

## **Mt Roskill by-election before Christmas?**

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Assuming sitting Labour MP Phil Goff wins the Auckland mayoral election, he is expected to resign from Parliament almost immediately, triggering a by-election in his Mt Roskill seat before Christmas. That will be a mighty challenge to a govt entering the last year of its third term, contesting a safe Labour seat, but National did win the party vote there in 2014.

## **RMA reform – consensus or a dangerous game?**

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By agreeing to work with three pro-development business lobbies on the future of environmental law, the Environmental Defence Society is taking one of its boldest moves in its history as a voice of principle and reason in the debate about the balance between environmental and economic benefits.

## **Prod Com report on tertiary education**

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The media focus has been on its proposal to reimpose interest on student loans, but the Productivity Commission's interim report on tertiary education goes far deeper in its criticisms of the way incentives currently work in the tertiary system.

## **Tidying up ahead of 2017**

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The govt is trying to tidy up or, where necessary, put on ice progress on contentious political issues as it heads towards Christmas and then an election year in which its primary focus will be to ensure it has choices when it comes to governing partners. That means being open to working with both NZ First and the Maori Party.

## **James Shaw takes finance portfolio**

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With minimal fuss, Greens co-leader James Shaw has taken over the crucial economic policy-making role from Julie Anne Genter, who gained the finance role unexpectedly after Shaw beat Kevin Hague to the co-leadership in May last year.

## **Dairy stabilising in positive territory, NZD outlook strengthens**

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Fonterra has announced projected payouts to farmer shareholders that are comfortably above Dairy NZ's average breakeven point, suggesting the sector is emerging now from three very difficult seasons in a row. That should underpin the strong kiwi dollar.

## **Labour targets 'middle NZ', rather than 'the centre'**

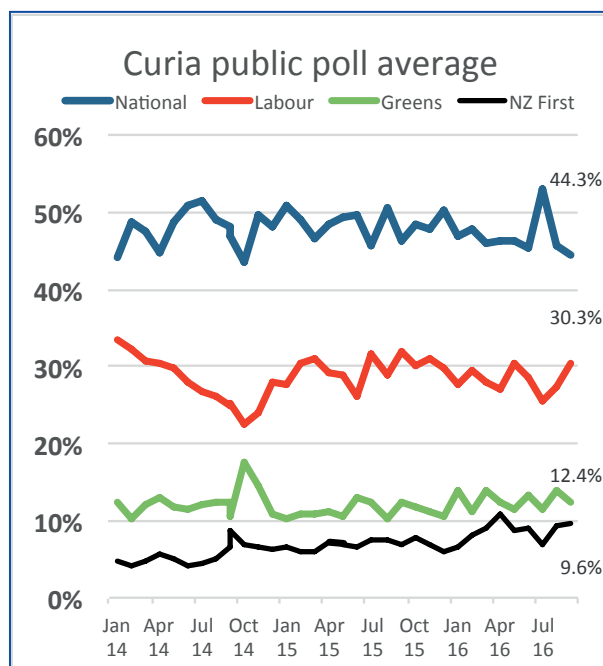
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Labour's election campaign team leadership has been announced. The campaign will target "middle NZ", the party says – a term apparently distinct from "the centre" that leader Andrew Little has dismissed as a "hollow" concept.

## Gloss coming off the govt, but who is benefiting?

Two recent polls and the Herald's "Mood of the Board Room" survey have all suggested that to a greater or lesser extent some of the gloss is beginning to come off the govt. The Herald's survey of corporate leaders listed the Auckland housing situation as the major concern, gave Bill English plaudits, but marked John Key down as potentially squandering opportunities to show leadership and to invest in infrastructure to support urban growth while interest rates are low. Infrastructure inadequacies also featured as a key weakness in the World Economic Forum Global Competitiveness Index, which otherwise put NZ at 13th – an improvement of 10 places since 2012 – in the 2016/17 survey published this week.

The govt could hardly have missed that house prices – once a sure winner because of the wealth effect on existing homeowners – is becoming a double-edged sword. However, English is confident there is a coming wave of new house building which, like the



completion of several key roading projects including the Waterview tunnel, will give Aucklanders a sense of momentum next year. Agreeing to put more funding to the Urban Rail Loop – now costing an eye-watering \$3.4b or \$1b per kilometre to build – is all part of the political investment being made in the country's most influential electorate.

