

## Labour in trouble

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As winter looms, Labour is signalling failing to gain political traction in the crucial pre-election year. Andrew Little insists there will be much new policy on the books by Christmas, but the Colmar Brunton poll showing a four point drop to 28% support after its Future of Work conference and the govt's flag referendum defeat bode ill. Leadership change isn't seen as an option, but senior staff and advisors to the leader are under pressure.

## Peters and RMA reform

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Winston Peters has demonstrated he will use the select committee scrutiny of RMA reforms to highlight iwi representation provisions that he believes are deeply unpopular among provincial voters and could be a wedge issue to drive National to cooperate with him.

## Maori politics

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Amid some evidence the govt was losing patience with the process, Maori Affairs Minister Te Uruora Flavell has blindsided political opponents by introducing a bill to reform management of collectively owned Maori land. Despite being widely desired reforms, the issue has heated Maori opponents as well. Meanwhile, a challenge to the Kermadecs marine sanctuary, led by Maori fishing interests, will head to court and test public patience.

## Key to China

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John Key is in Beijing next week, pushing the case with President Xi Jinping for an upgrade in the China-NZ FTA to match the provisions of Aust's new trade deal. Don't hold your breath for early progress.

## Economy at an inflexion point?

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NZIER's latest quarterly survey of business opinion presented some puzzling and at times contradictory signals. Sales growth, labour shortages, and high capacity utilisation suggest supply constraints rather than economic weakness could cause slower growth rates.

## Two OCR cuts by mid-year?

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The Reserve Bank has created a less certain path for monetary policy actions, but the odds favour two OCR cuts, one on April 28 and another in June, unless there were to be a dramatic weakening in the kiwi dollar.

## Panama Papers vs provisional tax

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They say you make your own luck, and having a provisional tax reform package up its sleeve was useful to the govt this week, as it sought counterpoints to the politically damaging potential of the Panama Papers release and a lukewarm response to its inquiry into the foreign trust regime.

## Key to China

**John Key heads to China this weekend**, hard on the heels of a delegation of 1,000 Aust businesspeople who accompanied his Aust counterpart Malcolm Turnbull there this week. While the door is open as usual to the top brass, President Xi Jinping and PM Li Keqiang, **Key isn't holding out great hope of an early breakthrough on the desired 'upgrade' of the China-NZ FTA.** Asked this week whether he believed Beijing acknowledges its obligation to the upgrade under the Most Favoured Nation clause that means NZ can expect the same or a better deal than Aust's, Key replied: "I think so."

There has been a flurry of pre-engagement over the course of this week. However, the relationship is more multifaceted than trade. **Among issues where Beijing would like to see movement:** a more predictable and ultimately favourable overseas investment regime and an extradition treaty to allow alleged miscreants to be returned to China from NZ. A list of wanted persons are said by the Chinese authorities to have brought wealth here to escape likely prosecution at home.

The fact that **Shanghai Pengxin**, rejected here for the Lochinver station purchase, is this week reportedly in the box seat to purchase Aust's largest private landholder, S.Kidman & Co, in a JV with an Aust investment partner, will make an invidious comparison. Note, though, that **Shanghai Pengxin has withdrawn its judicial review of the Lochinver decision**, saying it would be a distraction from FTA discussions. Meanwhile, it seems NZ has largely repaired the damage of the various infant formula safety scares, but they and others have contributed to a wider set of food security reforms, including new restrictions on imports from this month and a push to establish trusted domestic food brands in China.

## Labour's awful poll

Political polling this far out from an election isn't very useful, but the **TVNZ Colmar Brunton poll taken between April 2 and 6 has set off a round of soul-searching among Labour MPs.**

It would be an overstatement to say it precipitated the departure of right-leaning, free trader Clayton Cosgrove, who announced his retirement from politics a few hours before the poll came out. He claims not to have known the result. However, he's enough of political operator to see that a victory for Labour next year is a very hard ask when the party struggles to crack 30% on a consistent basis, let alone the 35% minimum threshold it would need to have any chance of forming a govt.

