

### Challenges to the current orthodoxy

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Globalisation has improved the lives of billions in emerging economies and benefitted elites in developed economies, but growing swathes of middle class voters are questioning its benefits to them and their futures in the US, Britain and, increasingly, NZ. A tipping point in the critical minimum of support required for the economic orthodoxy of the last 30-plus years is under way.

### Govt in deep trouble on housing

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Housing unaffordability has been a classic 'creeping crisis' for the govt, which has tried and failed with numerous initiatives to stem galloping residential real estate inflation and assumed the 'wealth effect' of rising prices for existing homeowners would balance out the political negatives. That can no longer be assumed.

### Labour at 100

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Still struggling to crack 30% consistently in any public opinion poll, Labour celebrates its 100th anniversary this week with some reasons for optimism about its prospects in 2017. It is well-positioned on housing, its caucus is exhibiting new discipline, and the political winds make it easier and more credible to repudiate its lurch to the right in the 1980s.

### Brexit impacts

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Conventional wisdom holds that the impacts of Brexit for NZ are likely to be marginal. However, note that those assessments generally focus on the short term. Impacts to watch include any flow-through to the Chinese economy of a weaker Europe, and more competitive European dairy exports from a weaker Euro.

### Cross-party thaw on climate change policy?

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Climate Change Minister Paula Bennett is surprising those close to the action by taking an inclusive and open approach to NZ's policy prescription, leading to rare bouquets in Parliament from Labour and the Greens this week. Bennett may sense political opportunity in this area as her housing portfolio responsibilities look increasingly burdensome.

### Competition law reform

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Submissions are in for the review of s36 of the Commerce Act, with the potential for a substantial change in the way competition tests are administered. Also close to completion is the review of the Dairy Industry Restructuring Act, with Fonterra hoping for reduced obligations to supply competitors.

### Turnbull's pyrrhic victory

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Almost a full week on from the Aust federal election, the final outcome of a contest that PM Malcolm Turnbull should have been able to win comfortably is still not known. To the extent that political uncertainty has been hampering Aust economic performance, that trend is set to continue.

## Housing – a creeping political crisis for National

RBNZ deputy governor Grant Spencer's speech on the need for a 'team approach' to addressing the housing bubble couldn't be clearer. His key phrase was this: **"The longer the boom continues, the more likely we will see a severe correction that could pose real risks to the financial system and broader economy."** From the normally cautious bank, that is a serious warning about the potential for a bursting bubble. The trouble for National is that there is no quick fix, the PM has boxed himself into a corner by defending the position of heavily indebted homeowners sitting on paper profits over affordable housing, and nothing it has done in the last eight years has been enough. This issue is now potentially fatal for the govt. It is one area that Labour not only has policy, but where it will be cut plenty of slack by an electorate that knows there is no quick fix, but that it appears a different approach is needed.

## Key – putting a brave face on Brexit

John Key exuded confidence with his carefully choreographed and rehearsed speech to the National Party's annual conference last weekend.

However, that masks **soul-searching on both the political and economic implications of the electoral volatility evident in major sources of influence on NZ politics – the UK, US and Australia.** Britain may not be an especially important trading partner anymore, but the division and alienation evident in the Brexit vote has resonated here. Some of Key's closest advisers are also more worried behind the scenes about the potential economic implications of Brexit if it weakens EU growth significantly. Party officials weren't so worried about the slump in voting for the Coalition in Aust, which they put down to an inept campaign by Malcolm Turnbull. Key must now be reassessing his confident assessment of Turnbull's political skills earlier this year. National shares a pollster (Mark Textor) with the Libs, so presumably had some inside knowledge as to what was going on. However, to the extent that Aust business sentiment has been battered by ongoing political uncertainty in recent years, last weekend's close result and the potential for a challenge to Turnbull's leadership will do nothing to improve confidence.

