

Case not yet made for a June OCR cut

Page 5

Financial markets are pricing in a more than 50% likelihood of a cut to the OCR at next Thursday's Monetary Policy Statement. However, monetary conditions are easing through a softening exchange rate. The case for a cut may not be strong enough yet, although it may be by year's end.

James Shaw – who needs to worry?

Page 3

The Green Party convincingly elected James Shaw its new co-leader, plumping for a fresh face whose capacity to energise a crowd and gambling that while political opponents will seek to paint him as a right-wing candidate, he can broaden the appeal of a party whose vote has stalled.

Labour's woes look deep-seated

Page 2

The leaked review into Labour's failed 2014 campaign highlights the absence of professional fundraising capability, evidence of local branches failing to back national efforts and an open acknowledgment that party's status as an "institution of influence" is at risk. Andrew Little's personal polling is stuck at around 10%.

The pitfalls of informal policy-making

Page 3

The govt's tendency to deal-making and informal process are both on show with Foreign Minister Murray McCully's increasingly problematic defence of the Saudi model farm deal and the late backbench revolt on health and safety legislation.

The social bonds experiment

Page 4

Bill English's social investment model is creating new political risk for the govt. Cuts to non-govt social agencies, leading for example to the closure of Relationships Aotearoa counselling service have been poorly explained. The social bonds experiment is creating opportunities for strongly ideological differentiation by his political opponents.

RBA on hold for now?

Page 7

A surprisingly strong showing in Australia's first quarter GDP statistics may keep the Reserve Bank of Australia on hold for now, with the case for further rate cuts diminished.

Last gasp for Rodney Hide's Regs Bill

Page 8

A hang-over from the 2008 coalition deal between National and ACT, Rodney Hide's Regulatory Standards Bill has returned to the House with a recommendation that it not proceed.

The scale of Labour's problems

The scale of the Labour Party's difficulties has become increasingly apparent since the Budget.

First, Leader Andrew Little appeared blind-sided by Bill English's handout to beneficiaries and stumped for a theme in a rambling speech responding to the Budget. Since then, two polls have shown him level-pegging with Winston Peters's approval ratings, hovering around 10%. While John Key has taken a knock too, his approval ratings remain strong for a Prime Minister after seven years in office.

And while the softer economic outlook is starting to show up in a rise in UMR's right track/wrong track polling (see graphic), its measure of who is better at managing the economy shows a gulf between National's and Labour's credibility on this crucial measure.

In the short term, the election of an engaging new Green Party co-leader in James Shaw has further eroded any sense of a honeymoon for Little, whose leadership performance is now attracting negative media scrutiny, in contrast with the general approval of his early months.

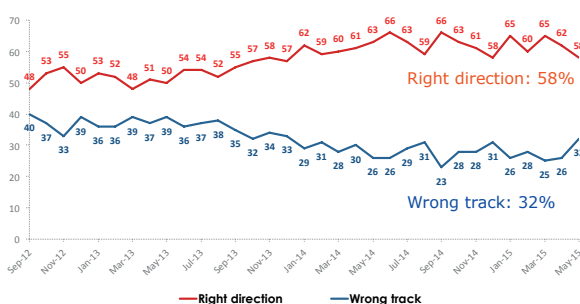
The party has struggled to be heard on climate change during a rare period in which the govt had placed it on the agenda, with the call for submissions ahead of the December summit in Paris. To the extent it has landed blows on Murray McCully on the Saudi model farm investment, parliamentary attack politics tend not to convert to public support.

Arguably most serious is the leak of the election campaign report from the review committee led by Bryan Gould. First, there is the fact that such a sensitive document should leak at all – in draft form – before Little had even seen it. That suggests disloyalties within the Labour machine are still abroad.

