting a combination of both better prices and higher volumes, which helped offset the strong kiwi dollar during the period.

The relative value ascribed to meat over fibre was well-illustrated in the solid rejection by sheep farmers of the proposal for a new wool levy to fund an independent industry development body.

The levy was proposed at between 2c and 5c per kg of greasy wool and would have reinstated a system abandoned in 2009.

## Crown would have bailed out SFC anyway?

The crux of the Serious Fraud Office's failure to secure more convictions against former senior company officers at South Canterbury Finance boils down to the fact the govt would probably have let the company into the retail deposit guarantee scheme anyway.

That's the clear implication of the SFO's decision not to call to the witness stand the former head of the Treasury, John Whitehead.

Prosecutors claimed truthful disclosures would have seen SCF's application more closely scrutinised or rejected. Justice Paul Heath found that wasn't proven beyond reasonable doubt, which got former ceo Lachie McLeod and director Robert White off the hook.

"While factors such as creditworthiness, related party exposures and business practices might have counted against South Canterbury, the importance of maintaining the confidence of public depositors in finance companies was also a weighty factor to consider," Justice Heath said.

Edward Sullivan, who remained on the SCF board after White and fellow director Stuart Nattrass had quit over chairman Allan Hubbard's quixotic business style, was found guilty on five of nine charges, effectively by being last man standing and putting his name to a prospectus in the months leading up to SCF's collapse.

An Auditor-General's report found no applicant was refused entry into the scheme in the first few months on grounds such as creditworthiness or poor business practices and memos from the time saw SCF's size, with 37,000 depositors, as having a "very significant effect" both on public confidence and New Zealand's financial institutions if allowed to fail.

The lesson for the future appears to be to consider limiting balance sheet growth for any financial institution included in such a scheme. SCF used its guaranteed position to continue aggressive balance sheet expansion, which was one of two key market factors in its eventual failure, the judge found.

## Iwi governance progress

Two of the country's largest iwi are engaged in major constitutional developments. In the Far North, Ngapuhi's mandated Treaty settlement negotiating entity, Tuhoronuku, is asserting its right to begin negotiations. However, dissident elements are forcing an urgent Waitangi Tribunal hearing in December to contest the Crown's mandating process.

Meanwhile, Waikato-Tainui iwi members will begin voting next week on a new governance and representation structure. Two options are on the table, both of which appear to retain the same complex tiered system, which combines a marae-based assembly and a 12-member parliament that provide governance for the iwi's increasingly large and complex commercial affairs. Special representation for the Maori King remains in both models. ■

## Draghi and Bundesbank at loggerheads

As concern about deflation in the Eurozone mounts, it 's emerged the heads of the area's two most powerful central banks have stopped talking to one another.

German business news service MNI reported this week that the ECB chair, Mario Draghi, has stopped consulting the head of the Bundesbank, Jens Weidmann, on crucial issues, including failing to inform him of the ECB's latest bond-buying splurge.

Germany remains deeply at odds with most of the rest of the Eurozone, continuing to preach austerity policies while France, Spain and Italy favour further monetary stimulus to kick-start the moribund Eurozone economy.

Draghi has reportedly nicknamed Weidmann "Nein Zu Allen", meaning "no to everything". A key fear in the zone is the softening German economy, previously an engine-room of activity, and the prospect of a third downturn since 2008.

## Global outlook takes a turn for the worse

Weaker outlooks in Europe, Japan, China and the other BRIC economies, perhaps with the exception of India, has created a sudden spike in volatility indices that had previously been looking suspiciously benign.

The Chicago Board of Exchange VIX index, the so-called "fear index", shot up to its highest point since June 2012, when eurozone break-up was on the cards. This time, sliding equities in major markets are the catalyst.

Further evidence of global weakness is the continuing fall in the price of oil, despite the onset of autumn in the northern hemisphere. Brent crude prices have fallen to four year lows in recent days, to as low as US\$88 a barrel. For NZ consumers, this should help offset the impact of a weaker kiwi dollar on transport fuel costs.

A bellwether for further volatility is the upcoming US earnings season, which is still widely expected to show economic recovery is intact, albeit not as robust as hoped.

Key to the US outlook is the extent to which the greenback rises, reducing US export competitiveness, in response not only to the now somewhat lower expected track for interest rates next year, but also safe haven flight as both Euro and developing economies falter.

Last the week, the International Monetary Fund cut

its global growth forecast for 2015 to 3.8% from 4% and warned geopolitical tensions posed a risk to "frothy" equity markets.