**National Party officials' other major concern is the need to be in a position to conscript Winston Peters to form a govt.** A National-NZ First combination continues to be the most likely route to a majority in the next Parliament. Though many have reservations about working with Peters at all, given the problems

he caused the Shipley govt, the bigger issue remains his intense personal dislike for the Prime Minister.

At present National's campaign manager, Steven Joyce, believes that NZ First is picking votes up off Labour but the Nats did take the precaution of prominently featuring breakout sessions on immigration and fresh water management – both big Peters issues – which suggested that they are already mounting a defence on any inroads he might try and make into their vote. **Sensitivity over water remains one of the biggest obstacles to greater accommodations for the Maori Party,** with whom National has worked constructively for almost three terms. Key's unwillingness even to consider royalties for water being bottled for export is rooted in the fear that any move to price water will require the settlement on Maori 'rights and interests' in freshwater, which the party fears would cause a serious backlash from its farming and conservative base.

## Labour at 100

Labour goes into its centennial week buoyed up by the impact it believes it has made on the housing issue and the growing level of discipline within its caucus. Thursday's announcement of a \$15m fund to help NGOs provide emergency housing is hardly ground-breaking, but more housing announcements are to come this weekend. Its KiwiBuild policy to build 100,000 homes swiftly in a rent-to-own scheme is entrenched policy and plays well politically in an environment where the govt is losing the argument.

However, the deep contradictions in its recent history remained evident. Party president Nigel Haworth launched a new party history, extolling the 1930s to 1970s as a period when Labour 'owned' the political debate, but damning with faint praise the 1984-90 Labour govt's role in modernising the sclerotic NZ economy. That was a break with Labour traditions in favour of "individualism and market-driven models of neo-liberalism. Uniquely, Labour was at the forefront of that transition in New Zealand," said Haworth, committing no explicit judgement on the period but noting "recent MF and World Bank analyses, which are not only distancing themselves rapidly from neo-liberal orthodoxy, but are also returning to the language of Labour – reduced inequality and increased redistribution, greater levels of social inclusion, and a stronger voice for all members of society". **That's in tune with the current anti-globalist mood gripping western democracies, but for as long as Labour cannot own its past, it will struggle to forge a coherent future.**

An element of that struggle is the party's plan to hold a special general meeting to amend its

constitution to make it easier for talent rather than factional rivalries to win through in its list ranking process. Situations the change would seek to avoid include Kelvin Davis's list demotion in 2014, when he faced a tough electoral battle in Te Tai Tokerau against Hone Harawira. As an indication of the gulf between the party then and the parliamentary leadership now, Davis sits on the front bench. **The party's new secretary, Andrew Kirton, has even more ambitious plans to change the constitution after the election. However, any attempt to weaken the role of the party in, say, party leadership choice, will invite a new era of inter-necine conflict.** In the meantime, Andrew Little and chief of staff Matt McCarten have systemised the caucus with a number of different groups who meet regularly with Little. **The key group is Annette King, Grant Robertson, Phil Twyford and Chris Hipkins, who determine how and what issues Little will focus on.** They are concentrating much more of their attack on the govt in Little and clamping down on some of the individualism seen from backbench MPs over the past few years. **Fund raising remains a problem, and Little seems to be undertaking more of that himself.** Labour lost three, possibly six years of its time in Opposition, and many of the things it is doing now should have been done once it got over its defeat in 2008. But National knows they are going to be more of a force next year and it, in turn, is preparing for that.