The key findings of the report include:

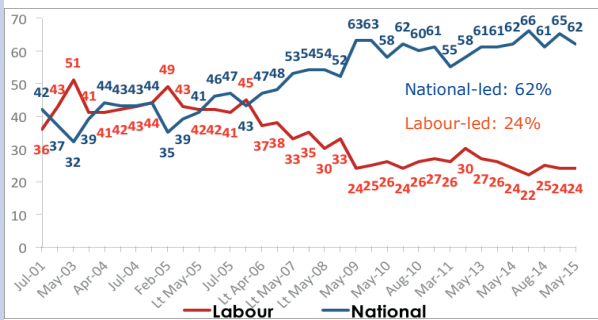
- The absence of a professional fundraising capacity, especially for high value donors. High net worth Labour supporters are known not even to have been approached prior to the last election for their usual donations. That is an unforgiveable lapse. We are aware that extensive files of such donors were available to the party executive, but that they appear to have gone unused;
- Trade union financial and campaign support is weak, despite unions' ongoing significant influence in the party's formal structures. While unions should continue to be represented on the party's governing council, the report endorses a move away from affiliates' voting power to vesting influence in individual members and local electorate committees. It describes as a "myth" the belief that unions fund the Labour Party – "overall they contribute comparatively little financially", while "attempts to use affiliate members for campaigning have had mixed success";
- Much-vaunted plans to use modern campaigning techniques to mobilise the so-called "missing million" non-voters had little discernible impact;
- The party remains ambivalent about its relationship with large corporates. The leaked proposes that Labour "should be seen as pro-business", but that should be expressed as "particularly to the small business sector, rather than big business". A comment in the draft suggests the latter phrase should be softened, but the underlying tension is clear;
- The report identifies an "urgent need to clarify the Party's legal status", without specifying what issues exist. This required "not only for ethical reasons of increasing transparency, but also to enable the Party to more effectively use resources available to it, particularly funding".

NZ is on the right/wrong track



Source: UMR

Best party for the economy



Source: UMR

The gov't's problem with process

The decision to pull the Health and Safety Reform Bill at the last minute and the ongoing debate over the Saudi Arabian 'model' farm demonstrate that what makes this Government often seem fresh also has its downside. Perhaps the single biggest difference between the John Key and Helen Clark administrations is in attitudes to bureaucratic process.

While Clark was a notorious meddler in process, she didn't work around it, which is what some of Key's ministers often do.

The Saudi Arabian "facilitation" payment affair and the messy retreat on health and safety legislation are both examples, in different ways, of a willingness to work through informal rather than formal processes.

Two Ministers in particular, Steven Joyce and Murray McCully, tend to this pattern, focusing intently on the ends and tending to ignore the means. In Joyce's case, the informal process around the SkyCity convention centre deal springs to mind.

McCully's predicament is typical of his political track record.

First, he was introduced to the problems with Saudi businessman Sheikh Hamood Al Ali Khalaf and his desire to export live sheep, along with his threats to block a free trade deal with the Gulf states, not by a bureaucrat but by his long-time associate and National Party identity, Michelle Boag.

He then directed his officials to deliver a solution which he almost certainly proposed.

Also typical of McCully, the paper trail is too thin to be sure how events unfolded. His restructuring of the Ministry of Foreign Affairs and Trade followed similar lines, with external political allies pushing the process along.

With respect to the new health and safety legislation, this had reportedly already been stripped of requirements for employee h&s representatives in firms with fewer than 20 staff before the caucus revolt that has seen its report back from select committee delayed for a two months.

This episode reflects the extent to which both the caucus as an institution and the National Party as an organisation have been disempowered since the 2003 party structure review, which ended the notion of a powerful party organisation being able to second guess the gov't and act as a de facto house of review.

And under Key, the caucus is no longer a venue for detailed or disputatious debate over legislation.

One backbench MP with a long history in the party describes the present set up as "corporate" with Key and the Ministers as the executive and the MPs as the branch managers.

This top down management system does not necessarily fit comfortably with democratic process.

Thus, when an issue does blow, MPs are encouraged to take it up directly with the relevant Minister, often through informal channels such as ad hoc evening discussions when Parliament is sitting.

