

Sharp drop in confidence, growth forecasts in doubt

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The weakest business confidence indicators since the 2011 Canterbury earthquakes, continued weakness in dairy prices and a sharply falling kiwi dollar add up to an economy on the turn, perhaps more quickly than many expect.

What's up with NZ First?

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In just about any other political party, the leader's inability or unwillingness to confirm the identity of the deputy leader would be regarded as farcical. But NZ First leader Winston Peters has a peculiar knack for this sort of thing. Ron Mark is expected to emerge as the new deputy, with succession and greater regional engagement in mind, and that augurs well for National.

Smelter talks – here we go again

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The kiwi dollar's weakness will be helping but that is not enough to offset low aluminium prices, which continue to bedevil the Tiwai Point aluminium smelter. Another round of negotiations on electricity contracts post-2016 rests, ironically, on the outlook for the price of gas.

NZ's special relationship confirmed

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Finance Minister Bill English's extraordinary VIP treatment at the signing ceremony for China's new Asian Investment Development Bank underscores how close a relationship NZ now has with China. But recent financial market volatility in China is worrying Wellington far more than the instability currently being caused by Greece.

NZ Power – not dead yet

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Labour's energy spokesman Stuart Nash overstepped the mark by declaring the party's NZ Power policy all but dead and buried earlier this year. Following his connection to the creation of an unwanted new party think tank, Nash is under orders to get in line and NZ Power is now simply "under review".

Aussies and iwi – another week in housing policy

Pp 2&3

The gov't's social housing policy is drifting in dangerous political territory with the emergence of a possible Australian entrant, although Horizon Housing's interest may be a signal to NZ social housing providers that state houses won't be transferred to them for free. Iwi seeking right of first refusal on Crown land are likely to get out of the way of Nick Smith's plans.

Do R&D grants lead to stronger profits?

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One of the assumptions underlying R&D grant-giving is that the resulting innovation will improve commercial performance and help grow national wealth. New research for the Productivity Commission finds only weak corroboration for that proposition.

NZ/China relationship

The strength of NZ's relationship with China was dramatically demonstrated this week with the signing of the Asian Infrastructure Investment Bank in Beijing. Bill English was one of only three of the 50 visiting Ministers invited to speak at the ceremony and the official photograph places him next to the Chinese leadership in the front row.

Not only was NZ an early backer, against Washington's wishes, but former Treasury Secretary John Whitehead played a lead role in drafting a constitution compatible with western ethical and legal standards.

Australian China expert, Hugh White, a keynote speaker at the Otago Foreign Policy School last weekend, says the creation of the Bank marks a turning point in China's role in the region. China will contest American dominance more frequently from now on and both NZ and Aust will need to play a neutral role as this contest plays out, White says.

That may be easier for NZ than Aust, which remains part of the ANZUS Treaty, which White says has become defined as a defence against China.

Despite one of the closest developed country nations with Beijing, **concern in Wellington about the potential impact of a weaker than expected Chinese economy is growing** following recent financial and equities market volatility there.

TPP endgame now playing out

With fast track authority in place in the US, attention in NZ is turning to the crucial and stalled dairy negotiations, with particular focus on the stance of Canada and Japan.

It is being suggested that the Japanese may be willing to be more accommodating than the Canadians and may create a preferential treatment for TPP members under their current system of both quotas and tariffs.

It wouldn't be as big a win as many in NZ would like, but in the white heat of the next few weeks, it may be the best 'foot in the door' that Tim Groser can hope to achieve.

The Canadians are more difficult, with their dairy industry focused on keeping American imports out and PM Stephen Harper facing elections in Oct. NZ is unlikely to see a major export market in Canada for itself, but the idea that it could absorb a lot of US dairy production is attractive.

Meanwhile, Labour is still sitting on the fence, caught between its traditional, bipartisan support for free trade and the deep antipathy to TPP among its remaining, predominantly left-leaning activists.

A TPP deal will require legislation, so at this stage the govt is still hoping Labour will be on board, rather than relying on the slender thread of ACT and United Future support. Legislation is currently before the House on the Korea FTA. That vote may indicate where the numbers lie.

EU warming to deeper relations

Associate Trade Minister, and successor-elect to Tim Groser, Todd McClay has recently been in Europe talking trade to the European Union. There is now a suggestion that the EU is keen to move ahead on an NZ/EU FTA and that it will shortly upgrade its mission in Wellington to a full embassy. The current "agreement" between the EU and NZ is likely to be transformed into a full Treaty with work beginning some time later this year.