After all, this poll was taken after a serious defeat for John Key on the flag referendum. It's worth noting that **Key's personal standing dropped to 39% as preferred PM, his first time below 40%** while in the role.

While Andrew Little had promised him a future in a Labour Cabinet, **Cosgrove was deeply unhappy with the TPP policy**, especially as a protégé of Mike Moore. Cosgrove is not committed to staying until the 2017 election. Next on the list is former party president Maryan Street.

The Colmar Brunton result, putting Labour at 28%, down four percentage points, followed its poorly handled Future of Work conference, where undisciplined debate about a Universal Basic Income obscured its attempt to claim new jobs policies as its territory. **Little at 7% preferred PM is also getting plenty of free advice** from parts of his caucus that he needs to be more sceptical about guidance from his chief of staff, **Matt McCarten**, a driving force in the Alliance party, and from his recently appointed communications chief, former journalist Sarah Stuart, whose inexperience is showing.

## The Panama Papers vs provisional tax

On the basis of this latest poll, it also **seems fair to assume that Key and National will not be seriously dented by the Panama Papers fallout.** While the appointment of former PwC chairman John Shewan was flat-footed – Shewan's pique at the recent string of IRD wins on tax avoidance cases is well documented – Opposition parties aren't landing body blows. **Much of the detail is Beltway stuff. It may feed the Key-hating parts of social media, but its impact beyond that is limited. Key has long since worked this out.** Whether it's a good or a bad thing, a substantial proportion of the voting public either doesn't care or mind about issues of this sort, or switches off when they arise.

However, it seems highly unlikely the govt would be satisfied with a 'nothing to see here' outcome from the Shewan review. Auckland University tax law specialist Prof Michael Littlewood's suggestion that the foreign trust loophole has been left open knowingly for some time is not implausible. **There are plenty of reputable jurisdictions that require more disclosure from foreign trusts than NZ and which seek to tax the settlors in the trust's jurisdiction.**

This week's announcement of a substantial reform to the provisional tax regime for SMEs was a politically adroit counterpoint to the Panama Papers. For a nation of small businesses, the prospect of a less

onerous and frightening provisional tax regime helps deal with the perception that the little guy never catches a break when it comes to tax.

The package will cost \$187m in lost use-of-money interest and penalty payments over four years, although much of that was always written off anyway. **To benefit from the changes, SMEs will need cloud-based accounting software**, which makes the announcement good news for the likes of **Xero and MYOB**, given that only between 30% and 40% of NZ SMEs currently use online accounting products. **Xero has been a close adviser to the govt on the NZ Number Project**. Legislation allowing NZBNs to be allocated to all NZ businesses was passed this week.

## Peters and RMA reform

As we noted in the last HugoVision, the political chips sit with Winston Peters more than ever at present. His 9% reading from Colmar Brunton was down one point, but steady, and consistent with that thesis. He has also **demonstrated his tactics when it comes to the potential to garner votes from the govt's troubled RMA reforms. He will focus particularly on the iwi participation provisions in the Resource Legislation Amendment Bill**, which he scents are a red rag to a provincial voter. At the first select committee hearings on the Bill, he replaced sitting member and his deputy leader Ron Mark not only to support Don Brash's submissions claiming a separatist element to iwi representation initiatives, but also to challenge an agricultural NGO over its support for those provisions. **Peters accused DairyNZ of being out of touch with its grassroots by offering a bland affirmation of the pro-iwi clauses**. It's worth remembering the govt is not sure how it will get this bill out of the select committee. Peters is offering to replace the Maori Party's support, which is probably a bridge too far for National. However, Peters's views on how the RMA should be changed are more in tune than National's original plans than any party other than Act.

## Maori politics

The Maori representation elements of the RMA reforms reflect National's need for Maori Party support for reforms it has struggled to push through, even in diluted form. Peters believes he can peel votes from National by opposing such initiatives.

Labour also sees opportunity in attacking the Maori Party's hold on two parliamentary seats. Hence its antipathy to **Te Uruora Flavell's Te Ture Whenua Maori Bill, introduced in Parliament without warning on Thursday**. Flavell has politely thumbed


his nose at the Waitangi Tribunal's report last year criticising as insufficiently consultative a set of reforms to make it easier to develop and protect collectively owned Maori land. The court challenge by Maori fishing interests against the Kermadecs marine sanctuary risks testing public goodwill.

