

## **The new Auckland Unitary Plan recommendations**

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It is only just starting to dawn on Aucklanders how much more intensively developed and widely spread their city is likely to become over the next 30 years. However, the Independent Hearings Panel has done what councillors couldn't and collective fatigue with further debate suggests its revised Unitary Plan will advance largely unchanged now.

## **Electricity – transmission pricing battles about to reignite**

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Auckland business interests are mobilising against the Electricity Authority's compromise second attempt at a new pricing regime for access to the national grid. It would not necessarily succeed, but for the fact that Transpower is not convinced the EA's proposals can be made to work.

## **The Maori Party shows its hand – it's anti-Labour**

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Maori Party spin-doctors insist the party's opposition to Helen Clark's UN Secretary General bid has been on the record for months and the latest flare-up came from media interest. Whatever. The inescapable message is that the Maori Party is, at its essence, anti-Labour.

## **New thinking on the new western politics**

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There's no shortage of emerging commentary on the apparently seismic shift against the so-called 'neo-liberal consensus' of the last three to four decades. For clues as to how to manage it well, it's important to acknowledge the legitimacy of anti-globalist nationalists' perspectives.

## **Just how low could the OCR go?**

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Current conventional wisdom expects two cuts to the Official Cash Rate – to 1.75% – by the end of the year. But if the NZ dollar remains as strong as it has tended to lately, there are reasons to believe 1.5% could be in prospect next year.

## **Trade policy refresh – a hint of govt intervention**

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Trade Minister Todd McClay is playing into an environment where protectionism is on the rise, with the rapidly dimming prospects for TPP's adoption the clearest evidence of that. He has outlined a trade policy refresh that includes making the most of what we already have and giving NZ businesses more help to exploit those opportunities.

## **Next edition of Hugovision – Monday, August 22**

Because of the timing of The Hugo Group CEO Retreat from August 18 to 20, the next edition of Hugovision will be published on Monday, August 22, rather than Friday, August 19.

## Auckland Unitary Plan

The independent hearings panel has delivered a far larger, more intensely built environment for Auckland than the city's council had the stomach to recommend. While there may be some tweaks in the process through to adoption at Aug. 19 of the latest iteration of the Unitary Plan, the political momentum for its adoption in its current form looks unstoppable. That includes the broad endorsement from **Phil Goff, who now looks unbeatable for the mayoralty – Victoria Crone's backers no longer believe she can win.**

The most important thing to note is just how brutally the IHP has treated the council's original plan. That's most clearly demonstrated in the graphic, which compares the plan as originally contemplated, the council's last proposals for greater intensification and the final recommended outcome from the IHP.

In effect, what **the IHP is trying to create is massive land over-supply**, on the rationale that if 70% of the cost of an Auckland house today is the land price, then housing can become more affordable if the market is flooded with land. This is one of the primary reasons that the panel has removed prescriptive requirements for affordable housing. Less expensive land should both improve affordability and remove some of the current incentive only to build expensive homes on expensive land. Economics 101 suggests this approach is likely to have some success, although the **lack of scale and capacity in the construction sector will remain a constraint**. Whether standard economic theory works in Auckland's case remains to be seen. Labour sees a need for more active central govt intervention to lead the construction of new homes at scale.

In the same vein, Labour would still abolish the Rural/Urban Boundary, whereas the IHP has both expanded the current urban boundary by 30% and made it far easier to break it than at present. This places Labour in the unlikely position of having a more radically pro-market view than the govt, since the absence of a city limit is easily recast as code for "sprawl".

**Sprawl is technically still possible. A key IHP recommendation that has received comparatively little attention is to make the RUB subject to District rather than Regional Plans. That substantially lowers the bar for removing it. A simple resource**

consent application would be all that's required to challenge the RUB, rather than a formal regional plan change, potentially requiring ministerial approval.