Security Council chairmanship

With the House in recess for two weeks, the heat on Murray McCully over the Saudi Arabia farm deal should die down. This is expected to be McCully's last term and he is expected to keep lower profile at home while focusing on NZ's membership of the UN Security Council, where his challenge will be to cement NZ's desire to be seen as having a genuinely independent foreign policy.

This is having repercussions at MFAT, which spent the past six years restructuring to emphasise trade and economic matters. The Security Council election, along with the appointment of career diplomat Brook Barrington as ceo means diplomacy is back in fashion at MFAT.

Along with Steven Joyce's mandate to the Ministry of Business Innovation and Employment to focus on markets less than 12 hours flying time from NZ, expect MFAT to apply an increasing focus on Latin and South America with the long game being economics and trade. But first will come the diplomacy.

Social housing

The introduction of legislation to transfer the state house sales process from Housing NZ to Ministers provoked a storm of protest from Labour, which feasted on news that an Australian social housing provider is a possible buyer of NZ state houses.

However, Horizon Housing's expression of interest serves as a signal to NZ social housing providers, who have argued they should pay nothing for state houses, as happened in Aust. If an Aust buyer is willing to pay, that is an important sign to local NGOs not to expect 'free' state houses.

Rather, the govt is concentrating on sweeteners in

the contracts it intends to write with social housing providers who take on state tenants. It has emerged that contracts with state house buyers can expect not only that rent is paid by the govt for 52 weeks a year, but also that there will be loadings for high risk tenants. In return, the govt will tightly define obligations on the part of the buyers to deliver social services to the tenants.

Paula Bennett and Bill English start from the proposition that virtually all the tenants of Housing NZ properties are clients of both govt and non-governmental social services. They see this more comprehensive management of housing tenants as a critical part of the 'social investment approach'.

Problems in NZ First

Given the dominant position in the party of Winston Peters, it arguably doesn't matter who is the deputy leader of NZ First. But as we went to press, it appeared that Ron Mark had toppled the incumbent Tracey Martin. This may presage a subtle change of direction and early positioning for Peters's eventual retirement.

Martin is a likeable, bubbly MP, but she has made little political impact, and is seen as close to Labour. Mark is experienced, if excitable, and is a strong advocate of a stronger policy focus on provincial NZ. He is close to David Broome, the former Federated Farmers communications director who is now the party's Chief of Staff. Mark is also well connected within Maoridom. He has always been ambitious and he may be seeking to forestall the possibility that the former Labour MP Shane Jones could end up in NZ First and become a successor to Peters.

Mark's rise would seem to augur well for National, which knows it will probably require NZ First to form a govt after the next election.

The implosion of the Conservative Party has only made that more obvious. Dealing with Peters is always going to be problematic but dealing with a party which wants an emphasis on rural and provincial NZ may be easier for National than the urban liberals in Labour, let alone the Greens. Against that, Labour is thinking hard about regional economic policies where National remains somnolent.

Iwi and Auckland housing

The govt's intention to use surplus Crown land in Auckland for "affordable" housing has run into a web of inter-iwi rivalries and agendas. The spokesman for the 13-iwi Tamaki Collective of Auckland, Paul Majury, was happy with the govt's plans. He had been leading the Collective's

Groundhog day at Tiwai Point

Once again, negotiations over the price of power at the Tiwai Point aluminium smelter is a hot news issue. By delaying a decision from July 1 to Aug 3 on whether to extend its contracts with Meridian Energy beyond the end of next year, the Rio Tinto-controlled smelter is playing to a well-rehearsed brinkmanship script.

Some things are clear: the price of aluminium has tanked in recent months, so the smelter's long term viability remains in doubt; but it is a well-run smelter that is unofficially for sale as part of a suite of older Australasian assets and needs to be running to be saleable. A much lower, and falling, kiwi dollar will be helping the smelter remain cash positive, if not net profitable. The owner has no wish to pick up the tab for remediation upon closure, calculated at perhaps \$400m. The Electricity Authority's proposals on substantially reduced grid charges represent option value to Tiwai, but are far from being bankable, given the political heat they have generated and the likelihood of protracted judicial review if implemented.