## The political economy

Ministers and govt MPs are beginning to get a picture of the impact of the dairy downturn on their constituents. As farmers dry off their herds for the winter, the takeaway is this: this year is survivable, **but if global dairy prices don't dramatically improve by the time of the 2017 drying off season, a marginal dairy farms will be facing the kinds of risks outlined last month by the RBNZ**.

At this stage, it seems many farmers are cutting costs by culling old cows. The long term impact will be lower production. At the grass roots, rural banking advisers say they're extensively stress-testing their farm loan books. The potential political impact on the provinces for National in an election year are obvious and are part of both NZ First's and Labour's thinking. **In the Beehive, the view is that NZ First is the more likely beneficiary than Labour**. Meanwhile, **Nick Smith may be running out of patience with the irrigation lobby**, which is frustrated by the political caution over concluding a freshwater allocation framework. INZ is worried iwi will have conflicts of interest between their commercial activities and their possible role in the consenting process. Smith warns irrigators they may be ignoring a bigger issue in water allocation issue than iwi. Rather, **the nutrient run-off limits being imposed on catchments through the freshwater NPS are emerging as a major determinant on allocation**.

## Network regulation

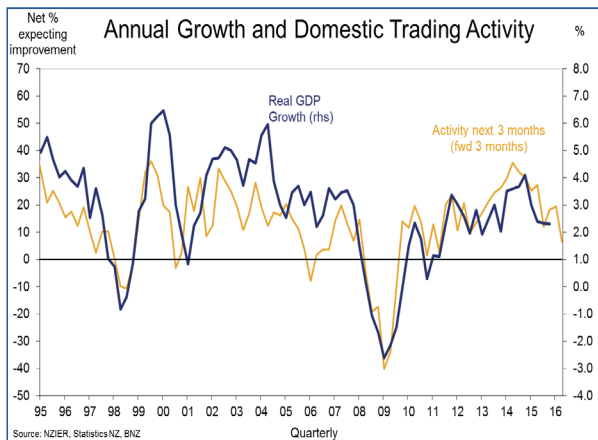
**TSLRIC**, the ungainly acronym for the price-setting methodology used to set telco vs fibre network pricing that made and lost fortunes at the stroke of a regulator's pen in the last five years, **is dead**. In its place, the govt intends an electricity network-style building block model for regulated prices post-2020. **Mandatory national pricing for roaming and tower-sharing** are on the cards to spur mobile competition. The Electricity Authority will release its final **recommendations on grid cost-sharing on May 17**. 

### MPS statement coverage

Regrettably, the actions of a junior journalist have ended the RBNZ's practice of allowing a pre-release lock-up to assess its monetary policy statements.

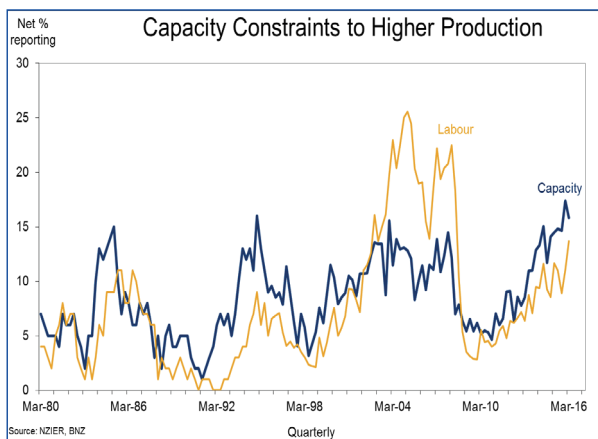
This will limit our capacity to provide the kind of timely analysis we have previously always produced. It is still our intention to provide commentary, but it will come later in the day.