## Cross-party thaw on climate change policy?

Former lead climate change negotiator **Adrian Macey** was in **Climate Change Minister Paula Bennett's** office this week making the case for a civil society reference group to help create broad-based support for whatever approach the govt takes to forthcoming negotiation of the detailed rules required by last December's new global agreement, negotiated in Paris. **Bennett is coming to be seen as a breath of fresh air** on the issue, compared to her predecessor, Tim Groser. Both Labour and Green MPs made complimentary remarks in Parliament this week to that effect, suggesting **a cross-party approach to policy may emerge. With the social housing portfolio turning into a political graveyard, Bennett may see climate change as an area with some potentially big wins.** Meanwhile, Parliamentary Commissioner for the Environment **Jan Wright** continues to seek a meeting with Bill English over the threat posed by seawater rise. *Note: Paula Bennett will address Hugo Group breakfasts on Wednesday Sept 13 and Friday Sept 15, in Wellington and Auckland respectively.*

## Competition law review

Submitters on MBIE's targeted review of the Commerce Act have divided along predictable lines. Major companies, law firms, banks and lobbies such as BusinessNZ favour the status quo, given that the interpretation of s.36 has been forged through two landmark rulings by the Privy Council and latterly by the Supreme Court and is supported by other sections of the Act. Proposed changes including an 'effects test' risk stifling legitimate competitive endeavour, while giving the Commerce Commission powers to conduct market studies risks being a licence to impose more cost on business. But proponents of change, including the commission, MBIE, Australia's ACCC, 2 Degrees, and the Motion Picture Association of America variously argue NZ, along with Aust, is out of step with global norms by relying on a 'taking advantage' or purpose test rather than 'effects' test for anti-competitive behaviour. Commission chair Mark Berry has referred to the current 'counterfactual' test as being based on 'make-believe' market structures and predictions and has urged Minister Paul Goldsmith to embrace reform while acknowledging it is controversial. Cross submissions close on July 21 and Goldsmith is taking a cautious approach. Arguably, the calls for reform have a head of steam, given the review had its genesis in recommendations from the Productivity Commission to boost productivity in the services sector and was subsequently incorporated into the govt's BGA.

### Defence spend

Cabinet has approved the purchase of an ice strengthened oil tanker and a Littoral Support ship for the Navy. The latter will also be made available to NIWA on a charter basis to replace the Tangaroa when it becomes obsolete. The US has been pressing NZ to add a tanker able to deliver fuel to Antarctica, reciprocating for the US provision of air links to the Ice.

## DIRA rethink nears conclusion

With most independent processors reportedly having lengthy waiting lists of farmers wanting to supply; a persistently low milk price; issues around commitment to the cooperative model; and questions around just what is the critical mass of domestic milk supply needed for Fonterra to deliver on the rationale for its formation; competition issues in dairy are again being hotly debated as the consultation phase of the review of the Dairy Industry Restructuring Act comes to a close. A key issue is the expiry of some DIRA provisions no later than 31 May 2018 in the South Island, where the market share threshold of over 20% of milk solids collected by independent processors was met in 2014/15. ■



## DOMESTIC ECONOMY

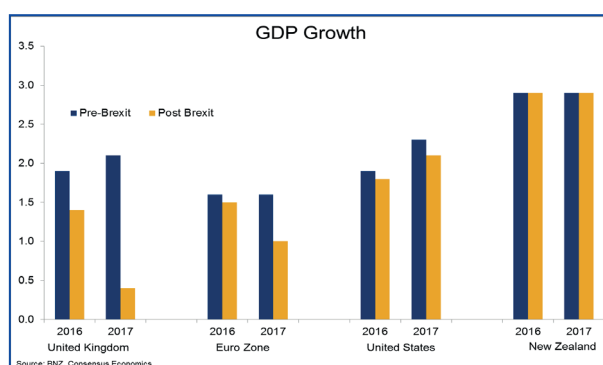
### Strong business sentiment, but pre-Brexit

NZ businesses turned optimistic about the economy in the June quarter as moderating cost pressures helped boost margins and lifted profit expectations. A net 18% of firms surveyed in the NZIER's quarterly survey of business opinion expect general business to improve, turning from a net 2% of pessimistic responses three months earlier. The ANZ Business Outlook for June showed a net 20% of firms expect better economic conditions in the coming year, up from a net 11% in May, and a six-month high.