The past month has seen the Prime Minister mostly overseas and political activity at a low level. Nevertheless, the warning signs are there reminding

National, as if they needed it, that next year will be a very tight electoral fight and even winning the largest share of the vote will be only the beginning. Then almost certainly will come negotiations with NZ First and the Maori Party to form a govt. *For a sense of what the Maori Party may demand, we have invited party co-leader Marama Fox to the Hugo breakfasts in October. We will invite Winston Peters to breakfasts early next year.*

Such negotiations would likely be triangular, and therefore difficult and lengthy. English says that he expects the Maori Party to have a very ambitious policy agenda if their support is required to form a Government. Freshwater rights would be high on that agenda – a bellwether issue for National's heartland rural constituency.

The trouble is that NZ First – as it demonstrated on a recent series of Treaty settlement bills – opposes the very foundation of Maori Party policy, which is separate Maori participation in the decision-making process. While the revived campaign against Maori 'favouritism' by Don Brash has attracted liberal media ridicule, Peters knows this is fertile territory, especially in regional electorates.

That being so, NZ First's agenda may be easier for National to agree to. They will want changes to the Reserve Bank Act more along the lines of the Australian regime, which still makes inflation the paramount target; limits to immigration; tighter controls on foreign investment; and an inquiry into the trading banks similar to the one being proposed by Labor in Australia.

## Pre-Xmas Mt Roskill by-election?

Phil Goff apparently intends to resign from Parliament almost as soon as he is elected as Mayor of Auckland, which would mean the **Mt Roskill by-election** is likely to take place before the end of the year.

**The govt could win the seat.** On paper it wins the party vote in the electorate but more importantly it will not want to be seen to go backwards. It will be an important test of its position in the wider electorate and also of the strength of its campaign machine in Auckland, which has not distinguished itself during the local government elections.

This also explains why legislation like the Local Government Amendment Bill is being held up in its select committee to make it more electorally palatable and why the PM is suggesting the Electricity Authority's proposed transmission charges either be delayed or possibly reviewed.

## RMA reform – is the next chapter emerging now?

The real significance of the consortium that the Property Council, the New Zealand Council for Infrastructure Development and the Auckland Employers and Manufacturers Association have formed with the Environmental Defence Society is that they have all agreed to sit around the same table to talk about the long-term future of the Resource Management Act.

That may mean replacement with separate urban planning and environmental laws, but it need not necessarily mean that.

The EDS is holding the pen on the series of three reports on the RMA's future that the consortium is preparing, with a third report due late this year on possible approaches to reform. In doing so, **the peak environmental lobby group appears to hope it can influence its three partners, all economic development lobbyists, to hold fast to the core RMA principles of 'sustainable development' and hard 'environmental bottom lines'.**

The latest report's significance is that it argues the RMA has failed to deliver sufficiently for the environment – a flipside argument to the development lobby's long-held view the RMA operates as a handbrake on economic growth. That is subtle positioning by the EDS, but it is a potentially dangerous game. The latest report argues strongly that implementation and institutional weaknesses are more to blame than the structure of the RMA itself.

**Wholesale legislative reform may not be the best approach, it argues.** However, that is at odds with a growing business community and National/Labour consensus that the RMA needs fundamental change and that the only question is how to manage that politically. A Productivity Commission report already backs that view.

As the report notes, polling suggests NZers don't believe the RMA has delivered well enough for the environment, but they remain very loyal to its principles. A govt that tries to change it without support across the green/business divide will struggle for traction.

The four-way coalition involving the EDS is significant because it brings a respected environmental lobby group into the tent. Less rigorous, more populist voices in the environmental movement are unlikely to come on board.

Meanwhile, **the current Resource Legislation Amendment Bill remains stuck in the select committee**, with Labour's David Parker saying meetings to progress the bill have been delayed for

months "because the Government does not know how to proceed."