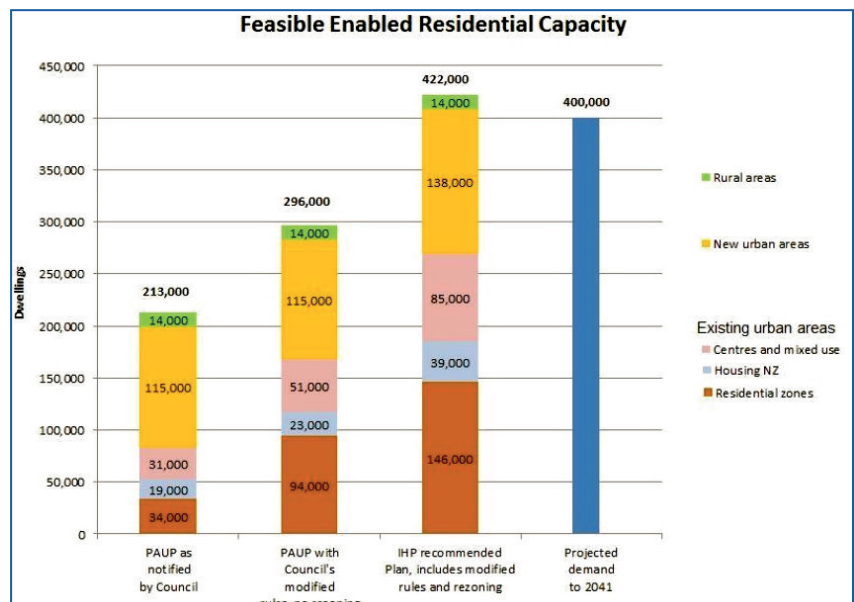
The revised recommendations hugely favour multiple dwelling developments over single houses, compared to the council's proposals, "with intensification focused on centres and transport nodes, and along transport corridors". While this is logical enough, the **govt's \$1b infrastructure fund represents a small fraction of the investment that will be required to ensure the city doesn't suffer intensified transport gridlock as such development occurs.** There are concerns also that the provision of new commercial and industrial land favours new retail space – especially 'big box' retail – over productive industrial activity. That said, the recommendations are very clear that the legitimacy of existing industrial uses should be preserved, with 'setbacks' to prevent residential developments leading to pressure on industrial activities to relocate.

Meanwhile, the Council, as distinct from the Councillors, knows it will require a huge cultural shift for first home buyers in Auckland to realise, for most, that their first home will be an apartment.

Besides that the **Auckland construction industry is already stretched to the limit** with multi-week long queues for ready mixed concrete and up to nine months' wait for pre-cast concrete. This situation will only get worse over the next few years as work starts on the Central Rail Loop and the 39 storey Commercial Bay downtown office block due to start work next year.

## National grid – transmission pricing no closer to resolution

The Electricity Authority is facing the biggest test



**of its reputation and competence as a regulator** as submissions on its second iteration of the new transmission pricing methodology (TPM) close. The EA will publish the submissions next Tuesday and signs are that Transpower will submit that it is uncertain it can implement the proposed new regime, and that a fresh coalition of opponents – especially among heavy industrial users in Auckland – is lining up to oppose proposals that would shift grid costs to areas that have most benefited from the recent major investments in upgrading the grid – Auckland, Northland and the West Coast of the South Island. It's a far cry from earlier this year, when Rio Tinto-controlled NZ Aluminium Smelters was claiming it felt well-supported in an outcome that could be worth around \$21m a year in reduced transmission charges. Auckland, on the other hand, faces additional charges of around \$78m. The Auckland business push involves another major metals concern – NZ Steel – which is also flexing its muscles on the competitive downsides of the rising NZ carbon price, which is now firmly above \$18 a tonne and that market-watchers think is now heading for \$25, perhaps as early as the end of the year. It has a handy ally in the Employers and Manufacturers Assn, the northern affiliate of Business NZ. EMA and BusinessNZ's positions on the TPM are now at odds, and the Wellington-based BusinessNZ has been caught off-guard by the EMA's aggressive pursuit of the issue.