### Brexit impacts

The Treasury doesn't expect the NZ economy will suffer much from the UK vote on leaving the EU although visiting Britons during next year's Lions rugby tour may tighten their belts due to the weaker British pound. The Treasury expects the impact of vote "to be **limited in the short-term**" as continued volatility in financial markets delays investment decisions, and as the slump in the pound makes NZ exports to the UK less attractive.

However, Brexit is expected to have a dramatic impact on the British economy and a more muted negative effect in the EU, which will inevitably flow through to the rest of the global economy.



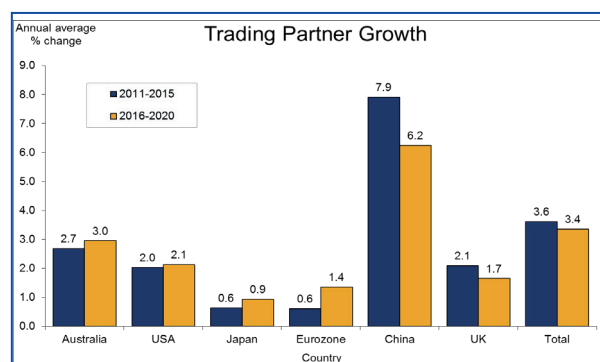
#### Two key impacts to watch:

- The EU is China's largest market, so a European slowdown brought on by Brexit wobbles could hit China further out, with flow-on to Australia and NZ; and
- A weaker EU may produce a weaker Euro, making dairy exports from over-supplied Europe more competitive than they are already, potentially lengthening the dairy price trough.

Add in the likely negative impact should there be Trump victory in the US presidential election, and the **investment conditions for the next six to**

**eight months look unusually subject to the risk of political volatility.**

However, the outlook over the next five years remains relatively robust. Aust, the US, Japan and Eurozone still look likely to show stronger growth than in the first half of this decade. While China may slow to closer to 6% annual growth, that is off the much-enlarged economic base that has emerged in the world's most populous nation.



### July 18 CPI – more heat than light on monetary policy?

The RBNZ's unenviable task is becoming tougher and tougher, making July 18's CPI release an especially important signalling point. This is a time when very small changes in inflation matter disproportionately for the well-being of the NZ economy. Unfortunately, the **June 1/4 CPI looks unlikely to deliver much useful guidance.** A relatively robust 0.7% increase for the quarter is forecast, but about two-thirds of that is a petrol price spike, which is unlikely to be repeated in future quarters, with petrol prices already 2.1% below their Q2 average. Most of the rest is seasonal noise. A quarterly 0.7% would also yield an annual inflation rate of 0.7%, for the 8th consecutive quarter of inflation below the lower bound of the RBNZ's target. While this is likely to push the RBNZ towards further cuts, especially with Brexit harming global sentiment, **we still do not see the need and fear the ultimate consequences of an unduly low OCR.** NZ continues to import deflationary pressures, on which domestic interest rate cuts have virtually no impact.

### Fiscal position remains robust

The NZ govt posted a larger-than-expected operating surplus in the first 11 months of the financial year of \$2.3b. Most key indicators were in line with budget projections, meaning the **forecast full-year surplus is likely to be achieved.**

## Threats to the current orthodoxy

The Brexit vote, the rise of Donald Trump and the existential strains evident in the European Union all point to a tipping point in public consensus on globalisation in developed economies.

The Hugo Group's medium-term forecasts suggest this will be a growing feature of the political dynamic in NZ as well in the next 3 to 5 years.

There are three key impulses to this trend:

- A lurch to protectionism, nationalism, and isolationism, especially in developed countries. **The implications for trade liberalisation, including whether TPP proves capable of ratification in the US, are problematic.** Trade liberalisation is being rejected by a growing cohort of developed economy voters affected by the downsides of globalisation;
- **Freedom of movement across borders, one of the great liberating and energising forces of globalisation, is under threat.** While it is likely to be preserved, it is also likely to face increasing political scrutiny and risk aversion;
- **Rich vs poor – income inequality in both the developed and developing economies is beginning to demand a political answer.** Democratic and wealthier societies are more likely to be more responsive and constructive about this pressure than in societies marked by corruption or unrepresentative govts.