However, by the time the average backbench MP discovers that a gov't action or bill, e.g., snapper quotas or the health and safety reforms start to impact on their constituents, it can be close to or past the point of no return in the legislative process.

Chester Borrows, the MP for Whanganui, who had already had a bit to say about health and safety inspectors in the primary production select committee, says he took his concerns about the health and safety bill to the Minister, because that's how things are done in National, although in principle, the Minister stands aside from bills still being considered by select committees.

Borrows's comments indicate opposition to the bill was not so much a Judith Collins- led ideological battle, as she tried to suggest, but more a grass roots backlash from rural and provincial MPs.

James Shaw – who should be worried?

James Shaw's election as co-leader of the Green Party is remarkable on several fronts. He is a first-term MP with very little parliamentary experience and in some respects a doppelganger for the departing Russel Norman: a white middle class male with a desire to deliver a coherent Green Party economic platform.

Norman's departure was prompted in part because of deep disappointment that the Greens remained stuck at 10% of the vote and did not live up to polling suggesting as much as 15% or more support at the last election. It is also understood that there was a serious clash post-election with co-leader Metiria Turei, over the party's direction.

Turei remains as the more experienced of the party's two leaders, but is already finding herself overshadowed by Shaw. We suspect this will be a serious point of friction for the Greens, especially as Shaw is getting the usual easy run from the party and media in the early days of his tenure.

His victory speech to the party congress neatly, perhaps glibly, dealt with the accusation that he was a candidate of the "right" by declaring that "there is no longer a struggle between capitalism and

POLITICS AND POLICY

socialism” and that we now live under “a hybrid model that takes some of the good but most of the bad elements of both systems”.

Turei ducked questions after the speech about whether she would still count herself a socialist, eventually claiming only that she was “of the left”. Shaw’s desire to frame environmental policy “in the language of business” is likely to prove inherently challenging to many on the party’s hard left. So, too, will be any successful effort to annually double the party’s membership – a target set by Shaw and which, unlike much of the rest of his speech, did not generate applause.

Labour does need to worry about Shaw. There is a freshness in his rhetoric, particularly in his appeal to a moral rather than a rational objection to current economic policy settings, that may resonate with a wider centre-left vote if well developed.

In particular, Shaw is developing language around the privatisation of benefits and the socialisation of commercial risk in a “political economy of friendly deals and whispers”. We have invited James Shaw to the October Hugo Group breakfasts and look forward to hearing from him then.

State of the Opinion Polls

National continues to poll strongly post-budget. Andrew Little is languishing in the preferred Prime Minister stakes, level-pegging with Winston Peters, whose ratings are volatile over the long term but have been assisted by his showing in the Northland by-election. While John Key took a significant knock in Reid Research’s first poll since the ponytail-pulling incident, down 4.6% from the previous poll, that has not been replicated elsewhere, although UMR’s favourability rating shows increasingly polarised views about the PM.

	National	Labour	Greens	NZ First
Average*	49.8	29.3	10.5	6.8

*based on the results of the latest polls from Colmar-Brunton (TVNZ), Reid Research (TV3), Digipoll (NZ Herald), Roy Morgan NZ (Scoop), UMR (unpublished). Digipoll and Roy Morgan taken before the May 21 Budget

Post-budget	John Key	Andrew Little	Winston Peters
Colmar-Brunton*	44	9	9
Reid Research*	39.4	11.6	11.2
UMR**	56/41	48/24	57/36