## DOMESTIC ECONOMY



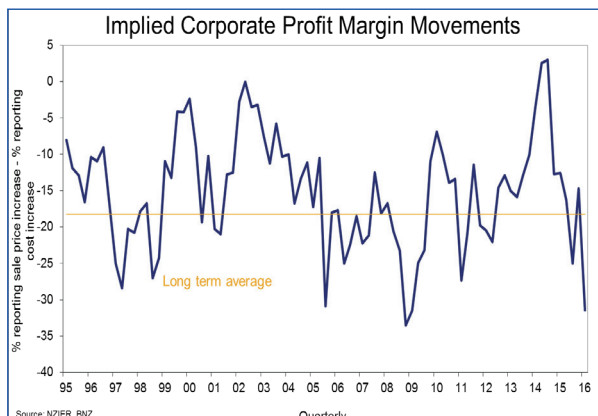
### Growth under pressure

- NZIER's March QSBO shows many of the signs of an 'inflection' point in the NZ economy.
- While activity expectations are sharply lower in the next 3 months, it's not clear from the data whether that's driven by weaker conditions or constraints on capacity.
- If the economy is to grow more slowly, it seems domestic capacity constraints may be the most significant factor, notwithstanding the tentative picture for major export markets.



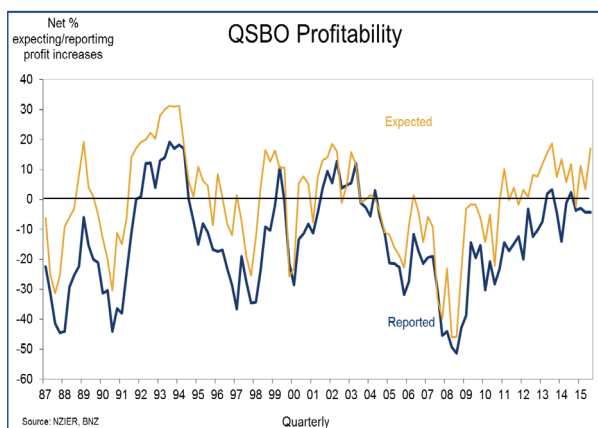
### Demand or supply constrained

- Businesses are reporting both capital and labour constraints.
- This is despite very strong inward migration, which is driving domestic consumption growth.
- It may be that demand from this and other sources of domestic buoyancy are placing pressure on firms' existing capacity;
- Capacity utilisation, traditionally a sign of both strong activity and inflationary pressure, is historically high.



### Profit slump

- The QSBO profitability figures add to the puzzle, showing expectations of much lower profitability, despite historically high labour and capacity use.
- That may suggest the cost of business is rising more quickly than the ability to raise prices.
- Is there an element of inflationary pressure pent-up here?



### Or a volume over-ride?

- Even if profits are falling, signs for the near future are that sales volumes are likely to make up the difference.
- Profitability may come under pressure if total capacity constraints erode the ability to continue to grow sales in an environment of static or falling prices.
- Meanwhile, residential construction intentions consistently shows up as a strong forward indicator, but actual activity tends to under-deliver.

## OCR cuts in April and June?

We're still adjusting to the less certain monetary policy world the RBNZ has created, but we now think **Graeme Wheeler has little option but to lower the OCR at its April 28 review and remain open to further looseness. Otherwise, the kiwi dollar is simply going to stay too high.** Accordingly, we think 25 point cuts in rates in April and June are likely, although further rate cuts are less likely to yield economic benefit than increased economic distortion. The only economic data of significance out before April 28 is the Q1 CPI, which will be low, perhaps 1% on the quarter and 0.3% on the year.

For now, the market under-prices the OCR dropping to a meagre 1.75% if it cuts in April and June. This rate cut call is subject to continued kiwi dollar strength. Its recent strength has been driven by improved market risk sentiment and stronger global commodity prices. While that could well continue over coming weeks, NZD/USD is looking over-bought and a reversal over coming months is expected. Against the wishes of the BoJ the **Yen has strengthened but it still remains the cheapest major currency.** A lack of fresh BoJ policy initiatives at the end of the month could see the Yen supported further. NZD/JPY is down 8% for the year-to-date and is well on its way to meeting our year-end target of 71. Looking further ahead, previous cycles would suggest a lot more downside than that.