A crucial date is a day-long TPM conference the EA is holding on Aug 17. Its proceedings, unusually, will be closed to news media.

## Emerging technologies regulation also heating up

Also coming to the boil is the future regulation – or not – of emerging technologies for energy production, storage and management. The ComCom is consulting on the issue, taking the view new technologies such as batteries should be treated as regulated assets to prevent regulated monopoly electricity networks entering the market and subsidising such initiatives with returns from elsewhere in the business.

The EA is questioning that and electricity retailers are challenging that view too. A good proportion of the NZ electricity regulatory workforce was in Aust this week at an ACCC conference, hearing about the opposite approach being taken by regulators across the Tasman from the approach being pursued here.

## Maori Party vs Aunty Helen

The vehemence of the Maori Party opposition to Helen Clark's campaign to become Secretary-General

of the United Nations underlines two things.

First, there has been something of a revival of energy among the party's rank and file who drove the policy on Clark through their national executive and second, that at its heart the Maori Party is an anti-Labour party. That doesn't mean that it is a centre-right party but rather that it seeks to contest Labour's right to represent Maori.

That could be important if it is, as it claims, on the verge of attracting some big name candidates and if its electoral deal with the Mana Party clears the way for it to win two Maori seats currently held by Labour. On current polling that dramatically changes the election map and could allow National to lose up to four seats yet still form a Govt without needing NZ First. So far National has been willing to deal with the Maori Party, but it now faces two tests – its declaration of the Kermadec Ocean Sanctuary, which has provoked widespread opposition within Maoridom because the Govt failed to consult and then, down the track, the Govt's assertion that no one owns water. The Maori Party is not inflexible on water and it is possible that it may not insist on ownership as much as joint management.

Note that Winston Peter is a strong opponent of current proposals to require iwi participation agreements within the Resource Management Act, a move that will be partly explained by his own need to limit Maori Party influence. We saw the beginnings of a three-way fight between the Maori Party, Labour and NZ First with the various responses of the parties to Clark; stand by for more.

## Labour gains confidence from 2nd UMR poll showing Nats at 41%

Labour has seen a new poll from UMR, its private pollster, which confirms the July poll that showed National at 41% at much the same time as Roy Morgan had the Nats at 53%. In the latest UMR reading, Labour is at 33% – still about five points shy of its current target and below the magical 35% required for alternative govt formation to be a credible proposition. The Greens were at 11%.

## Metiria Turei's 'brain fade'

Labour is treating Greens co-leader Metiria Turei's surprise statement calling for falling house prices as a 'brain fade'. Andrew Little dismissed such an approach under a Labour-led govt. That's despite Labour's wish to abolish the Auckland urban boundary and its mass home-building KiwiBuild policy. ■

### Shane Jones comeback

Shane Jones is telling friends he will decide in May next year whether to stand for NZ First in Whangarei, after his contract with the Ministry of Foreign Affairs and Trade runs out. National is trying to stall this.



## DOMESTIC ECONOMY

### MPS preview

It is almost a foregone conclusion the RBNZ will lower its OCR 25 basis points, to 2%, at next Thursday's MPS. The likelihood is all the stronger, given recent kiwi dollar strength. The NZD has jumped back up in response to international events and appears impervious, except in the short term, to domestic central bank actions intended to counter its buoyancy. In addition, the RBNZ is now far clearer that monetary policy will focus on inflation rather than be concerned about the impact of low borrowing costs on housing costs. That is firmly the preserve of macro-prudential policy now.

If the RBNZ is true to its inflation forecasting model, risks are tilted toward even more cuts than the two assumed by year-end. The NZ TWI remains 6% above the Bank's projected average for Q3, making it possible that **next week's MPS may update the 90 day bill track to imply an OCR as low as 1.5%.**

As to the future course of the NZD, US economic performance is the key, especially as NZ export commodity prices have held up this year, relative to many other commodities, along with improved global risk appetite, although that may now be waning. As a result, the outlook ought to favour NZD weakness from here. For now, US73 cents represents an area of resistance, with opportunities to sell the NZD above that level. Assuming US rate hikes become more visible, with the added downside to global risk appetite and the commodity price outlook, the NZD would be expected to fall back into a US65-70c range. If it doesn't pan out that way in the US – especially if a US presidential election uncertainty hits confidence – then the NZD outlook remains stronger for longer.