*preferred PM

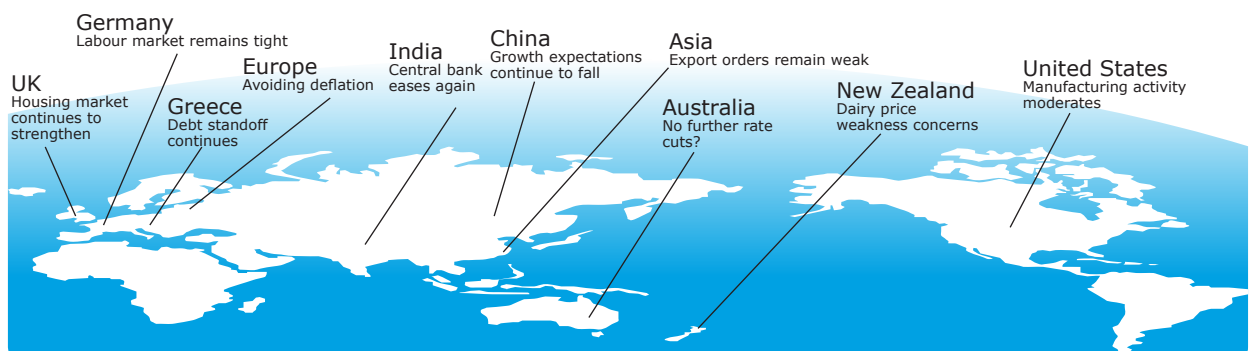
**favourable/unfavourable

Social bonds

The government’s pilot social impact bond – whose outcome is employment services to people with mental health conditions - has provoked howls of outrage in some quarters, although the scope is relatively small and potential investors may be drawn from the philanthropic end of the spectrum. Social bonds are a new phenomenon worldwide with little track record and have suffered from some bad press, mainly because they are little understood and tend to be labelled as ‘privatisation of social services’.

They are a challenge for both policymakers and investors because results to which returns are tied can be hard to define and measure. The pilot is planned as the first of four programmes that were allocated \$28.8 mln in Budget 2015. Philanthropy NZ says some of its members will have “a real appetite” for such bonds and mainstream fund managers like AMP Capital are keeping an open mind. Details of the first bond, including how returns are structured and which organisation would be involved are still to be decided by Cabinet. 🇳🇿

The world at a glance



Rate cut chances rise, but not this month

We still lean strongly towards the expectation that the OCR will remain at 3.5% both this month and next.

The softening exchange rate is doing much of the work to soften monetary conditions, which is justified because growth has topped out, dairy incomes are falling, and net migration should start to ease from here on in.

While financial markets are pricing in a more than 50% chance of an OCR cut at next week's monetary policy statement from the RBNZ, that appears to reflect foreign investors' judgments, which tend not to distinguish between Aust and NZ.

So far, the two key conditions set out in the April OCR review to justify a rate cut have yet to emerge, i.e., weakening demand and wage and price-setting settling at lower levels than is consistent with the inflation target. While demand growth is forecast to weaken, published data shows strong retail sales and employment growth. Likewise, there is insufficient evidence of wages and prices "settling" yet.

While the kiwi may kick upwards if the RBNZ does not cut next week, that is unlikely to be sustained. A July cut is unlikely because it would not allow Graeme Wheeler to fully explain the rationale.

We think September is the earliest for a cut and that if the RBNZ does cut, it will 'go big', perhaps 100 basis points in more than one step, to ensure it gets full bang for its buck. ■

Strong Aussie growth to deter further RBA rate cuts

Australian GDP surprised markets with 0.9% growth in Q1, for 2.3% higher y-o-y, against an expected 2.1%. Rebalancing continues, led by household demand and rising exports more than offsetting falling mining and public investment. Although income growth was very weak, households are reducing their saving to support spending. Much uncertainty remains in the forward-looking estimates. However, the case for the RBA to cut rates again soon is much diminished.

China 7%-plus growth still possible

China's economic growth in 2015 is likely to be the lowest in a quarter of a century, although growth will not necessarily continue to fall as policy responses seek to avoid the so-called "middle income trap". If that is so, China should be able to sustain annual growth rates above 7%, in the view of HSBC economists.