From a bonds perspective, the **NZ 2-year swap might be expected to trade down to 2% in coming weeks.** NZGBs are also likely to outperform US and Aust counterparts. NZGB-UST 10-year spreads could trade down toward 70bps and NZGB-Aust gov't bond 10-year spreads trade are likely to flatten. That suggests a further possible compression of local gov't and NZ gov't bond spreads. For 2027 spreads, look for a move to the mid-80s from current levels in the high 90s.

## Confidence and activity

**NZ manufacturers are the most confident they've been in more than five years,** according to the latest NZ Manufacturers and Exporters Assn poll, **but the latest BusinessNZ/BNZ PMI shows the second month of slowing activity** after an expansion that had lasted since Oct 2012. The PMI isn't enough to be a sustained worry yet and the NZMEA result was spurred by exports gains. For the NZMEA, Feb net confidence rose to 45 from 12 in Jan, the highest level since May 2010, when the survey had a net reading of 50. The PMI fell to 54.7 seasonally adjusted in March, having peaked at a 15 month high in Jan, at 57.9. On a 3 month average basis, NZ's PMI still

stands head and shoulders above similar indicators from major economies around the world and it has out-paced Aust's for several years. However, **Aust moved ahead of NZ in the latest month.** Improved economic performance in Aust would be welcome for NZ on several fronts, not just export sales but also some relief from current migration pressures.

## Housing market

**Momentum is building again in the housing market,** and is more broadly based than just Auckland. The median national sale price increased 4.2% to \$495,000 in March from a year earlier, while the number of properties sold was up 8.2% at 9,527, the highest number of sales in March since 2007, the Real Estate Institute says. Barfoot & Thompson's March sales data shows the median sale price for a house in Auckland rose 12% last month to \$798,000. That's within \$2,000 of the record price set in Dec. Both sales volumes and new listings fell.

## Gov't finances

**The fiscal position is looking healthy at the 8-month mark.** The gov't recorded an 8-month surplus of \$398m on an obegal basis compared to the Treasury's forecast for a deficit of \$332m, mainly driven by higher-than-expected tax revenue. Core Crown revenue was \$48.1b and included core tax revenue of \$44.7b, while core Crown expenses were \$48.4b.

John Key announced a **Budget package of reforms to make provisional tax pay-as-you-go for SMEs** with access to cloud-based accounting software, cut one of the sources of penalty interest for underpaid or unpaid tax and will give individual contractors discretion about their withholding tax rate, with a minimum threshold of 10%.

## Venture capital

**Angel investments reached a record \$61m in 2015,** providing funding for 94 Kiwi start-ups, the Young Company Finance Index shows. The index shows cumulatively \$415m has been invested in start-ups by angel groups since the Angels Association NZ index was begun in 2006.

The software and services sector accounted for 60% of investment last year at \$39m. Meanwhile, Icehouse and angel investment network ICE Angels have launched a \$10m fund with plans to invest in 25 start-ups over three years, attracting backers including Stephen Tindall. **Icehouse head Andy Hamilton has been appointed to Callaghan Innovation's advisory board.** ■

## Global growth outlook

Leading indicators have, by and large, come out on the more optimistic side of the ledger with positive surprises dominating the PMI/ISM indicators around the world. **Particularly important are the signs of strength emerging from China and ongoing US recovery. Japan, however, continues to look problematic** and the partial indicators for US GDP in Q1 are forcing forecasters to aggressively lower their expectations for activity in the quarter.

Also positive but potentially inflationary in a minor way: some recovery in a range of global commodities, including oil, although notably excluding NZ's major exports. Brent Crude above US\$44 a barrel is nearly 20% higher than at the time of the last MPS, on March 10. The Bloomberg Commodity Index has edged up 3.1% from 78.8 to 81.2.

## Turnbull stumbling?

Policy flip-flops – first on GST and tax reform and earlier this month on a botched proposal to delegate taxing authority to the states from Canberra – are taking their toll on Aust PM Malcolm Turnbull as he prepares to call an election.