What the Trump and Brexit phenomena suggest is that elites in developed economies, which have by and large reaped the most benefits from globalisation, are out of touch with frustration and despair accumulating in parts of the aspirant middle classes, let alone society's poorest, about their capacity to get ahead.

**While globalisation has undoubtedly assisted millions, if not billions, out of poverty in developing economies, the losers in that process are cohorts in developed economies who, in post-WW2 generations, had felt their lot and that of their children was improving.** When such people face a future of uncertainty, automation, and apparently reduced opportunity for themselves and their children – many of whom are indebted early in life owing to student borrowing – **they are not swayed by the argument that others worse off than themselves have benefitted.**

They are all the less likely to accept such arguments when they see a privileged elite not only benefitting disproportionately from this dynamic, but continuing

to wield a questionable degree of control over its outcomes.

Larry Summers, one-time US Treasury Secretary and one of the architects of the 'new world order' of the last 30 years, suggested this diagnosis in a June 24 essay in the Washington Post:

"The political challenge in many countries going forward is to develop a **'responsible nationalism'**."

"It is clear that **there is a hunger on the part of electorates, if not the Davos set within countries, for approaches to policy that privilege local interests and local people over more cosmopolitan concerns.**

"**Channeling this hunger constructively rather than destructively is the challenge for the next decade.**

"We now know that **neither denying the hunger, nor explaining that it is based on fallacy, is a viable strategy.**"

## Turnbull's humbling election

Malcolm Turnbull has become the latest Aust PM to make a hash of the opportunity of that office. He called a rare double dissolution federal election, only to emerge with a weaker position than he had previously and with the prospect of his caucus enemies seeking to replace him.

Instead of putting behind him the Tony Abbott era, Turnbull's failure not only to gain control of both the House and Senate, but also to regain only a tenuous grip on the House, has left him open to replacement or at least destabilising infighting.

By comparison, Bill Shorten has solidified his position as leader of the ALP, with early potential challenger Anthony Albanese fading fast ahead of the mandatory party leader vote that an ALP caucus must take after a federal election defeat.

## Asia still wobbly

Asian growth is slipping, with both exports and investment rates falling, despite some better news from China's housing and infrastructure sectors, undimmed demand in ASEAN economies despite currency jitters, and a slightly better than expected performance from Japan this year. Exports continue to disappoint and may weaken again once the ripples from Brexit reach Asia's shores, say UBS economists.

Private corporate investment is showing signs of weakness, despite low interest rates, and demand is consistently falling short of expectations. More fiscal and monetary policy easing is on the cards, but micro-economic reforms to boost performance remain elusive. ■

**CORPORATE ROUND-UP****Innovation**

**Callaghan Innovation** CEO Mary Quin resigned after three years leading the innovation-funding body, saying she wants to pursue other professional and personal interests. Quin was Callaghan's first CEO, has extensive governance experience on boards of companies involved in the commercialisation of innovation, and has recently been appointed to the Westpac board in NZ. It is understood that the Callaghan board has been caught at times between its obligations to Callaghan's management team and the wishes of the organisation's brainchild, Science and Innovation Minister Steven Joyce, who praised her work. Quin said it was an ideal transition point for new leadership, but offered no unscripted comment on a statement issued by the deputy chair as the chair, Sue Suckling, is offshore. The Callaghan board last week signed off on a refreshed strategy. Plans to revamp its Gracefield campus in the Hutt Valley are going ahead. **Hemi Rolleston**, Callaghan Innovations general manager Maori Economy, has been named **interim chief executive**.

**Xero** director Sam Morgan will end nine years on the board of the accounting software developer at this month's annual meeting. Serial tech investor Morgan remains a shareholder in the company.