Meanwhile, the Reserve Bank will end lock-ups for journalists and market analysts permanently after deciding the costs to police embargoes and the risk of information breaches outweighed the benefits of having a positive relationship with the media or allowing more informed analysis and commentary. It hired Deloitte to consider the options after a MediaWorks reporter breached lockup security earlier in the year.

### Trade policy refresh

Trade Minister Todd McClay is identifying rising protectionist sentiment as a key threat to NZ's trading prospects and proposing a trade policy refresh. In part, this must reflect the diminishing prospects for ratification of TPP. Seasoned former trade negotiators such as Crawford Falconer and Charles Finny, who have championed the troubled pact through thick and thin, have begun sounding its

death knell unless increasingly unlikely combinations of factors combine to give it life.

**The four shifts in trade strategy are, in summary:**

- Making the most of existing agreements ahead of pursuing fresh ones, including making full use of WTO mechanisms to enforce rules;
- Increased focus on non-tariff barriers;
- Facilitating trade in services; and
- "appropriately assisting New Zealand businesses to compete successfully in market against foreign firms" in pursuit of deeper global supply chain integration.

### Economic indicators

**Business confidence dropped in July.** The construction sector remained positive while residential investment intentions surged. A net 16% of firms surveyed in the July ANZ Business Outlook expect better economic conditions in the coming year, down from 20% in June, while 31% thought their business would do better, compared with 35% a month earlier.

**Residential building consents** reached their highest annual total in more than a decade, driven by activity in Auckland and surrounding regions. Seasonally adjusted consents increased 16% to 29,097 in the year through June, the highest total for a June year since 2004 and the highest annual total since the April 2005 year, Statistics NZ said. For the month of June, new home consents rose 16% from May and 35% from June last year. **Barfoot & Thompson data shows the average Auckland house sale price fell 4.5% to \$867,681 in July from June.**

**Commodity prices rose for a third straight month** in July. The ANZ commodity price index rose 2% last month, led by dairy products, aluminium and meat. The index has gained 6.9% in the past three months. In NZ dollar terms, prices rose 2.5% in the past three months and are 5.7% lower than in the second quarter.

The Household Labour Force Survey is the central labour market measure and its release was delayed by a fortnight this week. However, the Quarterly Employment Survey and Labour Cost Index figures suggest **wage growth pressure has eased and may be falling.** There was limited expansion in both filled jobs or paid hours in the quarter. Private sector ordinary time wages rose 0.4% in the second quarter, an unchanged pace from the March quarter, and were **up 1.6% from a year earlier**, the labour cost index shows. The quarterly employment survey showed private sector ordinary time hourly wages rose 0.8% to \$27.72, and were 2.1% higher than a year earlier. ■

## The rise of nationalism over globalism

Brexit and the growing sense that perhaps the oddest candidate for US president in many years, perhaps ever, could win that election in November, is producing an outpouring of analysis on the extent to which a new western politics is emerging.

**This issue will be one of the key themes in the second half of The Hugo Group CEO Retreat in Millbrook, Aug 18-20.** Among the most challenging questions for senior businesspeople, politicians and other members of so-called social ‘elites’ to emerge is how to acknowledge the legitimacy of the growing volume of complaint about the neo-liberal economic and political consensus that started to take hold in the 1970s and ran, arguably highly successfully, until the GFC in 2008.

Prof Jonathan Haidt, a professor in the New York University Stern School of Business, has produced a thoughtful addition to this debate. Full text is at [www.the-american-interest.com/2016/07/10/when-and-why-nationalism-beats-globalism/](http://www.the-american-interest.com/2016/07/10/when-and-why-nationalism-beats-globalism/)

Haidt goes well beyond the accepted view that there is a backlash growing from those in western economies who feel ‘left behind’ - the people worst affected by the fact that “globalisation has raised prosperity all over the world, with the striking exception of the working classes in western societies”.