From an apparently unassailable position after rolling Tony Abbott late last year, Turnbull is now looking at polling that shows the ALP doing better than the Liberal/National coalition. **The latest Newspoll put Labor at 51% to the Coalition's 49% and the Liberals' primary vote at 41%, down 5 points since the start of the year.** Labor's primary vote stands at 36%, up 2 points. The poll was taken in the last days of March, covering Turnbull's backtrack on his "big idea" of state tax reform, which the poll showed was strongly publicly opposed. Turnbull remains the "better PM", but his disapproval rating is up 4 points to 48% while satisfaction with his performance fell 1 point to 38%. That net 10% dissatisfaction rating compares with a high point of net 38% satisfaction last November.

## TPP Obstacles – Japan and US

Republican senator Ted Cruz, who is starting to look a credible challenger to Donald Trump for the presidential nomination, is rallying conservatives against allowing a 'lame duck' sitting of Congress after the elections and before a new president is sworn in early next year. His aim is not only to block TPP but other unpopular Obama presidency initiatives that might otherwise slide through in a political dead-zone that is often exploited in this way.

In Japan, PM Shinzo Abe has told his coalition govt not to "forcibly" proceed with ratification of TPP in the current session of the Diet. ■

## Fonterra governance

**Fonterra** has released a draft proposal to reduce its board by two to 11 and give farmer-shareholders more flexibility in the mix of directors, although the concept brings its own layers of complexity. The idea falls short of the remit at last year's annual meeting, to shrink the board to nine. Instead, farmers would take six board seats and three would be for independents – a legal requirement – chosen for their business acumen. The remaining two could be either farmers or independents. Fonterra would adopt a single process of electing both categories of directors, replacing a single transferable vote system that chairman John Wilson said had become too politicised. The new process would include a skills matrix to assess the overall strengths of the board. A nominations committee would put forward candidates, which would be assessed by an independent expert panel system before a final decision by the board. The candidates would then require support from 50% of shareholders at the annual meeting. The review has left the 35-member Shareholders' Council untouched for now, although the role of both council and board are to be more clearly defined, and an "interface document" will show farmers how they interact. A final recommendation is put to shareholders vote in late May/early June.

## Agriculture

**NZ wool prices** rose in last week's auction and the clearance rate rose to 91.6% from 86% at the week-earlier North Island sale. Strong wool of 39 microns rose to \$5.75/kg and is up 14% from a year ago, AgriHQ said. NZX plans to start a **futures and options market for milk** on its trading platform, adding to a suite of derivatives for whole milk powder, skim milk powder, anhydrous milk fat and butter. The contracts will fill a gap since Fonterra ended its own trial of a 'guaranteed milk price'.

The Fonterra Shareholders' Council has **rejected a suggestion the dairy cooperative could let farmers sell "wet shares"** held according to annual milk production as a way to provide support at a time of low milk payouts. First NZ Capital estimated between \$300m and \$400m of capital could be provided if farmers sold some of their shares to non-farmers, without much change to the Fonterra Shareholders' Fund's target size.

## Chch rebuild

Treasury highlighted major issues with the delivery of anchor projects in central Christchurch. In its Major Projects Performance Report July to Oct 2015, the Christchurch Central Delivery Programme is the

only project to be labelled as 'red', which implies change is needed to budget, schedule, scope or benefits. The Treasury is particularly concerned about the governance and transition of projects from the Canterbury Earthquake Recovery Authority (Cera) to new entities. The transition is labelled a "significant risk" with project planning and transition planning "not well linked". Gerry Brownlee will keep his oversight of the Canterbury rebuild and has been named minister supporting Greater Christchurch Regeneration, which replaces the Canterbury Earthquake Recovery portfolio.