"China's current stage of economic development is closer to Japan's in the 1960s or South Korea's in the 1980s. This means that there is still room to keep growing by adopting existing technology before China needs to shift to the more difficult route of innovation-led growth," says HSBC. ■

Trading partner growth

(2013 actual; 2014-15 Consensus Forecasts; 2016-17 figures Hugo estimates)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
China	27.6	7.7	7.4	6.9	6.7	6.6	2.6	2.0	1.4	1.9	2.6
Australia	21.3	2.1	2.7	2.5	3.0	3.1	2.5	2.5	1.8	2.7	2.7
United States	10.1	2.2	2.4	2.5	2.8	2.6	1.5	1.6	0.2	2.2	2.3
Japan	6.9	1.6	-0.1	0.9	1.7	0.7	0.4	2.7	0.6	1.0	2.0
Eurozone	7.2	-0.4	0.9	1.5	1.8	1.6	1.3	0.4	0.1	1.2	1.5
United Kingdom	3.7	1.7	2.8	2.5	2.5	2.3	2.5	1.5	0.3	1.6	2.0
South Korea	4.0	2.9	3.3	3.1	3.5	3.6	1.3	1.3	0.9	1.9	2.4
Indonesia	2.3	5.6	5.0	5.1	5.7	5.7	6.4	6.4	6.1	4.8	4.7
Hong Kong	1.7	2.9	2.3	2.4	2.7	3.3	4.3	4.4	3.3	3.1	2.8
Taiwan	2.4	2.2	3.7	3.6	3.6	3.4	0.8	1.2	-0.1	1.5	1.4
Singapore	2.6	4.4	2.9	2.9	3.3	3.7	2.4	1.0	0.1	1.5	2.1
Malaysia	2.3	4.7	6.0	4.8	5.1	5.3	2.1	3.1	2.5	3.1	3.0
Philippines	2.0	7.2	6.1	6.4	6.2	5.6	2.9	4.2	2.6	3.5	3.8
Thailand	1.9	2.9	0.7	3.5	3.8	3.8	2.2	1.9	0.1	2.3	2.6
India	1.5	6.9	7.4	7.8	8.1	7.5	9.5	6.1	5.3	5.5	5.5
Viet Nam	1.3	5.4	6.0	6.1	6.2	5.9	6.6	4.1	2.4	4.9	4.5
Canada	1.3	2.0	2.5	1.9	2.2	2.3	0.9	1.9	1.1	2.1	2.1
NZ Trading Partners	100.0	3.9	4.0	3.9	4.1	4.0	2.4	2.2	1.3	2.2	2.5
Forecasts for New Zealand											
Consensus		2.3	3.3	2.9	2.6	2.5	1.1	1.2	0.7	2.0	2.2
BNZ Forecasts		2.3	3.3	2.8	2.0	2.0	1.1	1.2	0.4	2.0	2.0
The World		2.6	2.7	2.6	3.1	3.0	2.8	3.0	2.6	3.1	3.6

CORPORATE ROUND-UP**Earnings season**

The March 31 balance date earnings season delivered mixed results. Logistics group Mainfreight beat earnings guidance once again as growth from its base of multi-national clients underscored its result, and it tipped more gains in the future.

Methven increased annual profit 21%, benefitting from controlling its supply-chain after buying its Chinese manufacturing facility, while Two Degrees Mobile reduced its annual losses while growing revenue 29%.

Fishing group Sanford posted an 18% drop in first-half profit as it wrote down the value of its mothballed Christchurch plant and its fishing fleet.

Cooperative Bank boosted annual profit 24% as it expanded its loan book, and fattened margins, while recruitment and contract labour firm AWF Madison increased earnings 37% on the acquisition of white-collar firm Madison.

Beer maker Moa trimmed its annual loss as it boosted sales by nearly a third, while fellow Bakery Business investment Turners more than doubled full-year earnings on the takeover of car auction house Turners Auctions.

Food and beverage investor Veritas Investments cut annual earnings guidance by 19%, blaming poor performances from its Nosh Food Market and Better Bar Company acquisitions.