In many of the current attempts to explain the profound political shift now evident, he suggests there has been too much emphasis on this group, whose political impulses exhibit as various forms of nationalism, including racism, and too little on the world view of the “globalists” who have essentially won the debate over the last three to four decades – and are now threatened.

Haidt argues that the rise of globalist values has led the largely urbanised elites who espouse them to “talk and act in ways that unwittingly activate authoritarian tendencies in subsets of nationalists”.

Opposition to immigration is a central component of this dynamic, which cannot be dismissed merely as racism, he argues. To make that accusation misses “several important aspects of moral psychology related to the general human need to live in a stable and coherent moral order”.

Challenges to that stability – especially when expressed as a perceived ‘flood’ of newcomers who threaten existing social norms and values - provoke strong political and emotional reactions that Haidt argues must be accepted as valid to threatened nationalists.

This phenomenon can be seen in the rise of right wing populism among Europeans threatened by the Middle Eastern and North African refugee crisis, the appeal of Donald Trump to ‘left behind’ white American voters who like the idea of building a wall to stop Mexican immigration, and in NZ in opposition to foreign direct investment, which is most animated when the foreign investor is Chinese.

A key element of this dynamic is that globalists have been beneficiaries of globalisation. Traditional concerns for simple survival and communal values have given way, with rising wealth and choice, to greater value being placed on self-actualisation and individual rights. Those in social strata that haven’t kept up don’t share the same tolerant and optimistic view. When the political scales start tipping against that optimism and tolerance, as they are at present, Haidt argues it is important not to dismiss nationalism or patriotism as unworthy impulses, as doing so inflames their potency, which has a moral as well as a political dimension.


“Nationalists feel a bond with their country and they believe this bond imposes moral obligations both ways: citizens have a duty to love and serve their country, and **governments are duty bound to protect their own people**”.

While some such belief systems are accompanied by racism or bigotry of some kind, Haidt argues there is “nothing inherently racist or base about this arrangement or social contract”.

“Having a shared sense of identity, norms and history generally promotes trust.”

**Threading a path to a new politics, which preserves the wealth creation, promotion of greater global equity and tolerance while respecting the expectation of populations within sovereign states to be championed by their govts is one of the biggest challenges that every western govt now faces.**

## Aussie federal election final result – one seat majority for Turnbull

After a 29-day vote count, the Queensland federal parliamentary seat of Herbert was awarded to the Aust Labor Party, leaving the Liberal-National coalition of PM Malcolm Turnbull with a Lower House majority of just one seat. The outcome underlines the failure of Turnbull’s gambit to grab a clear mandate by dissolving both houses of the federal Parliament in a rare double dissolution. Consideration is being given to a recount as Labor’s 37-vote majority in Herbert could evaporate if claims that some eligible military personnel were unable to cast their votes are correct. 

**CORPORATE ROUNDUP****Primary sector**

State-owned **China Animal Husbandry will take a 72% stake in Mataura Valley Milk** in exchange for funding construction of a \$200m milk powder manufacturing plant in Gore. Work on the plant will start in October and follows eight years of work to get the project at McNab, north of Gore, off the ground. It will create at least 100 new jobs, the company said. **The GDT price index** jumped 6.6% to US\$2,436 a tonne in the latest GlobalDairyTrade auction, up from US\$2,336 at the previous auction two weeks ago. Some 34,928 tonnes of product was sold, up from 31,348 tonnes two weeks ago. Whole milk powder rose 9.9% to US\$2,265 a tonne. A First NZ Capital note to investors gave a cautiously positive outlook for **Fonterra Shareholders Fund** units as the cooperative's earnings over the next two-and-a-half years appear fundamentally improved, especially since the nadir of the 2013/14 season. Improved earnings from Aust operations and from Greater China underpin the expectation. The impending release of the arbitrators' decision on Danone's claim for compensation after the 2013 WPC-80 scare is a primary source of uncertainty. FNZC maintains a **wide value range for FSF units over the next 12 months – from \$4.62 to \$6.12** – reflecting 'ongoing sensitivity of group earnings to commodity price variability ... and regional businesses that have delivered mixed results'.