Nor is the smelter thought to be viable as a smaller unit. That's important because the key issue underpinning delay is the 172MW of the total 572MW supplied by Meridian that will go to normal commercial rates from Jan 1 2017. NZ Aluminium Smelters's primary focus is on getting that tranche of power at a better price. That has meant approaches to other potential suppliers, with the most likely candidates being Contact Energy and Genesis. Neither fancies being caught with spare South Island hydro capacity if the smelter were to close. However, all hydro suppliers require access to competitively priced hedge contracts in the event of dry weather.

This means that much of the current negotiation is down to competing views about the future price of wholesale gas. It appears Meridian ceo Mark Binns has drawn the short straw of trying to cobble together replacement contracts, possibly involving all three South Island generators, to cover the 172MW shortfall from Jan 1 2017.

Nash's backtrack on NZ Power

Reports of the death of Labour's NZ Power policy may have been premature. Energy spokesman Stuart Nash has backtracked on his intention to abolish the policy, saying now that it will be 'reviewed'. His comments appear to be the price for his involvement in the unwelcomed 'Progress' think tank project. Andrew Little tolerated Nash's original comments, which were out of line, but is now demanding discipline.

preliminary talks with Nick Smith since much earlier this year and had positioned the Collective as a key partner for the govt.

The Collective has already been involved in other housing developments including in Glen Innes and Weymouth. However, the dominant Ngati Whatua iwi were not comfortable with this. Privately they say they are not interested in “affordable” housing and have more ambitious property development plans.

They say they are interested only in the principles at stake in the ‘right of first refusal’ argument; they don’t actually want to buy any of the land the govt has on offer. That is why Nick Smith can be confident his plans for affordable housing in Auckland will eventually go ahead.

Mixed results for R&D grants

R&D grants clearly boost companies’ capacity to develop completely novel products, according to analysis by the Motu economic consultancy for the Productivity Commission. But the study shows a very mixed picture for the impact of such grants.

Research involving world-leading innovation policy researcher Adam Jaffe, a former US presidential adviser in the area, suggests relatively small incremental innovation gains in most areas as a result of innovation grants. Worse, it suggests that even where NZ firms successfully innovate, better commercial performance does not necessarily follow.

The causes for these findings are unclear. Short timeframes, fast imitation and highly variable outcomes may be explanations that longer term research could measure. Alternately, current measures of innovation may be inadequate. Other explanations are simply that innovation is not sufficiently important to economic performance to mean grant assistance is meaningful compared to unassisted firms; or grants may have little or no impact on innovation and firms that receive grants simply rationalise that they are innovating “even if they are not”. ■

Business confidence weakens sharply

Farmers were a key feature of the general level of business confidence this month, which turned negative for the first time since the Christchurch earthquake in February 2011. A net 2.3% of firms were pessimistic about the general economy over the year ahead, the ANZ Business Outlook showed. In the agricultural sector, a net 28.9% were pessimistic about the general economy, followed by a net 16.9% of manufacturers who were pessimistic and 3.4% of construction firms.

These are **consistent with the potential, evident for some months, for NZ growth to falter, with the NZ dollar responding and potentially creating an inflation problem just as economic activity weakens. This process now appears to be well in train.** Recent indicators now point to potentially significant risks of disappointment against recent growth forecasts. Based on an expectation of 2.4% GDP growth for calendar 2016 and 2.2% for 2017 and the recent currency fall (13% since April and 24% on a year ago), there is a clear risk of annual CPI inflation breaching the top of the 1.0 to 3.0% band in 2016.

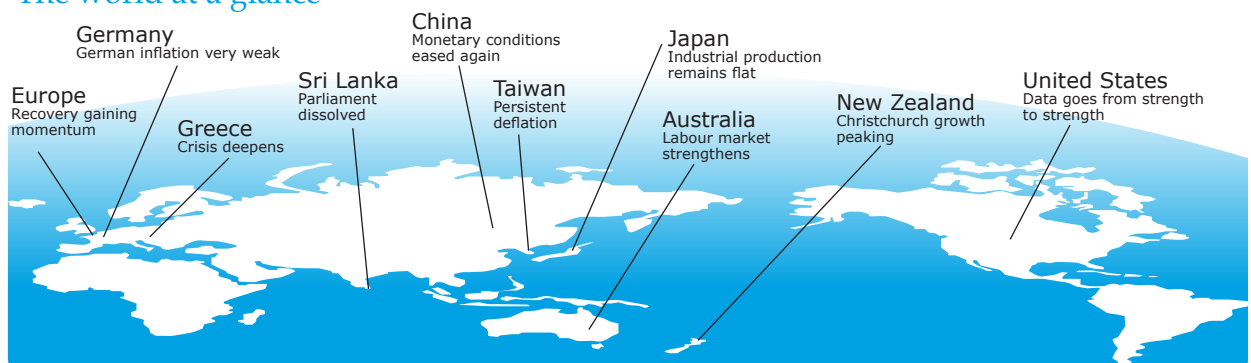
Fonterra ‘right-sizes’