**Property**

**NZ residential property values increased at the fastest pace in 12 years in June.** The average home value rose 13.5% to \$590,909 in June from a year earlier, ahead of May's 12.4% annual gain, and marking the fastest pace since 2004, said Quotable Value. Some **46% of Auckland home sales were to investors, up from 37% in 2012**, QV said, citing CoreLogic data. Barfoot & Thompson's June data shows the average Auckland house sales price rose 3.9% to \$908,343 in June from May. Barfoot's sales fell about 11% to 1,168 in June from May.

**Transport**

**Manukau Harbour would be the preferred replacement site for a new Auckland port** despite shipping and business interests preferring one on the east coast, the Port Future Study found. It concludes that freight growth at the existing Ports of Auckland site will be okay for a few decades but beyond that there will be a need to move, consistent with previous studies. It recommends two alternatives – the Manukau and the Firth of Thames. Port of Tauranga chair David Pilkington said he wasn't convinced either site made sense for a new "super-port" to serve the upper North Island, with Tauranga able to expand. He questioned PoA competing for export freight at its 'inland port' at Hamilton and

suggested the report's main aim is to legitimise limited expansion of the existing wharves.

**NZ new vehicle sales rose to their highest level for a June month for 34 years**, helped by demand at the National Agricultural Fieldays. Registrations climbed 5.1% to 13,699 in June, the highest level for the month since 1982 and the second-highest for any month on record, the Motor Industry Assn said. Commercial vehicle registrations rose 13% to 4,513, the highest ever recorded for a June month, while passenger vehicle registrations gained 1.9% to 9,186. **Colonial Motor Co** raised its annual earnings guidance and now says profit rose to a record in the year ended June 30, topping its previous high of \$19.3m in 2014.

**Kauri Ardmore**, an NZ investment company associated with **Oravida** founder Stone Shi, has acquired **Ardmore Airport** for an undisclosed sum, gaining a facility that houses seven flying schools, charter operators, maintenance, and refueling services. The vendor was Tramcent Investment Group, an Auckland-based investment company.

The High Court has rejected an application for judicial review of **Wellington airport's** plan to build a 90-metre runway end safety area for the planned runway extension at the capital's airport. The Airline Pilots Assn had claimed that was too short and needed to be 240 metres.

**Healthcare**

**Acurity Healthcare** plans to open Wellington's first private cancer care unit in a \$20m joint venture with Aust cancer care provider Icon Group. The Wellington-based private hospital operator has been keen on expanding into providing oncology and rehabilitation services.

Former Health Minister Tony Ryall has been named chair of private health insurer **nib holdings' NZ** unit, as Alan Clarke steps down to focus on Hellaby Holdings. Ryall has been an independent director at nib NZ since Feb 2015.

**Retailing**

Joan Withers will take over as chair of **Warehouse Group** in Sept, having decided she won't seek reappointment to her role as chair of Television NZ when her term ends early next year.

The govt wants to lower the threshold on online purchases which qualify for GST from mid-2018, but says more work is needed and there will be no change without public consultation. Currently, online purchases don't qualify for GST and tariff duty unless the total tax owed is \$60 or more – meaning a purchase price of about \$400. But goods such as clothes, accessories, and shoes attract both duty and



GST, meaning charges may be payable when the purchase price exceeds \$225, according to the NZ Customs Service.

## Regulation

The Reserve Bank is edging closer to imposing **expanded loan-to-valuation ratios on residential property investor lending** before the end of the year and continues to assess debt-to-income ratio restrictions as well, but needs more data.

Figures showing **some financial advisers have high insurance policy churn rates**, where customers are shifted from one policy to another to generate a commission, are “a disgrace” and need more protection from “salespeople dressed up as advisers,” says the NZ Shareholders’ Association. The NZSA was commenting on a Financial Markets Authority survey that showed that out of 1,100 ‘high volume’ advisers, 200 advisers were deemed to have a high level of replacement life insurance business. Those 200 earned almost 50% more in commissions on life insurance than other ‘high volume’ advisers.