**Zespri** says it is working with Chinese authorities who are monitoring NZ kiwifruit closely after some fruit entering the country was found with a fruit rot fungus. **Richard Riddiford, who founded Martinborough-based Palliser Estate Wines**, has died after a short illness at the age of 65. He stepped down as managing director in 2015 after 25 years running the winery that exports the majority of its wine. Among his initiatives were the Family of Twelve wine export group, Toast Martinborough and regular pinot noir conferences.

**Media**

**Fairfax Media has written down the value of its NZ assets by A\$95.3m** as part of impairments across the group of A\$989m. CEO Greg Hywood said the NZ publishing business faced similar challenges to the Aust assets. The NZ charge didn't take into account the potential merger with NZME and would have no bearing on the structure of the deal. In a joint **response to submissions on its proposed merger**, NZME and Fairfax noted almost no advertising industry pushback on competition issues, while dismissing concerns expressed by a range of submitters about reduced competition for editorial content as "arguably paternalistic". **Fairfax and NZME are in dispute with Sky TV about rights**

**to broadcast short clips of Sky-sourced Olympic Games video** to their news websites. NZME and Fairfax argue the Copyright Act "fair use" provisions allow such use, but Sky is threatening court action over the news publishers' intentions. NZME and Fairfax withdrew their reporting teams from Rio, despite having invested significant unrecoverable costs, citing the point of principle. They intend to cover the Games with teams of reporters based in NZ. **RNZ participated in listener surveys for the first time in 17 years** and found its flagship shows, Morning Report and Checkpoint, outrate commercial radio competitors. Fairfax entered a revenue-for-content sharing arrangement with RNZ allowing the Stuff website to use RNZ audio. **MediaWorks appointed an Aust executive with media experience**, Michael Anderson, as CEO to replace Mark Weldon, who resigned in May.

**Transport and infrastructure**

Ports of Auckland and Port of Napier have entered into a strategic alliance that seeks to exploit the fact Auckland is primarily an import destination while Napier is weighted to exports. The pair already operate a regional hub joint venture in Palmerston North. Meantime, Wellington's CentrePort opened a new regional hub near Masterton supported by KiwiRail and local forestry firms to cater to the growing volume of log exports leaving the capital.

The govt has entered into negotiations for PPP provision of the Puhoi-Warkworth expressway extension with the Northern Project group. This brings a Spanish infrastructure firm – Acciona – into the NZ PPP environment for the first time. Other consortium partners are ACC, Fletcher Building, Fletcher Construction, Higgins, and HRL Morrison & Co.

**Corporate actions**

**MYOB** has agreed to buy NZ enterprise resource planning (ERP) software writer Greentree for \$28.5m, with about \$3.4m tied to performance targets over two years. **Precinct Properties** signed long-term leases with the Crown on four buildings in Wellington, which it says will generate about \$500m of income over the next 15 years. Precinct's biggest-ever biggest leasing transaction covers 68,000 sq m of office space on a weighted average lease term (WALT) of 14.6 years.

**Retail**

Kathmandu says annual profit rose as much as 67%, with net profit of \$33m to \$34m, in line with guidance and up from \$20.4m a year earlier.

Briscoe Group, which owns nearly 20% of Kathmandu after an unsuccessful takeover bid, says



## CORPORATE ROUND-UP

first-half profit rose at least 32%. Net profit was at least \$27m, up from \$20.5m a year earlier.