Fonterra began talks with staff in administrative roles such as finance, legal and information services after announcing it would cut hundreds of jobs as part of a review aimed at stripping costs out of its business and putting more people into frontline sales. CEO Theo Spierings says Fonterra needs to ensure it “is best placed to respond to a rapidly changing global environment.”

Milk prices

Dairy prices sank to a new six-year low in the latest GlobalDairyTrade auction, with whole milk powder falling 10.8% to a new low in the current cycle of US\$2,054 a tonne. Fonterra had to scale back its offer of a guaranteed price for milk as farmers opted for some certainty in response to weak global prices.

The world at a glance



CORPORATE ROUND-UP

A total of 45.2m kgs of milk solids was offered by 443 farms, exceeding the 40 million kgMS available under the guaranteed price. Last year 180 farms participated, locking in 26m kgMS.

Dairy genetics

Livestock Improvement Corp, which aims to lift annual revenue to \$1b by 2025 from about \$200m currently, will establish \$125m of debt facilities this year, while raising \$140m in equity capital over the next 10 years to meet its growth goals.

Honey industry votes for peak body

Federated Farmers Bees, the Honey Packers' and Exporters' Association, and National Beekeepers' Association have voted by a substantial majority to create a single national body for the apiculture industry. The vote coincides with rapid export growth but an absence of standards, including accepted definitions, for high-value products such as manuka honey. China may impose its own control on the lucrative manuka honey trade, which has drawn criticism in the UK after a number of false claims to manuka pedigree from what were just blends.

Aviation

Air NZ is forecasting annual earnings to rise by as much as 60%, thanks to improved second-half trading. Normalised pre-tax earnings were \$520-\$530m in the June year, up from \$332m a year earlier. The guidance excludes equity earnings from its stake in Virgin Australia. Air NZ confirmed the sale of its Safe Air engineering subsidiary to European

aerospace giant Airbus Group.

Qantas Airways' budget offshoot Jetstar says it will expand domestic regional routes in NZ following the retreat by Air NZ. Jetstar NZ intends to launch the new routes in December and is effectively challenging regional centres to compete for the offer to service four destinations in the new year.

In the airfreight segment, Freightways and aviation services firm Airwork Holdings have teamed up to launch an airfreight network to replace Freightways' existing airfreight operation. NZ Post's Express Couriers will be a cornerstone customer and will use Airwork's three Boeing 737-400F aircraft to travel between Auckland, Palmerston North and Christchurch.

Retail consolidation

Briscoe's controlling shareholder and managing director Rod Duke has taken on a challenge by offering to buy Kathmandu, whose profit margins have shrunk as margins at Briscoe have widened. Kathmandu has urged shareholders to take no action on a full takeover offer from Briscoe pending the board's response and has retained Goldman Sachs as an adviser. Briscoe, the homewares and sports good retailer, has offered 89.7m of its own shares and \$32.3m cash for the 80.1% of the outdoor equipment and clothing chain it doesn't already own. That amounts to \$1.80/share and is opportunistic, given Kathmandu's stock was at \$1.39 before the offer, down from more than \$4 last year. The proposal values Kathmandu at \$418.2m, and PE of 15.5x. ■