**"Two special days of meetings scheduled for next week were cancelled yesterday, because cabinet has yet to make up its mind,"** said Parker in a statement this week, breaching the usual protocol that committee members don't discuss the progress of legislation.

It is inevitable that once a refreshed RMA debate starts in earnest after the next election, it will also focus on the funding of Auckland's infrastructure. The NZCID is critical of the lack of urgency on the part of the govt in resolving the funding issues surrounding the \$4b shortfall in transport infrastructure funding identified by the Auckland Transport Alignment Project. Without that being resolved, says the Council, it is pointless talking about greenfields development at Auckland's extremes or intensification within its current boundaries.

The somewhat peremptory rejection of the findings of the EDS research by acting Environment Minister, Maggie Barry, has already raised a few eyebrows in Auckland.

In contrast, Labour has endorsed the report, and their Environment spokesperson David Parker supports the way forward outlined by the four organisations.

### Labour's 2017 campaign structure

Labour Party general secretary Andrew Kirtton, will manage the party's 2017 election campaign while Phil Twyford will be campaign chair. Despite leader Andrew Little's rejection as 'hollow' his former leader Helen Clark's advice that NZ elections are won 'in the centre', the campaign will target 'middle NZ', says party president Nigel Haworth.

## A difficult month in Parliament for the govt

The Housing Legislation Bill passed through all stages under Urgency. All parties agreed there was a need to extend the special housing area provisions, which were to expire this month. There was less agreement on the govt's desire to reinforce its view it did not have to offer back land obtained under the Public Works Act if it was going to be used for housing. In the end there was a long filibuster from Labour.

Introduced under Urgency on Sept 6 and passed through all stages, the bill extended special housing area provisions which were due to expire the following week. All parties expressed at least lukewarm support for the special housing areas, but there was opposition to provisions ruling out first right of refusal provisions for land acquired under the Public Works Act. The provisions apply to Crown land being used for housing and do not apply to Treaty settlements. ACT's David Seymour demanded and received a 10 year sunset clause on this change. Only National, ACT and United Future supported the bill. The debate on the bill went on for



longer than the govt expected, as Labour put up wide ranging amendments representing their housing policy which were all debated and voted down.

Likewise, **general agreement over the need to expedite Treaty Settlement Bills fell apart** with NZ First refusing to support some bills to exploit regional political issues. Elsewhere, problems with individual pieces of legislation also led to their deferral. **The Kermadec Ocean Sanctuary, local govt reforms and Maori land law reforms** were all put on hold or delayed as ministers tried to work their way through various problems. It is too strong to suggest the govt is losing control of its legislative programme. Rather, it is pragmatically willing to allow slow progress to facilitate political peace. However, things may get messier in election year if incrementalist deferrals turn to logjams.

## Quiet Greens reshuffle

The Greens have used the resignation from Parliament of Kevin Hague to quietly **promote co-leader James Shaw to the finance portfolio**, replacing Julie Anne Genter. The move is a pragmatic admission that Shaw is the Greens' most business-friendly and economically credible MP.

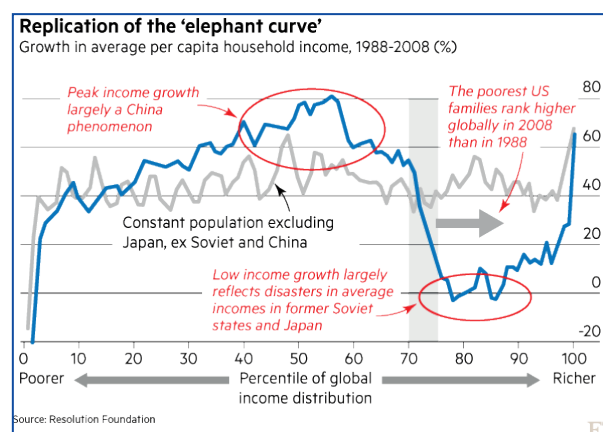
## Prod Comm report rattles universities' cage