### Tourism and services

NZ's tourism boom is reflected in the latest retail spending and accommodation figures, with hotel occupancy a record 80.3% in February and the motel rate a record 75.3%. Retail spending on credit and debit cards rose 6.2% from a year earlier to \$4.95b. Hospitality spending rose 0.4% in the month and climbed 12% from March 2015. **Air NZ** is starting year-round direct flights to Manila from Dec. The move reflects growth in NZ's Filipino population, which has more than tripled since 2001 and is now the third largest Asian ethnic group at around 40,000. The 10.5 hour flights will operate three times a week using Boeing 767-300 aircraft. **Opus International Consultants** is to restructure its business along sector lines instead of country-based divisions to better tap staff expertise across borders. The engineering consultancy's Aust and Canadian units had struggled to cope with the fallout from the slump in oil prices last year, while its NZ and UK divisions reported a stronger performance. **Streaming content** provided the biggest source of income for NZ musicians in 2015, the first year in 15 that total revenue grew, Recorded Music NZ says. Wholesale revenue rose 12% to \$74m last year, of which streaming services more than doubled to \$25.7m to account for 35% of total sales. Streaming services generated just \$5m in sales in 2013. **SkyCity CEO Nigel Morrison** has resigned from the listed hotel and casino company, saying he is keen to take a break after an eight-year tenure. NZ chief operating officer John Mortensen has been named interim CEO pending a global search for a replacement.

### Tech industry

**NZ is seen as a relatively soft target for computer hackers and malware**, the Symantec Internet Security Threat Report says, ranking 2nd in the southern hemisphere in 2015 behind Aust and 21st globally for ransomware attacks. The report estimates ransomware attacks in NZ averaged 108 per day, compared with 636 in Aust. **Vista Group International**, the cinema software and

analytics firm, has bought movie website Flicks for an undisclosed sum and 50% of UK-based movie marketing company Powster.

### Corporate actions

The **NZX** has elicited a range of views on proposals to broaden governance rules for listed companies, with **institutional investors favouring more disclosure of non-financial reporting** covering environmental, social and corporate governance (ESG) and more detail on executive remuneration. By contrast, **most listed companies and law firms were wary of imposing an added burden** of meeting non-financial reporting measures, saying any steps should be voluntary and tailored to a specific business. NZX is considering a more specific code of ethics for senior managers, a charter setting out responsibilities of directors and rules to cover whistle blowers. It wants the rules to reflect Financial Markets Authority guidelines and be in tune with ASX requirements. The work comes before a **wider review of listing rules this year**. **NZ Pharmaceuticals** got a \$49.6m injection from its new controlling shareholder, Aust private equity firm Archer Capital. Local private equity outfit Direct Capital completed the sale of its 51% stake in Palmerston North-based NZP to Archer for an undisclosed sum. Aust media have previously reported a price of about \$200m. The appeal against a High Court ruling that found former **Feltex Carpets** directors and promoters not liable for alleged disclosure failings in its 2004 prospectus has begun. **Nuplex Industries'** independent directors are unanimously backing **Allnex Belgium SA's** \$1.05b bid for the resins maker after the US-based firm completed its due diligence. **Diligent Corp** shareholders voted in favour of a takeover by venture capital firm Insight Venture Partners at a special meeting in Auckland that was marked by opposition from NZ retail shareholders. Diligent's delisting will see **Comvita** take its place on the S&P/NZX 50 Index. **Kiwi Property Group** has agreed to buy 50% of Hamilton's The Base shopping centre from **Tainui Group Holdings** for \$192.5m and offered \$197.5m for the balance. The **University of Auckland** is to sell its 11.9 ha Tamaki campus to property developer Tim Edney. **Brazilian meat processor JBS's** move to take majority control of **Scott Technology** has gone unconditional. **Steel & Tube Holdings** is confident about its seismic mesh and says Commerce Commission tests showing it didn't meet standards only involved a handful of sheets nine months ago. The Overseas Investment Office approved the sale of **Vector's** gas transmission and gas distribution businesses outside Auckland to the global fund manager, **First State Funds**. **NZ Oil & Gas** plans to delist its stock from the ASX. 

## LEGISLATION

## Recess, then Budget build-up

The govt made steady if unspectacular progress through its legislative programme in March and April with only a one week break ahead of Easter. Amongst the highlights was Gerry Brownlee managing to build cross-party consensus on the Greater Christchurch Regeneration Bill. Brownlee conceded some central control in order to bridge political divisions. Select committees cleared their decks of annual review work. The Local Govt and Environment Committee began hearings and considering the Resource Legislation Amendment Bill. The House is adjourning for two weeks at the end of April and when MPs return in May the focus will be on the May 28 Budget.