Trading partner growth

(2013-14 actual; 2015-16 Concensus Forecasts; 2017 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	2.9	3.1	2.5	2.5	1.8	2.7	2.7
United States	10.1	2.2	2.4	2.2	2.8	2.6	1.5	1.6	0.2	2.1	2.3
Japan	6.9	1.6	-0.1	1.0	1.7	0.7	0.4	2.7	0.7	1.0	2.0
Eurozone	7.2	-0.4	0.9	1.5	1.8	1.6	1.3	0.4	0.2	1.3	1.5
United Kingdom	3.7	1.7	2.8	2.4	2.5	2.3	2.5	1.5	0.3	1.6	2.0
South Korea	4.0	2.9	3.3	3.0	3.4	3.6	1.3	1.3	0.8	1.8	2.4
Indonesia	2.3	5.6	5.0	5.0	5.6	5.7	6.4	6.4	6.2	4.8	4.7
Hong Kong	1.7	2.9	2.5	2.4	2.7	3.3	4.3	4.4	3.4	3.3	2.8
Taiwan	2.4	2.2	3.8	3.5	3.6	3.4	0.8	1.2	-0.1	1.5	1.4
Singapore	2.6	4.4	2.9	2.8	3.3	3.7	2.4	1.0	0.0	1.3	2.1
Malaysia	2.3	4.7	6.0	4.8	5.1	5.3	2.1	3.1	2.2	3.0	3.0
Philippines	2.0	7.2	6.1	6.1	6.2	5.6	2.9	4.1	2.4	3.5	3.8
Thailand	1.9	2.9	0.9	3.3	3.9	3.8	2.2	1.9	-0.1	2.3	2.6
India	1.5	6.9	7.3	7.8	8.1	7.5	9.5	6.0	5.4	5.6	5.5
Viet Nam	1.3	5.4	6.0	6.1	6.2	5.9	6.6	4.1	2.2	4.8	4.4
Canada	1.3	2.0	2.4	1.6	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	2.7	2.5	1.1	1.2	0.6	1.9	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	2.5	3.1	3.0	2.8	3.0	2.6	3.1	3.6

ECONOMY AT A GLANCE

New Zealand economy

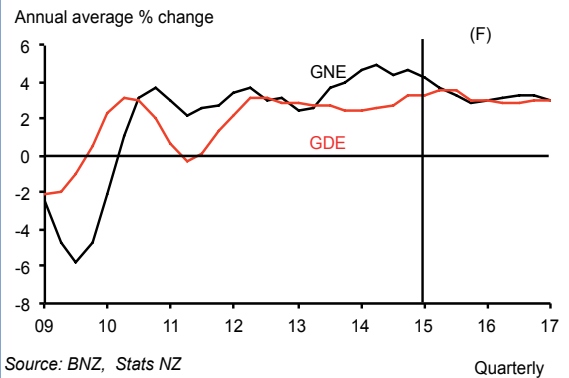
(% change on previous year)
Calendar year except where indicated

	2013A	2014A	2015F	2016F	2017F
GDP components					
Consumption	2.7	3.3	2.8	1.9	1.4
Investment	8.6	8.8	3.0	7.6	5.8
Stocks (contribution to growth)	0.1	0.1	-0.2	0.1	0.0
GNE	4.0	4.6	2.9	3.3	2.5
Exports	1.0	3.3	5.9	2.8	4.9
Imports	6.3	7.8	5.7	3.9	3.4
	-	-	-	-	-
Activity					
Real GDP (production)	2.2	3.3	2.5	2.9	2.9
Output Gap	0.1	0.9	0.6	0.9	1.0
Labour productivity growth	0.2	-0.3	-0.4	0.7	0.7
Employment growth (annual % change)	2.9	3.5	2.4	2.3	2.0
Unemployment rate (S.A. % as at Dec Q)	6.1	5.8	6.0	6.3	6.3
Inflation (% increase from Dec Q previous year)					
Consumer prices	1.6	0.8	1.2	2.7	2.4
Average hourly earnings	3.2	3.0	3.1	3.3	3.3
Terms of trade	20.2	-5.0	-6.8	7.5	1.3
	-	-	-	-	-
Financial sector					
Operating balance (OBEGAL)					
(as % of GDP – June Year)	-2.0	-1.3	-0.3	0.1	0.6
Net debt (as % of GDP – June)	25.8	25.6	25.7	26.3	25.5
90 day bank bill (%) (1)	2.7	3.7	3.2	3.2	4.3
5 yr NZGS yield (%) (1)	4.2	3.7	3.3	3.7	4.0
10 yr NZGS yield (%) (1)	4.8	3.9	3.9	4.3	4.4
	-	-	-	-	-
External sector					
\$NZ/\$US(1)	0.823	0.760	0.700	0.660	0.647
\$NZ/\$A(1)	0.915	0.884	0.864	0.846	0.894
\$NZ/Y(1)	85.1	87.4	86.1	82.5	77.7
TWI(1)	77.5	75.8	73.3	70.3	68.7
Trade balance \$(m)	1207	1053	-3830	-2969	-1290
Current account \$(m)	-7350	-7798	-11201	-10847	-8842
(as % of GDP)	-3.3	-3.3	-4.6	-4.2	-3.2