The Productivity Commission's interim report on reform of tertiary education sparked a round of immediate dismissal from political parties as news media concentrated almost exclusively on sections proposing the reintroduction of interest on student loans. However, the commission's 402-page report contains far more challenges than that. Its tentative advocacy of a Student Education Account (SEA), worth perhaps \$45k p.a., is rooted in its conclusion that the institutional settings for the sector work in favour of preserving the status quo, give central govt too prescriptive a role in tertiary education, and that the result is a sector that is disinclined either to innovate or to focus on the quality of its teaching outcomes. In terms of its responsiveness to industry needs, the report suggests existing incentives are "weak" unless the employer is paying for educational services and could take its business elsewhere, the relationship with the employer carries other possible benefits such as consultancy or research work, or "the provider's reputation with govt is impaired by their lack of connection with employers". The report suggests there are perverse incentives in a system that requires tertiary institutions to make surpluses. The incentive is to produce as small a surplus as possible to support perennial arguments for additional funding, despite universities in particular maintaining high cost structures, the commission concludes. ■

## How accurate is the 'elephant graph'?

The so-called 'elephant graph' showing growth in global incomes between 1988 and 2008, published in Jan by economists Branko Milanovic and Christoph Lakner, has been almost as influential this year as Thomas Piketty's conclusions about wealth accumulation was two years ago. By showing a rapid rise in the incomes in both poor countries and among the very wealthy at the expense of middle income earners in developed economies, the 'elephant graph' gave empirical substance to the political impulses seen in the rise of protectionist sentiment, the Brexit vote, and the unexpected success of Donald Trump's US presidential bid.

However, a new report from a solid UK think tank, the Resolution Foundation, has cast doubt on the extent of the collapse of low and middle income earners across the developed world, and the extent



to which the phenomenon should be blamed solely on globalisation. By excluding the income stagnation in Japan and the collapse in incomes experienced by mature Eastern European economies following the break-up of the Soviet Union, the foundation finds a far less dramatic reduction in developed country incomes. **The gray line in the Financial Times-sourced graphic above, shows the foundation's replotted of the graph for those factors.** Rapid Asian population growth during the period also skews the results to make the position of incomes for the already comparatively wealthy parts of the world look worse. "We find it is incorrect to conclude that there has been stagnation for the lower middle class of the rich world," says the foundation. "We also find there is a wide range of rich world experiences, with the US having had particularly unequal growth; and that much of the elephant curve is driven by phenomenal growth in China. Those around the 90th percentile still see lower growth than those above and below, but at 45% this growth couldn't be called stagnation." ■

## Dairy clearly on the upward turn

**Fonterra farmers are looking at payout figures above Dairy NZ's breakeven price of \$5.05 per kg/MS**, following announcement of a 50c per kg/MS upgrade in the forecast payout for the current season to \$5.25 kg/MS. That signals an end to three unprofitable seasons in a row, albeit no credible prospect of a return to the \$8 kg/MS-plus seen in 2012/13 - prices that, in retrospect, represented an unsustainable boom period. Meanwhile, **Westland Milk** is forecasting between \$4.55 and \$4.95 kg/MS for the current season, from \$3.80 in 2015/16.

**Tatua** continued to outperform rivals, confirming a payout of \$6.30 kg/MS in the last season, but gave no forecast for 2016/17. **Synlait** revised its forecast 2016/17 milk payment to \$5 kg/MS.

## Kiwi dollar on higher track again

The strong recovery in dairy prices justifies a more bullish view about the value of the kiwi dollar over the next 3 to 6 months. We are raising our 3-month and 6-month NZD targets by 2 US cents to 0.72 and 0.70 respectively, with consequent impacts on all other cross-rates, based on optimism about the path of the NZ economy ahead. The likelihood of a rate rise by the US Fed in Dec may temper that upward trend, but fundamental support for the NZ economic story appears firm. For an economy already growing above potential, the added income boost to dairy farmers should ensure that growth remains strong.

## Economic indicators

**NZ's trade deficit widened** to the biggest monthly gap since Sept 2014 as dairy and meat exports slumped in August. The deficit was \$1.27b in August from a deficit of \$351m in July. Milk powder, butter and cheese exports fell 22% to \$475m in August, and meat and edible offal exports dropped 26% to \$317m. Imports fell 3.1% to \$4.65b as crude oil dropped 38%, while imports of vehicles, parts and accessories rose 13%. NZers grew more **optimistic about employment prospects** in the Sept quarter with confidence lifting across age groups, regions and income categories, although workers weren't as upbeat about wages growth. The Westpac-McDermott Miller Employment Confidence Index rose 8.5 points to 110.1 in the quarter, the highest since Sept 2014.