Nuplex Industries is predicting a 64% growth in Asia sales over the coming three years as it expands resins and specialty chemical production facilities across the region. In Asia, Nuplex has market leading positions in China in five of its six product lines and ranks number one in both Indonesia and Malaysia in four, and expects the region to drive the company's growth, even when factoring in a slowdown in some of those markets.

Tech company results

Fisher & Paykel Healthcare beat its forecast for annual earnings with a profit of \$113.2m after widening margins on sales of respiratory and acute care products, and obstructive sleep apnea devices. It forecast further profit growth in 2016. **Gentrack**, which develops utilities and airports software, posted first-half profit of \$3.2m while warning that full-year earnings may miss prospectus forecast because of delays in signing contracts. Among tech companies chasing sales in lieu of profit, healthcare system software developer **Orion Health** also beat its target, with a full-year loss of \$60.8m and said recurring revenue was \$53.7m – ahead of its prospectus forecast of \$52.1m. **IkeGPS**, the laser

measurement tool developer, said it will meet its forecasts for 2016, despite under-performing on sales this year, after delays in a product rollout. **Pushpay's** annual loss widened to \$7.5m as the company chased sales to US religious groups of its mobile payment app. Sales rose to \$4.8m from \$316,000. **ERoad** missed its prospectus with a loss of \$1.3m and sales of its transport management systems were below target despite rising 76%. **Pacific Edge** widened its annual loss to \$10.6m on costs to lift US sales of its bladder cancer test.

El Nino impact

Although the El Nino pattern has only recently been confirmed in the tropical Pacific Ocean, forecasters are already assessing the potential for a marked impact on NZ's agricultural production. The scale of the impact wouldn't be felt until late Dec and early Jan, when El Nino typically peaks, so part of the forecasting task is to assess the weather pattern's likely longevity. Niwa says there is a 90% chance it will persist through winter and an 80% likelihood it extends into spring. BNZ economists compiled historical data that shows El Nino typically increases the likelihood of drought in the east of NZ as a result of the strong frequent winds it brings from the west and south west. Previously that has resulted in increased livestock sent for processing as dry conditions squeeze feed supplies. Milk production also tends to be affected with an overall "modest decline" in NZ's agriculture GDP.

NZ dollar trends

The NZ dollar heads to the end of the second quarter with a marked selloff that has pushed the TWI to a 21-month low. The TWI now sits below the 76.7 level the RBNZ had projected as an average for the second quarter but given it has fallen from as high as 80.33 in late April, the bank's projection may not be too far from the mark. The downward trend may continue as the Federal Reserve seemingly draws closer to raising US interest rates. For next week's RBNZ monetary policy statement, it may mean a watering down of Governor Graeme Wheeler's language that the currency is unjustifiably high and unsustainable, and is likely to cause the bank to foreshadow the emergence of imported inflation. Tradables inflation fell an annual 2.8% in the first quarter.

Business confidence

NZ businesses see inflation remaining very weak. The ANZ Business Outlook for May had inflation expectations at a new low of 1.6%, prompting economists to note it was unusual for that to track below the RBNZ's inflation target midpoint of 2%. Overall business confidence fell sharply last month,

with a net 15.7% of those polled saying they were optimistic about the general economy, about half the rate in April. The agricultural sector turned pessimistic – unsurprising given the slide in prices of dairy products. More upbeat were the NZ Institute of Economic Research's quarterly predictions, for annual economic growth of about 3% through 2017, creating an estimated 130,000 jobs in the next two years and pushing the unemployment rate down to 5.2%. At the same time, migration was expected to restrain wage inflation.

Trade flows

NZ's terms of trade for the first quarter showed the decline in the price of imported petrol was enough to offset weaker dairy prices, although the improvement is unlikely to be sustained, given crude oil has since climbed from its lows. The first three months of the year marked the third straight quarter of decline after the terms of trade reached a 40-year high in the first half of 2014. Dairy export prices dropped 6.3%, while volumes fell 2.2% in the latest quarter, leading to a 3.7% decline overall in export prices. Export volumes rose 1.4%. Imported goods prices fell 5.1% as volumes edged up 0.1%. Petrol and petroleum product prices tumbled 29% to the lowest level since the June 2005 quarter, while the volume fell 14%. Separate figures showed the trade surplus narrowed to \$123m in April, as whole milk powder shipments to China fell. The annual gap of \$2.62b was the largest deficit since June 2009.