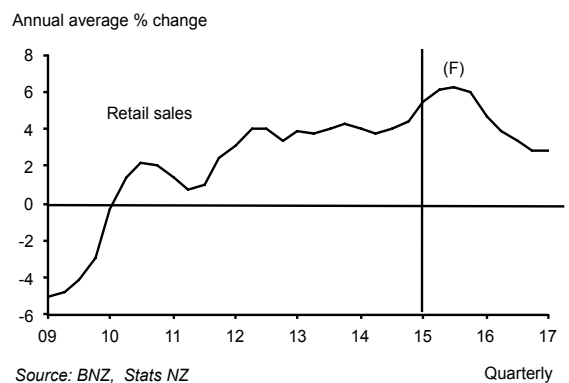
(1) Average for month of December

(2) Using current prices

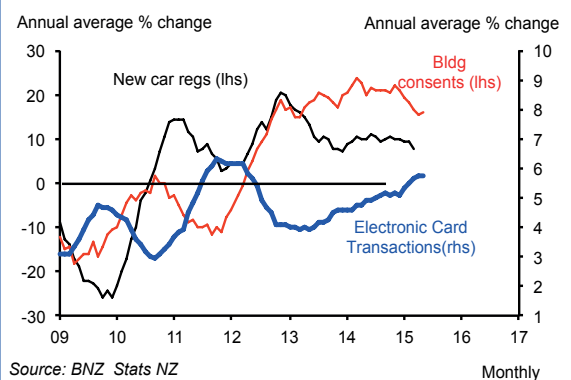
Economic growth



Retail sales



Partial indicators

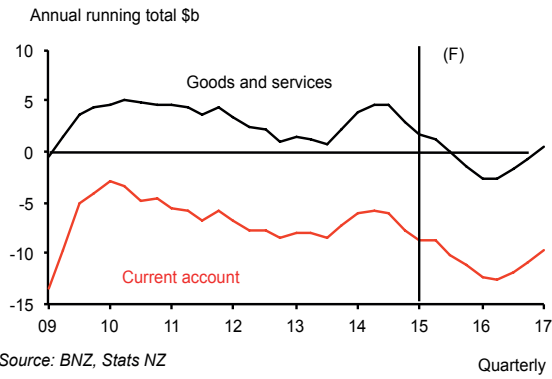


The labour market

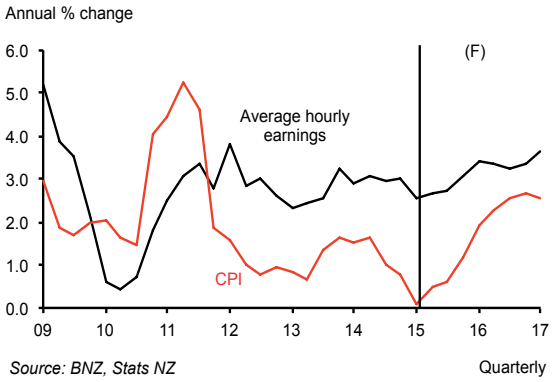


ECONOMY AT A GLANCE

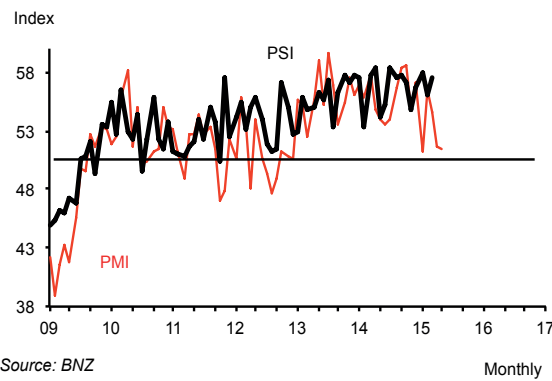
Balance of payments



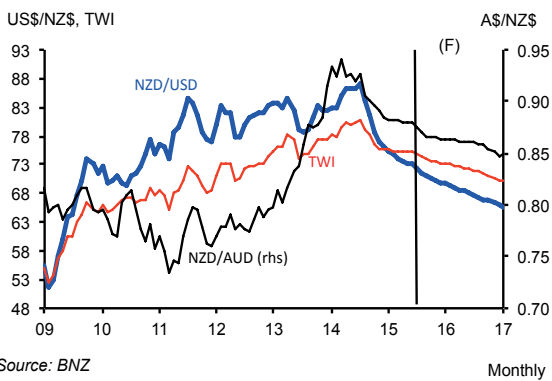
Inflation



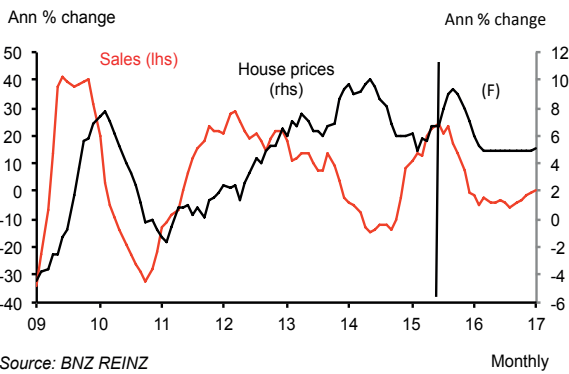
PSI and PMI



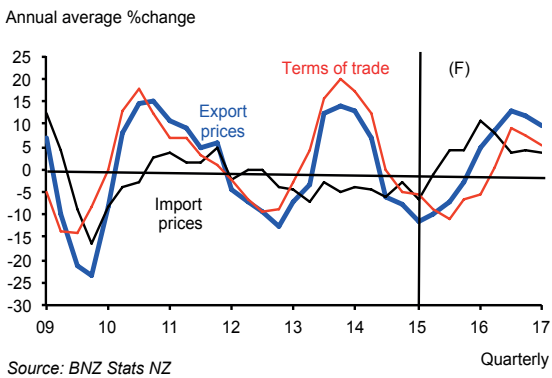
Exchange rates



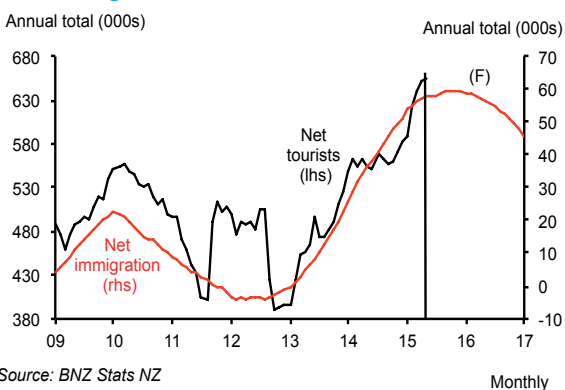
Housing market (three month average)



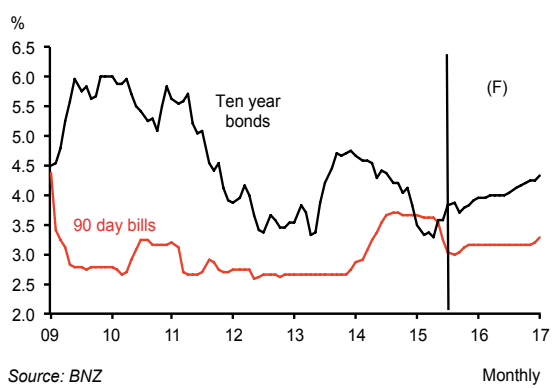
Terms of trade



Net migration flows



Interest rates



LEGISLATION

Parliament is in recess in early July, coinciding with school holidays.

Bills Introduced

Health Practitioners (Replacement of Statutory References to Medical Practitioners) Bill: Introduced on June 25. Increases the range of functions that can be performed by health practitioners under seven statutes by changing certain references to medical practitioners to references to health practitioners. Awaiting first reading.

New Zealand Superannuation and Retirement Income (Pro Rata Entitlement) Amendment Bill: A member's bill in the name of NZ First's Dennis O'Rourke drawn from ballot and introduced on June 25. Proposes a pro rata entitlement to NZ Superannuation based on residence and presence in NZ between the ages of 20 and 65 years. Awaiting first reading.

Passports Amendment Bill (No 2): Introduced on June 15 the bill would bring back 10 year passports. Received support from all parties at its first reading on June 18. Govt Administration Committee to report back by Oct 31.

Public Collections and Solicitations (Disclosure of Payment) Bill: A member's bill in the name of National MP Matt Doocey (Nat), requiring that those paid to solicit donations or signatures declare this information. Awaiting first reading.