## Real estate trends

**Lending to property investors buying homes in Auckland** fell 18% in August after the Reserve Bank imposed new lending restrictions in July. Central bank data shows lending to investors in NZ's biggest city fell to \$1.31b in August from \$1.59b in July, the

lowest month for lending to Auckland investors since January when \$973m was committed by the banks.

## Movement on Middle East FTA?

Trade Minister Todd McClay issued a notably low-key press statement claiming he gained commitment from his Saudi counterpart, on a trip to Riyadh, to 'work towards completing' the stalled Gulf States-NZ FTA. The agreement has suffered numerous setbacks, beginning with Gulf State leaders taking offence when PM John Key returned to NZ during a trade mission to the region in 2010 after an RNZAF helicopter crashed on ANZAC Day, killing three servicemen. Subsequently, political relations have deteriorated because of the controversy created by the gov't's attempt to placate Saudi business interests over the continued ban on live sheep exports and the establishment of a NZ 'model farm' in the Saudi desert. The next step is for Gulf Cooperation Council member states "to meet and for my officials to get together with the GCC Secretariat, as well as member countries, to finalise agreement," said McClay.

## Competitiveness

NZ's position continues to improve in the widely watched World Economic Forum Global Competitiveness Index. **NZ ranks 13th, against 22nd for Australia, 28th for China, and 3rd for the US**, in the 2016/17 survey, published this week. That's a three point improvement from the previous survey and a gain of 10 places since 2012 in rankings that are created by the self-assessment of parties polled in each of the 138 countries covered. Strong points continue to be NZ's traditional strengths: lack of corruption, political stability, trusted public institutions including the courts, and good public health and education. Distance from markets and smallness of the local market remain insoluble low-points, but areas that public policy could remedy include ongoing low rankings for capacity to innovate, quality of public infrastructure, and gov't procurement policies for new technology.

## RBNZ disclosure regime changes

**The Reserve Bank is seeking feedback on a new disclosure regime for banks' financial information.** The RBNZ is proposing a dashboard hosting all locally incorporated banks' key metrics, which it says would be a cost efficient way of maintaining market discipline. The dashboard would include figures on private lenders' credit ratings, capital levels, asset quality, financial performance, and liquidity, and could include large exposures and loan-to-value ratios. Meanwhile, **Neil Quigley**, vice-chancellor of Waikato University, **has been named chair of the Reserve Bank board**, replacing Rod Carr. ■

## CORPORATE ROUND-UP

## Corporate actions

**Hellaby** has advised shareholders not to sell pending an assessment of a \$322.5m offer from Australian-listed autoparts firm **Bapcor**. The offer price of \$3.30 a share was an 8.9% premium. Bapcor wants to delist Hellaby and plans to sell the equipment, resources and footwear businesses to focus on the automotive segment, gaining a foothold in the NZ market. For its part, Hellaby sees opportunity in the burgeoning electric vehicle market. **Stride Property Group** has scaled back plans to redevelop the Johnsonville Shopping Centre in Wellington's northern suburbs. The mall owner was granted consent in 2009 to expand the shopping centre to 32,000 sq m from 10,000 sq m but the project was disrupted by the global financial crisis. The revised application is for a 26,000 sq m development. **Pyne Gould Corp** and **Bath Street Capital** won't go to court over what's owed in relation to Pyne Gould's sale of Perpetual Trust. Pyne Gould had sought damages of at least \$22m from Bath Street, which filed a counterclaim for costs and delays to its ASX listing. **Augusta Capital** has acquired 9.3% of listed property investor NPT, paying 73 cents apiece, which was above the prevailing price of 64 cents. First NZ Capital acted for Augusta, buying shares from investors including ACC. **Veritas** says revenue will drop in 2017 as Mad Butcher sales continue to fall, while its bank has extended its lending facilities beyond next year. Revenue is forecast to be \$50-\$55m in the year ending June 30, 2017, compared with \$56.5m last year. **Hallenstein Glasson** posted a 21% decline in full-year profit, reflecting a loss from its Glassons unit in Australia and weaker earnings from its flagship menswear chain. Profit fell to \$13.7m from \$17.4m a year earlier. Sales rose 0.9% to \$223.5m. **Warehouse** annual profit rose 12%, exceeding its guidance on bigger reductions in its cost base and wider operating margins. Adjusted profit rose to \$64m from \$57m a year earlier. Sales rose 5.6% to \$2.92b with growth across all its brands. **Restaurant Brands** posted a 32% gain in second-quarter sales, with the bulk of the increase coming from the 42 KFC stores in New South Wales acquired in April. Sales rose by \$38.6m to \$159.5m in the 16 weeks ended Sept 12. Same-store sales rose 2.1% to \$120m. **Trilogy International** told investors at their annual general meeting in Auckland it expects to achieve revenue of at least \$100m in the year ending March 2017. The company achieved revenue of \$83m in 2016. **Energy Mad** says lower prices for carbon dioxide offsetting certificates in Australia mean its sales volumes are likely to drop. Most of the energy efficient light-bulb maker's business is selling LED bulbs to Australian state govt energy efficiency schemes, including the Victorian Energy Efficiency Target (VEET) scheme, where