John Key outlined a provisional tax system reform and promised other business-friendly Budget measures.

The politics of the Kermadecs marine sanctuary bill is looking much more difficult following a claim from Maori fishing interests it breaches the 'Sealords' fisheries settlement. A court challenge to the fact the decision to create the sanctuary involved minimal consultation is under way.

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is available on The Hugo Group website, [www.thehugogroup.com](http://www.thehugogroup.com)*

## Bills Introduced

**Education Charter Schools (Abolition) Amendment Bill:** Introduced on April 7, a Member's bill in the name of Labour's Chris Hipkins. Its purpose is to abolish partnership schools *kura hourua* ("charter schools").

**Te Ture Whenua Maori Bill:** Introduced April 14. The product of consultations since 2013, delayed by a Waitangi Tribunal report, introduced by Maori Affairs Minister Te Uruora Flavell. Seeks to improve the capacity of collectively owned Maori land to be developed, while preserving Maori ownership of such land. Further work on paper roads and landlocked properties to proceed. (See Politics and Policy section.)

## Bills in Progress

**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. Ranks high risk, and the prioritising of education, hospital and emergency buildings. The most significant change in the bill since then is adding a new category of priority buildings to cover parts of an unreinforced masonry building like a parapet or veranda which could fall into a public area. Completed

second reading March 2 by 120 to 1 with ACT opposed. David Seymour said changes to the bill did not do enough to reduce costs relating to low risk buildings and areas, particularly in Auckland. *Committee stage completed on March 30 with Seymour's amendments shot down and third reading interrupted on April 12.*

**Environment Canterbury (Transitional Governance Arrangements) Bill:** Creates a mix of appointed and elected representatives for the Canterbury Regional Council from 2016-2019. *Completed its committee stage April 5 in the face of strong opposition. National, Maori Party, ACT and United Future backed the bill.*

**Keep Kiwibank Bill:** A Member's bill in the name of Labour MP Clayton Cosgrove. 60 with just National and ACT opposed. *Reported back on April 6 with the govt majority on the committee recommending it not pass.*

**Kermadec Ocean Sanctuary Bill:** Introduced March 8. Will create an ocean sanctuary around the Kermadec Islands. The effect will be to ban all fishing and mining in 620,000 square kilometres of the Exclusive Economic Zone. First reading on March 15 with all parties in support, now unravelling in face of influential Maori opposition. Referred to the Local Govt and Environment Select Committee with a shortened report back of Aug 2. The govt intends to pass the law by Nov. *Govt faces legal action from Maori fisheries interests over the quota issue.*

**Minimum Wage (Contractor Remuneration) Amendment Bill:** A bill in the name of Labour MP David Parker for contractors to be paid not less than the minimum wage. By agreement the report back deadline was extended to April 29, 2016. *Further delayed until May 12.*

**New Zealand Horticultural Export Authority Amendment Bill:** Introduced Dec 1. *Completed first reading March 29 with the agreement of all parties. Sent to the Primary Production Committee with report back due on Sept 29.*

**Taxation (Residential Land Withholding Tax, GST on Online Services, and Student Loans) Bill:** Introduced Nov 16. *Select committee reported back March 21. Changes made to administration of withholding tax, including a new definition of an "offshore person". Completed second reading debate on March 31 with just NZ First opposed. Committee stage completed April 12 with no further amendments.*

**Taxation (Transformation: First Phase Simplification and Other Measures) Bill:** Introduced June 30. *Reported back March 21 with minor amendments. Second reading debate interrupted March 31 and completed April 12 on a voice vote.*

## Bills Passed

**Greater Christchurch Regeneration Bill:** Introduced on Oct 19. *Amendments introduced in the committee stage March 29. Completed third reading March 31 by general agreement.*

**New Zealand Business Number Bill:** Introduced on March 31 2015. *Committee stage completed on March 30 with general agreement. Opposition amendment saying departments must use the NZBN defeated. Third reading completed on April 12 with just NZ First opposed. During the third reading debate the govt said it would be getting departments and agencies to use the Business Number through a set of whole-of-govt directions to be released in the coming months. The bill passed with just NZ First opposed.*