The **Auditor-General** is to examine how the **Overseas Investment Office** collects and manages information following a request from the parliament’s finance and expenditure committee. Auditor-General Lyn Provost said the study would **take precedence over work on monitoring tertiary education organisations, which has been deferred for a year**.

**Bathurst Resources**, which turned to a loss in its first half in the face of continued weak coal prices, has won OIO approval to buy 85 ha of forestry land at Nightcaps in Southland, gaining access to seams adjacent to its Coaldale mine.

China’s **Shanghai Maling Aquarius** agreed to extend the deadline for its \$261m offer for a half stake in **Silver Fern Farms**, giving the OIO more time to assess the deal. The transaction was slated to go unconditional by June 30, but Silver Fern and Shanghai Maling agreed to push out the date to Sept 30. SFF also set a new date of Aug 12 for a special meeting for a second vote on the sale requested by a group of dissident shareholders. Meanwhile, **SFF’s CFO, Rob Woodgate, resigned** for “personal and family reasons”.

**Fletcher Building** has dropped Horokiwi Quarries from its application to buy rival construction company **Higgins Group**, a step that helped win approval from the Commerce Commission for the acquisition. The regulator identified the manufacture and supply of aggregates from quarries as its key competition concern in a statement of preliminary

issues released in February. Horokiwi Quarries, a 50-50 joint venture between Higgins and Fulton Hogan, operates three quarries in the Wellington region.

The **Electricity Authority** will not pursue an ‘undesirable trading situation’ inquiry into circumstances that saw wholesale electricity prices spike briefly to more than \$4,000 per Megawatt hour on June 2. Minnow retailer **Electric Kiwi**, whose 3,000 customers were fully hedged against the event, claimed **Meridian Energy** had manipulated prices to its advantage on the day, which was marked by very cold temperatures and absence of wind in the North Island. That created an **early test for NI supply responses in the new environment created by the withdrawal of both baseload and fast-start thermal plant**. While Meridian welcomed the decision, the **EA is nonetheless going to conduct a ‘market performance review’**.

Consultation on **proposed regulations to enable wine and spirit makers to register the geographical origins** of their products has begun. The regime is intended to assist the NZ wine industry to protect its reputation in export markets.

Publisher **Horton Media** submitted to the Commerce Commission the the Auckland newspaper market should be subject to carve-outs if the NZME-Fairfax merger proceeds.

## KiwiSaver

A Financial Markets Authority survey found that while people with KiwiSaver funds are reading the reports they receive from their savings providers, they are not tending to act on them.

While switching KiwiSaver funds – either between fund type or between providers – is becoming increasingly simple, **providers may find themselves under increasing regulatory pressure to ensure their information to savers is sufficiently clear to provoke action**, where justified.

## Extraditions to China

High Court judge Jill Mallon has directed Justice Minister Amy Adams to have another look at the country’s first extradition request from China for an accused murderer, Korean-born NZ resident Kyung Yup Kim. In the High Court in Wellington, Justice Mallon granted Kim’s application for a judicial review of Adams’ decision. It was the first such extradition order from China, which had provided assurances that Kim wouldn’t be subjected to pre-trial torture to obtain a confession or the death penalty. ■

## LEGISLATION

Parliament is in recess from today until Aug 9. Bill English vetoed Labour's bill to extend paid parental leave. A bill to remove branding from cigarette packaging was revived, and Fire Service reform legislation was introduced.

- *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

**Fire and Emergency New Zealand Bill:** Introduced June 30, repeals the two Acts governing fire services to create a single, unified organisation. All parties were in support at first reading on July 5. Referred to the Local Govt and Environment Committee for consideration.