certificates representing carbon dioxide savings are issued and can be traded. The market price of the certificates had fallen to A\$14 per certificate from A\$30, the company says.

## Tech and innovation

**IkeGPS** raised \$3m of new capital to help fund its push into international markets, with about three-quarters picked up by the sub-underwriters. The company raised \$5.25m in August selling more than 8 million shares at 60 cents, and a share purchase plan, selling 5 million shares at the same price to raise a further \$3m. Those funds will help expand sales and marketing in the US and the wider international market, to develop mobile apps to support customer needs and for working capital. **Wellington Drive Technologies** has taken a \$2m facility from major shareholder SuperLife, the investment fund owned by NZX. The loan will give the company "additional working capital to support the company's growth initiatives", with a one-year term and a 14.75% interest rate calculated on a quarterly basis in arrears. **Orion Health** is still on track to return to profit in 2018, although the strength of the kiwi is crimping revenue in local currency terms and drained more cash than anticipated. Chairman Andrew Ferrier told shareholders that Orion's forecast for revenue growth of more than 20% in the year ending March 31 2017, wouldn't be met because of the NZ dollar's appreciation. Intelligence software developer **Wynyard Group's** flagging fortunes saw Milford Asset Management drop its shareholding from 7.6% at the end of last year to 5.7%. Wynyard shares have fallen 91.8% in the last year, closing on Thursday at 19c. Wynyard last month more than doubled its first-half loss and cut FY profit guidance to between \$27m and \$30m from \$54m-\$65m.

## Primary sector

**Fonterra** posted a 65% gain in full-year profit as cost cutting and cheaper milk prices made up for a decline in sales. Profit rose to \$834m in the 12 months ended July 31, from \$506m a year earlier. Sales fell 9% to \$17.2b while cost of goods sold, which is primarily made up of NZ sourced cost of milk, fell about 13% to \$13.6b. **European farmers scaled back their milk production in June**, the first time they've done so since March 2015. EU production fell 2% in June from the same month a year earlier, continuing the reduction in output as farmers culled stock, spent less on supplementary feed, and poor weather weighed on the region's producers. Fonterra expects annual milk collection of 1.52 billion kgs of milk solids this season, which at the current forecast farmgate payout would see farmers receive about \$8b, up from the \$6.1b paid in 2016. **Fonterra also tweaked**



## CORPORATE ROUND-UP

**its governance and representation** for farmer shareholders, with the key change being farmers can directly nominate their own choice for selection to the board. The new version still proposes reducing the board to 11 directors from 13, comprised of four independents and seven farmer directors. It also uses first-past-the-post voting rather than the current single transferable vote model and the independent nomination process, while adding a self-nomination process that requires the support of 35 shareholders.