Milk prices / Fonterra

Fonterra's first projection for its 2015/16 farmgate milk price of \$5.25 per kilogram of milk solids was broadly in line with market expectations, although the company surprised some by chipping a further 10 cents/kgMS off this season's figure to the lowest level in eight years. The advance rate will begin at 70% of the forecast price, with an opening rate of \$3.66/kgMS. Indebted dairy farmers will be under growing pressure as Fonterra copes with over-supply in global markets. Rival Westland Milk Products affirmed its 2015 payout range of \$4.90-\$5.10, and forecast a range for 2016 of \$5.60-\$6. 2015 marks 14 years since the creation of Fonterra and under requirements of its enabling law the Commerce Commission has begun a review of competition in the dairy industry. Terms of the review will be released shortly but already some commentators say rival dairy companies are too small to provide an alternative buyer for the bulk of Fonterra's farmers.

The Fonterra board is set to lose a heavyweight director, after a relatively short three year tenure. **Ralph Norris** will step down following its annual

meeting in November and will resign from the board of the manager of the Fonterra Shareholders' Fund at the same time. Fonterra has begun a search for a new independent director (ie not a farmer shareholder). The four independents, brought in for their business acumen, play a key role on the 13-strong board of Fonterra, which is as much a multinational business as it is a farmer co-op.

Accounting bodies

CPA Australia is taking defamation action against the **NZ Institute of Chartered Accountants**, saying the rival body made false and defamatory statements, alleging that CPA had "inferior" education standards, lack of global affiliations, misuse of membership fees and is a "second-rate designation". The case, which also claims breaches of the Fair Trading Act, is set down for a seven-day trial in the Wellington High Court starting July 7.

Brokerage censured

Craigs Investment Partners has been fined \$30,000 and censured by NZX's disciplinary tribunal for failing to correctly record retail client orders in the stock market's trading system for almost two years.

International tax information exchange

The govt has moved a step closer to participating in the global standard for an automatic exchange of information between tax authorities. Revenue Minister Todd McClay signed an agreement in Paris to focus on tax avoidance by multinationals as part of NZ's implementation of the new global standard for automatic exchange of financial account information in tax matters, commonly referred to as AEOI. McClay has also made high level visits in Europe and the UK in his capacity as Associate Trade Minister in anticipation of his expected ascension to full Ministerial responsibilities when the widely expected announcement that the incumbent, Tim Groser, will become ambassador to the US. That announcement is expected in the next few weeks.

KiwiSaver's performance

KiwiSaver hasn't achieved value-for-money, the Treasury says in budget papers recommending a fundamental review and legislative re-write to better define the part of the population who need help to lift their retirement savings.

A cross-agency report found for every \$1 of govt support, it only got an extra 20 cents of additional savings. ■

LEGISLATION

The May 21 Budget dominated proceedings in late May. Labour mocked the govt for the low number of bills available for debate, but there is enough to keep the House busy.

A backlog of private, local and members bills was cleared recently. This means the number of opposition party bills receiving first readings and new private members' bills being drawn from the ballot will increase. A number of these will test National's majority on delicate and controversial issues if opposition parties can gain the support of the Maori Party and Peter Dunne.