## Softer outlook for Aussie interest rates

Weaker global growth and inflation appear likely to reduce pressure on the RBA to raise Aust interest rates. The long term "neutral" level of rates in Aust is around 5.5% to 5.75%, but indications are the RBA regards the new neutral as closer to 4% or just below.

The RBA is still expected to start a cautious tightening cycle towards the middle of next year, although expectations are that it may follow the US Federal Reserve and that the Fed will "out-tighten" Aust over the coming cycle.

While Aust's economic outlook is clouded by falling global commodity prices, they remain well above averages of 10 years ago, and the 'lucky country' continues to benefit from strong population growth, while expanded output of hard commodities will somewhat offset softer prices.

## Tax avoidance : "Double Irish" to be abolished

The Irish govt has bowed to growing EC pressure to close down tax mitigation opportunities for multi-nationals, announcing it will abolish the so-called "Double Irish" loophole that has benefited Facebook, Google and big pharma companies, among others.

However, news reports suggest structures that allow IP income to be sheltered behind a "knowledge development" or "patent box" system is likely to continue.

The Double Irish arbitrages the US and Irish tax systems by shuttling royalties between two Irish entities, only one of which is tax-resident in Ireland. The prohibition on its use will apply from next January.

Elsewhere, the EC is to begin investigating Amazon's tax arrangements with Luxembourg, in pursuit of what it is calling 'hidden subsidies' created by the principality's legendarily permissive tax rulings environment.

Closer to home, a pre-election deputation by senior NZ tax advisers, complaining about an increasingly aggressive approach to the definition of tax avoidance by the IRD, has fallen on deaf ears. Practitioners argued the tax department has become too aggressive because of its string of successes in the courts, which have redefined the NZ common law on tax avoidance. ■

## LEGISLATION

### New Parliament to sit Oct 20, labour reforms by Xmas

The 51st Parliament will be commissioned on October 20 with MPs sworn in and the Speaker elected with David Carter expected to retain the office.

The following day will be the State Opening of Parliament where the govt will outline its priorities in the Speech from the Throne. After the Speech there will be the presentation of papers, petitions and bills. It is also likely the govt's will introduce a number of notices of motion. This will include the election of a Deputy Speaker and Assistant Speakers. There could also be the carryover motion in which the govt reinstates bills and other parliamentary business which lapsed when the last Parliament was dissolved. In recent times, all bills have been revived, but it is within the rules to cull some if there is a parliamentary majority. Member's bills which have lost a sponsor due to an MP losing their seat have to find a new sponsor or will lapse.

Parliament's Business Committee will also meet to agree to a sitting programme for the rest of the year, decide on the composition of select committees and other parliamentary machinery.

#### 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.

An early push to pass the Employment Relations Amendment Bill, stalled in the last Parliament for want of support from the United Future and Maori parties, can be expected. The legislation is a touchstone for business supporters, who may be disappointed by the more conciliatory approach the govt appears to be taking on fundamental RMA reforms, for which a bill was not introduced, also because of opposition from the UF and Maori parties.

The House will return to its normal routine on October 22 with the first Question Time of the new Parliament.

• *Italics denote update from previous edition of Hugo vision*

### Bills introduced

Parliament not in session.

### Bills in progress

**Accounting Infrastructure Reform Bill:** Aims at a more competitive and efficient accounting market by: changing the rules to allow more people to do statutory audits; replacing legislative references to chartered accountants to qualified statutory accountants; reducing restrictions on audit firms; requiring independent assurance of financial statements for medium and large charities; and allowing the Institute of

Chartered Accountants more freedom in how to structure itself (including the formation of an Australasian accountants body). Shortly after the bill's referral to select committee, Minister Foss asked the committee to look at weaknesses in the proposals which may allow sub-standard bodies or individuals to be registered and a lack of checks on those registered maintaining standards. Introduced Dec 2 2013. Completed first reading by 106 to 15 with Greens and Mana opposed on Jan 28, sent to the Commerce Committee for consideration. Reported back from select committee May 20 implementing many of the recommendations of the Institute. Second reading debate was interrupted when the House rose July 3.

**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 from select committee 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 Government and Environment Committee for consideration. Submissions closed April 17.