Social Housing Reform (Transaction Mandate) Bill: Introduced on July 1, the bill would give ministers the authority to transfer Housing NZ Corporation properties and act on the behalf of the corporation or any of its subsidiaries.

Taxation (Land Information and Offshore Persons Information) Bill: Introduced on June 22, first reading on June 25. Authorises some Budget 2015 measures relating to foreign purchasers of property. Under the bill any "offshore person" buying a home that is "not their main home" would have to provide an IRD number and bank account details. The Finance and Expenditure committee has a truncated report back date of Aug 17.

Taxation (Transformation: First Phase Simplification and Other Measures) Bill: Introduced on June 30. Amongst other things, it lifts the automatic refund threshold, rewrites law to allow IRD to communicate in ways other than in writing or by post, simplifies the tax rules for employee share schemes from July 1 this year, allows pooling method of depreciation to include assets valued up to \$5,000, up from \$2,000.

Bills In Progress

Building (Earthquake-prone Buildings) Amendment Bill: On June 23 the select committee presented an interim report on the bill after a rethink about priorities for strengthening buildings. This included new timeframes and reclassification of buildings, with some to be covered by new law more quickly and others delayed or exempted. Submissions on the interim report close on July 16 with a final report due by Sept 3.

Environmental Reporting Bill: Introduced Feb 20 2014. Sets up a mandatory environmental reporting regime to be conducted by the Environment Secretary and Govt Statistician. Second reading completed May 19 with National, ACT and United future supporting. Committee stage completed on June 30 with no side shifting their positions over the ministerial roles set out in the bill.

Gambling Amendment Bill (No 3): First reading on Nov 6

2014, with NZ First opposed. Seeks to increase transparency of grant-making from the proceeds of Class 4 gambling; reduce potential conflicts of interest situations between Class 4 gambling operators (societies), venues, and grant recipients. Reported back and received second reading on June 4 by 93 to 28 with the Greens, NZ First and Maori Party opposed.

Health and Safety Reform Bill: A fundamental health and safety reform, it intends to put more legal requirements on managers and company directors to manage risks and keep their workers safe. Report back delayed to July 27 due to National caucus concerns it is too prescriptive. Debate over the bill continued at select committee. Suggestions a form of "corporate manslaughter" should be incorporated into the bill.

New Zealand Flag Referendums Bill: Reported back on June 29 with Labour issuing a minority report saying it was not necessarily against changing the flag, but objected to the process.

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 second reading on May 7 and committee stage on June 30 with amendments to further remove ministerial oversight from the fund's activities.

Policing (Cost Recovery) Amendment Bill: Reported back from select committee on June 29 with a number of amendments including tightening of rules about what could be charged for and how waivers would be issued. Labour, Greens and NZ First all made minority reports strongly opposing the bill. They argued police charges could easily spread and become more expensive.

Standards and Accreditation Bill: Committee stage of the bill completed on June 30 with some amendments, but no movement on support.

Tariff (Free Trade Agreement between New Zealand and the Republic of Korea) Amendment Bill: First reading on June 16, sent to Foreign Affairs and Trade Committee by 95 to 26 with Greens and NZ First opposed. Report back date due by Nov 3.

Bills Passed

Exclusive Economic Zone and Continental Shelf (Environmental Effects) (Transitional Provisions) Amendment Bill: Introduced on Feb 18 2015, to ensure existing operations in the EEZ can continue until new consents are processed. Given priority by the Government in June and completed all stages by June 23. The bill completed its third reading by 119 to 2 with just the Maori Party opposed. The Greens reversed their opposition saying they accepted the dire economic consequences of the Maui field being closed down.

Harmful Digital Communications Bill: Seeks to mitigate the harm caused to individuals by electronic communications and to provide victims of harmful digital communications with means of redress. After talks between Communication Minister Amy Adams and other parties, changes were agreed, which are intended to reduce the criminalisation aspects of the bill. During the committee stage on June 23 Government amendments were backed by all parties except ACT. The bill passed its third reading on June 30 by 116 to 5 with ACT's David Seymour and four Green MPs opposed. **It was the first time Seymour had voted against a govt bill.** Many MPs still expressed concerns about the bill impinging on freedom of speech and the processes being set up to deal with "cyber-bullying". Many felt the bill would have to be revisited within a year. 