### KiwiSaver

Former Tower CEO Sam Stubbs has launched a new KiwiSaver fund he says will charge fees at half the rate of most existing schemes. Simplicity will offer conservative, balanced and growth funds at a single fee rate of 0.65% compared with an industry average of 1.34%. An online-only offering outsourcing most of its investment decision-making to global passive funds manager Vanguard. **Stubbs intends Simplicity to disrupt the six KiwiSaver providers that currently control some 85% of the \$30b under management.** It will operate as a not-for-profit and cut fees as economies of scale allow. **Fisher Funds founder Carmel Fisher** told shareholders at Kingfish's AGM the NZ share market is fully valued and vulnerable to any disappointments this **earnings season**. "When the market is priced for perfection, there is no room for slippage," she told investors in the Kingfish NZ equity fund.

**Infratil** and Commonwealth Superannuation Corp have paid A\$82.5m for the 30-year contract to manage nine on-campus purpose-built student accommodation residences for Australian National University in the Australian capital Canberra.

### Minerals

OceanaGold posted a 174% gain in first-half profit, reflecting a recovery in the price of gold and increased production that reflected the contribution from the Waihi mine acquired last year. Profit rose to US\$63m, from US\$23m a year earlier. Sales climbed about 30% to US\$331m while cost of sales rose a more modest 14% to US\$79.6m.

Todd Corp has gained approval to sell its 20% stake in the Golden Cross joint venture, which ran a gold mine in Waikino until 1997, to Coeur Gold, its former partner in the project. Coeur gains control of 736 ha of land in Waikino, of which 389 ha is covered by a mining licence that expires in April 2020.

NZ Oil & Gas shareholders are pressing the company to resume paying dividends now that it is profitable again and generating imputation credits. CEO Andrew Knight said dividends were a subject the board "debates regularly", although there was no announcement he could make at present.

### Appointments

Queenstown barrister and professional director **Jane Taylor** will replace **Sir Michael Cullen** as **chair of NZ Post** in October. She is currently chair of Landcare Research, deputy chair of RNZ and a

director of Silver Fern Farms, Hirepool and OTPP NZ Forest Investments. **Westland Milk Products has appointed Toni Brendish as its new CEO**, starting on Sept 5. She will replace Rod Quin who leaves after seven years in the role. The Australian has spent a large part of her career with dairy group Danone. She was previously MD of Nutricia Australia and NZ and of Danone units in Malaysia and Indonesia. **Genesis Energy ceo Marc England**, who started in May, announced a management team overhaul. Three senior executives are departing and Chris Jewell was confirmed as chief financial officer. England, previously an executive for new energy at AGL Energy, replaced Albert Brantley, who left after seven years running NZ's biggest electricity and gas retailer.

**NZ Oil & Gas chief executive Andrew Knight will leave before the end of the month to pursue other business interests** after almost five years in charge of the energy exploration company.

### Litigation and regulation

**Carter Holt Harvey** has lost its final bid to throw out a claim that it's liable for the cost of fixing about 890 leaky schools, with the Supreme Court siding with the Ministry of Education. The court dismissed Carter Holt's application to strike out a claim that it was negligent in the way it sold plywood cladding known as Shadowclad, which the ministry says caused weather-tightness problems at a large number of schools. The Commerce Commission says **Harmony** will plead guilty to charges of misleading consumers after the regulator filed charges against NZ's first and biggest peer-to-peer lender under the Fair Trading Act. Harmony sent more than 500,000 letters between Oct 2014 and April 2015, which misled recipients by telling them they had been pre-approved to borrow money. A group behind a representative **lawsuit over 'unfair' bank fees** charged by ANZ NZ and Kiwibank says a ruling by Australia's High Court, dismissing an appeal in a similar class action suit across the Tasman won't necessarily derail its action here. The Fair Play on Fees litigation group has attracted almost 40,000 people. Maori leader **Sir Ngatata Love's** name suppression was lifted after three years for a fraud trial that began in the Wellington High Court this week. Love is charged with obtaining a secret commission and significant sums by deception over a deal with a property developer to lease land owned by the Wellington Tenth Trust, which he chaired. A former employee of Auckland Transport and Rodney District Council has pleaded **guilty to two representative charges of accepting undisclosed payments** totalling \$103,580 while he was in roles that involved letting of contracts and tenders for local authority work ■

## RMA, TPP and backlog of Members' Bills create political challenges

Parliamentary business in July was dominated by a four week long adjournment, one of the longest mid-year breaks in recent history. Very few select committees met, so little progress was made on the govt's legislative programme.