**Blue Sky Meats**, the meat processor whose shares trade on the Unlisted platform, named former Fonterra marketing executive Todd Grave as its new CEO, replacing general manager Ricky Larsen who resigned in December.

**NZ King Salmon** plans to sell shares at \$1.12 in an IPO giving one of its cornerstone shareholders an exit from the Marlborough Sounds fish-farmer and raising \$30m of new capital. The Nelson-based company wants to raise up to \$77.5m selling as many as 69.2m shares that would trade on the NZX and ASX. Of the funds raised, up to \$45m would go to Direct Capital and \$2.5m to other shareholders including Malaysian-owned Oregon Group. King Salmon plans to use \$16.7m of the new capital raised to repay bank debt and shareholder loans and \$8.2m to partially fund a new farm, while \$5.1m will be absorbed by offer costs.

### Regulation and courts

The Overseas Investment Office has approved the proposed merger between **Fairfax Media's NZ assets and NZME**, although the deal still needs NZME shareholder and Commerce Commission approval to go ahead. The land-swap deal rejected by the Court of Appeal and central to the advancement of the **Ruantaniwha irrigation scheme is shaping as a test case**. DoC and Hawkes Bay Regional Investment Company are taking the case to the Supreme Court after the Court of Appeal sided with Royal Forest & Bird and turned down the arrangement. **Milford Asset Management fund manager Mark Warminger's trial** on charges of breaching securities law by undertaking trading not intended for a genuine purpose commenced in the Auckland High Court. The case involves 10 specific instances of trades that the FMA alleges were undertaken to move share prices ahead of substantial off-market trades. **Intueri Education Group** shares plummeted after the company set out possible outcomes of audits by the Australian Skills Quality Authority (ASQA) that found its Online Courses Australia (OCA) and Conwal & Associates units didn't comply with its standards. Intueri has until Oct 21 to respond before the ASQA makes a decision, with possible outcomes ranging from an order to meet the rules through

to cancellation of OCA and Conwal's registrations, which could threaten Intueri's viability. **Reckitt Benckiser** is to plead guilty to charges of misleading consumers over the way it promoted a range of Nurofen products. The Commerce Commission brought 10 charges under the Fair Trading Act against the local division of the consumer goods business, eight of which claim the packaging and promotion of four Nurofen products were misleading, and two that the online advertising of the range was likely to mislead or deceive consumers.

**Affco Holdings** demanded that the Meatworkers Union cease badmouthing members of the Talley family as a precondition of resuming contract negotiations at its Land Meats subsidiary, an Employment Relations Authority ruling says. The determination, dated Sept 22, says Land Meat (LMNZ) breached its duty of good faith to the union and imposed a fine of \$15,000 and ordered the company to use its best endeavours to begin the process of bargaining in an effective and efficient manner.

### Transport and tourism

**The Chinese Chamber of Commerce** is hosting a tourism investment summit to help NZ businesses better capitalise on the Chinese tourism market and encourage Chinese investment in NZ tourism infrastructure. The inaugural NZ Tourism Investment Summit will take place in Auckland on Oct 31 and Queenstown on Nov 2 and host about 100 high net worth guests, including some of China's top investment advisors and tourism leaders.

**Wellington International Airport** has reset the clock for Environment Court hearings on its proposal to extend its runway to accommodate long-haul flights. WIAL had suspended its application while it assessed objections in submissions on the proposal. Meanwhile, Singapore International Airlines has started its service to Singapore via Canberra from Wellington, exciting local media to revive controversy over the city council's \$800k p.a. subsidy to SIA to start the route.

### Local govt

**Christchurch City Council** could squeeze capital out of its investment company without having to sell shares but asset sales will still be contemplated, says Mayor Lianne Dalziel. "We're not in a state of distress, we're not in a fire sale," Dalziel says. "I have never committed myself to pledge I will never sell assets but there are other ways to leverage the balance sheet to pull out some cash." The Local Govt Funding Authority caps allowable debt at 250% of the council's net revenue, and its amended long-term plan projects the ratio to top out at 180% in 2021. ■

## LEGISLATION

- *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

**Land Transport Amendment Bill:** Introduced Sept 12. Changes to the Land Transport Bill include use of alcohol interlocks, changes to heavy vehicle regulation, changes small passenger services regulation, including Uber. Completed first reading Sept 15, referred to the Transport and Industrial Relations Committee.