**Commerce (Cartels and Other Matters) Amendment Bill:** Applies tough criminal sanctions (up to three times the gain) to hard-core cartel behaviour. Now includes amendments proposed by the Minister of Commerce extending the Commerce Act to cover international shipping and aviation. Mainly tidy-up amendments from select committee. 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, select committee reported back Dec 2013. Second reading debate 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. First reading July 31, sent to Law and Order Committee for consideration with general support.

**Education Amendment Bill (No 2):** Abolishes the Teachers Council and set up a new body the Education Council to oversee teachers. Also reforms the structure of tertiary education governance. First reading 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.



**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 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. The bill is still opposed by all but National, ACT and United Future. The resignation of John Banks meant the govt did not have the numbers to progress the bill.

**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 from select committee on 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 Government Statistician. First reading 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 Government and Environment Committee. Submissions closed April 17.

**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 with select committee reporting 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. The bill 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.

**Health (Protection) Amendment Bill:** Introduced 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 some infectious diseases and with artificial UV tanning. Awaiting first reading.

**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 addresses gaps in the compliance regime and responds to new technology. First reading Nov 19 2011 completed with NZ First and Mana opposed, reported back from the Transport and Industrial Relations May 16. Labour and the Greens withdrew their support saying the bill did not do enough to protect immigrant workers who wanted to report abuse. They also objected to the wide powers given to immigration officials.

**Insolvency Practitioners Bill:** Extensively rewritten by the select committee to require all insolvency practitioners to be licensed by the Registrar of Companies 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, select committee report back May 2011, second reading Nov 2013, awaiting clause-by-clause debate.

**Judicature Modernisation Bill:** 1,238-page rewrite implementing the govt's response to the Law Commission's review of the Judicature Act 1908 and other court system changes. 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. Select committee reported back June 13 with numerous technical amendments. Labour supports the bill, but is concerned about some aspects including the inclusion of an age of retirement for judges.

**NZ Superannuation and Retirement Income Amendment Bill:** Introduced 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. Awaiting first reading.

**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 Feb

### House sitting timetable 2014-15

The first sitting day is October 20.

A sitting calendar has yet to be released.

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

Party caucuses meet Tuesday mornings.

## LEGISLATION

28 with the committee divided on political lines and unable to agree on whether the it 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.

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

**Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:** Introduces a plain packaging regime for tobacco products modelled on Aust's legislative package for tobacco plain packaging, modified to fit NZ circumstances. Drafted to be brought into force either by Order in Council or, at the latest, 18 months after receiving Royal Assent. This is to allow detailed regulations to be drawn up. Introduced Dec 17 2013 and received first reading on Feb 11 by 118 to one 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 from select committee 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 its 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.

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. Awaiting first reading.

**Trade (Safeguard Measures) Bill:** Replaces the 1987 regime of emergency measures (usually a special duty, either provisional or permanent) applied at the border to allow domestic industry to adjust to increased imports which damage an industry. This is in addition to anti-dumping and antisubsidy measures and conforms to World Trade Organisation rules. Introduced Oct 2008. First reading March 2009 with select

committee report back in July 2007 and second reading March 2012. Since then committee stage debate has been held but interrupted before completion. Finally completed its committee stage with general support on April 8.

## Bills passed in past month

Parliament not in session.

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

**Natural Health and Supplementary Products Bill:** (Was Natural Health Products Bill.) Establishes a natural health products regulator in the Ministry of Health; requires online registration of natural health products; requires assessment and regulation of ingredients, claims and evidence of health benefits and manufacturing standards; lists prohibited ingredients; requires notification of new ingredients before marketing; exempts some categories. The select committee had difficulty balancing consumer choice, public health safety, light regulation when risk is low, and scientific evidence. It tightened provisions on allowable health benefit claims except where the claim is based on traditional use. Greens opposed this tightening and the proposal to charge fees. First reading Sept 2011, report back from select committee was delayed until Oct 2012. Second reading in March 2013 and now awaiting clause-by-clause debate.

**Public Health Bill:** Rewrites, updates and replaces the Health Act 1956 and the Tuberculosis Act 1948 and includes updates enacted in the Epidemic Preparedness Act 2006. National has shown no interest in proceeding with the bill since taking govt. 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. 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.

**Taxation (Income-sharing Tax Credit) Bill:** An annual tax credit for resident married, civil union or de facto couples responsible for an under-18 dependent child. Was part of National's deal with United Future which allowed for it to go to select committee. The select committee supported the policy intent but requested much more research in its report back to Parliament. First reading Oct 2010 with select committee report back in March 2011 been awaiting second reading ever since.

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

## 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