The govt now has around 42 sitting days left before the parliamentary year ends, which will focus on set piece debates and passing essential legislation, such as appropriations legislation, between now and Christmas. Parliament resumes Aug 9, with Aug 10 a day for Members' Bills.

Members' Days are going to become more politically challenging for the govt, as a backlog of bills starts clearing, allowing Opposition MPs to advance their bills if they gain the support of Peter Dunne and the Maori Party. One bill in this category is the **Minimum Wage (Contractor Remuneration) Amendment Bill**, which will have its second reading debate next week.

As for the govt's legislative priorities, it now has more than 25 bills on the Order Paper awaiting debate. High on the list to progress are **food safety reform law**, various criminal law changes and the bill standardising tobacco packaging without branding. Despite strong lobbying, the govt is determined to pass the latter bill.

Among the most difficult bills on the Order Paper is the Resource Legislation Amendment Bill, due for reportback on Sept 6. Ministers were taken aback by the breadth of opposition to key parts of the proposals. **Part of the problem is the govt's earlier commitment to find broad consensus for a durable outcome.** Working with one or more minor parties to stitch up a narrow majority would be anathema to that and would risk a new round of substantial change with a change of govt. Yet, given how difficult this reform has proven, the govt may be willing to compromise and take that outcome. Parliamentary tactics will require ministers to decide whether to negotiate changes at select committee or have a contentious reportback, followed by final negotiations..

With prospects for the Pacific Rim trade alliance dimming fast, the Trans-Pacific Partnership

Agreement Amendment Bill is also problematic. It is due back from select committee by Nov 12, with public submissions still to be heard. Passing the legislation is important for NZ's contribution to spine-stiffing in Washington DC. Submissions on the patent term extension provisions in the Bill close on Aug 8. Ministers must also decide when to ratify the Paris Agreement on climate change. The path for this was meant have been outlined some months ago, but has yet to emerge. The first step in this will be placing the treaty and a National Interest Analysis before a select committee for consideration.

- *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 in Progress

**Kermadec Ocean Sanctuary Bill:** *Reported back from select committee on July 22 with the numbers to pass despite concerns around the Govt remaining firm on no compensation for lost fishing quota. Labour and the Greens lodged minority reports saying they supported the Bill, but had concerns. Labour said the Bill undermined the Treaty of Waitangi fisheries settlement, which was meant to be "full and final". Labour said despite this serious reservation it supported the bill, but would be seeking to remove the clause preventing compensation being claimed. The Greens said it supported no compensation as this would be a significant expansion of the property rights attached to the allocation of fishing quota.*

**Local Government Act 2002 Amendment Bill (No 2):** Introduced on June 9. The bill allows the Local Government Commission to initiate its own investigations in relation to reorganisations. *Already facing fierce opposition from councils with 97% of Local Govt NZ's members voting in favour of opposing any measure in the Bill removing the requirement for community consultation and support in reorganisation investigations and local decision-making of councils or their assets.*

**Patents (Trans-Tasman Patent Attorneys and Other Matters) Amendment Bill:** Introduced on Nov 3 the bill establishes a single trans-Tasman patent attorney regime. **Reported back on July 17 with the bill gutted by the select committee.** *Commerce Minister Paul Goldsmith and his officials came in for stinging criticism from a committee dominated by National MPs. Its main purpose is to implement a single trans-Tasman registration regime for patent attorney, which remains intact. However, the plan to set up a single patent process between NZ and Aust has been dumped. The committee said it would have inflicted costs for little benefit and was unlikely to be used. The committee said there was a lack of consultation and officials' work was "inadequate". Labour MPs were even more critical, saying the lack of due process was a debacle which has forced the govt to justify a complete reversal of its original position.*