**Local Government Act 2002 Amendment Bill (No 2):** Introduced June 9. Allows the Local Govt Commission to initiate its own investigations in relation to reorganisations. Completed first reading on June 15 with Greens and NZ First opposed. Labour indicated its support was conditional. Referred to Local Govt and Environment Committee with submissions due by July 27.

**Telecommunications (Property Access and Other Matters) Amendment Bill:** Introduced June 29, to accelerate broadband connections where joint property ownership causes delay. All parties in support at first reading on July 5. Referred to the Commerce Committee with a shortened timetable for a Nov 7 report back.

### Bills in Progress

**Agricultural Compounds and Veterinary Medicines Amendment Bill:** Introduced Aug 11 2015. Extends protection for confidential information given in an application registering an innovative trade name product. Reported back on June 15, Greens opposed, arguing amongst other things it promotes the use of pesticides.

**Contract and Commercial Law Bill:** Introduced May 24 2016. Modernises the laws underpinning contracts and commercial transactions. Consolidates eleven contract and commercial Acts, some dating back to 1908. First reading without debate on June 14 and referred to the Justice and Electoral Committee with report back by Dec 14.

**Kermadec Ocean Sanctuary Bill:** Introduced March 8. Will create an ocean sanctuary around the Kermadec Islands. Govt faces potential legal action from Maori and other fisheries interests. The govt has sought a stay in proceedings until final shape of the legislation is known.

**Maritime Crimes Amendment Bill:** Introduced May 3. Implements treaty obligations and introduces new offences. Completed first reading debate July 5 with all parties in support, despite Greens concerns the provisions might be applied to environmental protests. Sent to the

Foreign Affairs and Defence Committee for consideration.

#### Minimum Wage (Contractor Remuneration)

**Amendment 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. Reported back on June 29. Committee divided, but National's majority membership voted the bill should not proceed on grounds of cost and complexity. Awaiting second reading.

**Shop Trading Hours Amendment Bill:** Grants territorial authorities limited permission for shop trading on Easter Sunday. Reported back, second reading debate June 28. Progressed by 62 to 59 on a personal vote.

#### Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:

Introduces a plain packaging regime for tobacco products modelled on Aust's legislative package for tobacco plain packaging, modified to fit NZ circumstances. Second reading debate completed on June 30 by 108 to 13. The govt said it would finalise regulations after consultation ended at the end of July. Labour and the Greens said the govt had moved too slowly. NZ First and ACT opposed.

#### Taxation (Annual Rates for 2016-17, Closely Held Companies, and Remedial Matters) Bill:

Introduced May 3. First reading June 15 on a voice vote. Sent to the Finance and Expenditure Committee with submissions closing on July 29 and a report due by Dec 15.

**Te Ture Whenua Māori Bill:** Reforms Maori land law. The committee has extended the closing date for public submissions from June 23 to July 14.

#### Trade (Anti-dumping and Countervailing Duties)

**Amendment Bill:** Introduced June 8. Introduces a public interest test into the anti-dumping and countervailing duties regime. First reading interrupted on June 15 and completed June 28 with just the Greens opposed saying it would threaten local jobs. Referred to the Commerce Committee for consideration.

### Bills Passed and Defeated

#### Overseas Investment (Protection of New Zealand Homebuyers) Amendment Bill:

A bill in the name of Labour MP Phil Twyford. Defeated at first reading on June 29, 61 to 60.

#### Parental Leave and Employment Protection (Six Months' Paid Leave and Work Contact Hours)

**Amendment Bill:** Members bill in the name of Sue Moroney (Labour) drawn from the ballot on July 23. Third reading debate held on June 29, vetoed.

**Health (Protection) Amendment Bill:** Third reading interrupted on June 9 and completed on June 30 with NZ First abstaining.

**Keep Kiwibank Bill:** Member's bill in the name of Labour MP Clayton Cosgrove. Bill transferred to David Parker, defeated at second reading by 61 to 60 on June 29. 