**Outer Space and High-altitude Activities Bill:** Introduced Sept 19. Establishes a regulatory regime to govern space launches, including both launch vehicles and payloads (eg, satellites), from NZ and by NZ nationals operating overseas. Awaiting first reading.

**Private International Law (Choice of Law in Tort) Bill:** Member's bill in the name of National's David Bennett. Introduced Sept 22. Clarifies which jurisdiction's law is applicable in actions of tort and provides guidance to the courts on matters of characterisation. Also abolishes certain common law rules dealing with actionability and sets out the general rule that the applicable law will be the law of the jurisdiction in which the events constituting the tort in question occur.

### Bills in Progress

**Agricultural Compounds and Veterinary Medicines Amendment Bill:** Introduced Aug 11 2015. Completed its second reading Sept 20 with the Greens and Maori Party opposed.

**Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill:** Introduced Dec 3 2015 by National MP Shane Reti. First reading Sept 22 with Labour and NZ First opposed. Referred to the Commerce Committee.

**Education Legislation Bill:** Omnibus bill introduced Nov 26 2015. Committee stage interrupted Sept 14. Opposition MPs disagreed with various elements, including allowing schools flexibility in deciding opening and closing hours of the school day and the charter school model.

**Education (Update) Amendment Bill:** Introduced Aug 22. Sets objectives to guide the early childhood and school sectors. First reading debate completed Sept 13, strongly opposed by Labour, Greens and NZ First. Referred to the Education and Science Committee.

**Geographical Indications (Wine and Spirits) Registration Amendment Bill:** Introduced Nov 3 2015. Reported back on Sept 15 with minor changes including to the charging regime for applicants for registration.

**Health Practitioners (Replacement of Statutory References to Medical Practitioners) Bill:** Amends statutes to increase the range of functions that can be

performed by health practitioners. Debate on second reading interrupted on Aug 25 with all parties indicating support and completed on Sept 15.

**Judicature Modernisation Bill:** Committee stage completed on Sept 14 with a number of Opposition amendments defeated and govt amendments inserted.

**Kermadec Ocean Sanctuary Bill:** Introduced March 8. Bill now officially on hold after the Maori Party threatened to walk away from confidence and supply agreement if it was passed. The politics concern Treaty settlements, property rights and the govt's right to legislate for environmental reasons have created some complex issues. Talks with the Maori Party will now take place as legal action unfolds. It could all take some time and PM John Key has said rushing the process could derail it.

**Land Transfer (Foreign Ownership of Land Register) Amendment Bill:** In the name of NZ First MP Mahesh Bindra. The Attorney-General issued an opinion the bill was in breach of the BORA. The AG said while there was a legitimate interest in gauging the level of foreign ownership of land, the bill would not achieve that. Those named in the public register would also lose privacy rights and could be subject to discrimination and hostility.

**Local Government Act 2002 Amendment Bill (No 2):** Introduced on June 9. The Local Govt and Environment Select Committee has finished its hearings and was due to report back to the House by Oct 28, but the reportback deadline has been pushed back to March 31 2017.

**New Zealand Horticultural Export Authority Amendment Bill:** Introduced Dec 1. Reported back from Select Committee on Aug 31 with minor amendments and awaiting second reading.

**Policing (Cost Recovery) Amendment Bill:** Allows the Police to charge fees and recover costs for some services. After a year's delay the govt took the bill to second reading on Sept 15 after agreeing with Peter Dunne to exempt charities from vetting fees. Labour, Greens and NZ First remained opposed due to fears the current plans would be expensive for schools and the charging regime would widen in the future.

**Te Ture Whenua Māori Bill:** The deadline for the Māori Affairs Committee to report the bill has been extended from Nov 11 to Nov 25.

### Bills Passed and Defeated

**Housing Legislation Amendment Bill:** Passed under Urgency after filibuster. See Politics and Policy section.

**Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:** Third reading completed on Sept 8 opposed by NZ First and ACT. Ministers expressed confidence any legal action would be successfully defended. 