Bills Introduced

Accident Compensation (Financial Responsibility and Transparency) Amendment Bill: *Introduced on May 11 and given its first reading on June 2 with general support. Lays down the principles of financial management of the Accident Compensation Corporation. It has two broad objectives: to improve the framework for determining how ACC's levied accounts are funded so it is more transparent, has a longer-term focus, and supports more stable levies; and to ensure that the residual levy is not over-collected. Labour supported the bill being sent to select committee but argued it merely codifies current practice.*

Minimum Wage (Contractor Remuneration) Amendment Bill: *A bill in the name of Labour MP David Parker drawn from the ballot on June 4. Provides for contractors to be paid not less than the minimum wage.*

Tariff (Free Trade Agreement between New Zealand and the Republic of Korea) Amendment Bill: *Introduced on June 2. Amends law as part of the implementation and ratification of the Free Trade Agreement between NZ and the Republic of Korea agreed in Seoul, Korea, on 23 March 2015.*

Support for Children in Hardship Bill: *Introduced following the Budget on May 21 to lift benefit levels for those with children by \$25 a week from April 2016 with commensurate movements in Working for Families payments. Also puts in place tighter work requirements. Sent to the Social Services Committee for consideration with just NZ First opposed.*

Bills In Progress

Exclusive Economic Zone and Continental Shelf (Environmental Effects) (Transitional Provisions) Amendment Bill: *Introduced on Feb 18 2015 and received its first reading on Feb 26. The bill is to ensure existing operations in the EEZ can continue until new consents are processed. Aimed at Shell Todd Oil Service's Maui gas platforms whose current license may expire before a current marine consent application is completed. Reported back from select committee on May 29 with only minor amendments and no dissenting opinions.*

Health (Protection) Amendment Bill: *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. It also bans the commercial provision of ultra-violet sun tan treatment to those under 18. Completed its second reading on May 27 with general support though opposition parties still want a ban on all sun tan treatments.*

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. Report back initially wasy March 30, then May 29. Report back again extended to July 27 due to disagreement in the National caucus with some MPs arguing it is too prescriptive and heavy handed, despite reports it has already been softened for small businesses.*

Organised Crime and Anti-Corruption Legislation Bill: *Intended to bring NZ into line with international conventions. Reported back on May 4 with a number of amendments. Completed second reading on May 27 with all parties in favour though the Greens and others are pushing for bribes to cover low value "grease" payments which are currently excluded.*

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. Was part of National's deal with ACT party in 2008 and much delay and criticism since. Reported back from select committee on May 8 with the recommendation it not proceed.*

Standards and Accreditation Bill: *Introduced July 22 2014. 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. Completed second reading on May 19 with just National, ACT and United Future in favour.*

Bills Passed

Border Processing (Arrivals and Departures) Levy Bill: *Introduced and passed through all stages following the May 21 Budget. The bill introduces a framework for levies to be set to fund the direct and indirect costs of activities carried out by the Ministry for Primary Industries and Customs relating to the processing of people arriving in and departing from NZ.*

KiwiSaver Budget Measures Bill: *Introduced and passed through all stages following the May 21 Budget. The bill removes the \$1,000 KiwiSaver kick-start contribution paid to all new enrollees in the scheme, effective from 2pm on Budget Day.*

Telecommunications (Development Levy) Amendment Bill: *Introduced and passed through all stages following the May 21 Budget. The bill extends a development levy applied to the telecommunications industry, for the govt's policy of extending the Rural Broadband Initiative and establishing a Mobile Black Spots Fund. To achieve that, this bill resets the telecommunications development levy amounts prescribed in the Telecommunications Act 2001 for 2016/17 and beyond. All parties but Labour supported the bill with its MPs arguing it was a tax which would increase costs to consumers.*

Social Housing Reform (Flexible Purchasing and Remedial Matters) Bill: *Introduced and passed through all stages following the May 21 Budget. Creates a ministerial direction power to enter into tailored agreements with social housing providers. Among other things, ministerial directions could allow the agency to purchase social housing places into the future, to fund vacant social housing that may be under repair or awaiting an urgent placement, to pay more or less than the income-related rent subsidy, and generally to enable arrangements that respond to social housing need. Supported by National, Maori Party, ACT and United Future. Those opposed said it would benefit private developers through the sale of state homes and erode the state's responsibility to provide social housing.*