

Mt Roskill – the by-election nobody wants

Page 2

The Dec 3 Mt Roskill by-election is a contest neither Labour nor National relishes. Labour expects to win, but faces an inevitable reduction in long-serving Phil Goff's 2014 election night majority of 8,091. National expects to lose, but can't afford to lose badly.

Cabinet rejuvenation

Page 2

Hekia Parata's decision to leave politics at the next election surprised many, although she says she told the PM of her plans earlier this year. She was once assumed to covet the Foreign Affairs portfolio, which Murray McCully is still expected to vacate with a retirement announcement of his own. The slots for new Cabinet postings is opening up.

Maori Party selections

Page 3

The Maori Party's 2017 strategy is starting to play out, with former league star Howie Tamati a strong contender for the party's Te Hauauru selection this weekend. It continues to pursue Sir Mark Solomon for Te Tai Tonga and is trying its luck to rob Labour of the Ratana movement's support.

Another rate cut Nov

Page 4

NZers are more likely still to be focusing on the outcome of the US presidential election when Graeme Wheeler unveils what's expected to be a 25 basis point cut to the Official Cash Rate, taking it to 1.75% at the Nov 10 monetary policy statement. The bank will forecast a track for the OCR rather than the 90 day bill rate in future.

FTAs get harder and harder

Page 4

The European Union has managed to save its FTA with Canada from the jaws of defeat, securing a backdown from the Belgian regional parliament of Wallonia, and will almost certainly seek to de-fang this particular mechanism for future FTA ratifications. All the same, it bodes ill for the US-EU TTIP process and the TISA global services agreement, while signs from Washington suggest lame-duck session passage of TPP is getting harder all the time.

A rough week for corporate NZ

Page 6

The Pumpkin Patch receivership and Wynyard Group's appointment of administrators, along with a likely \$45m bill for Mercer from a failed Fonterra silo took the edge off the otherwise robust sentiment still evident in the NZ economy.

The trouble with Mt Roskill

Neither main party wants the Mt Roskill by-election. Labour can't expect to gain anything out of it and the only plus for National would be an unlikely win.

The complex demographics of the electorate – 44% born outside NZ – make it an atypical electorate to use as a springboard for a national message. This is not like Northland where NZ First could use the by-election as a platform to promote its “provincial neglect” message nationally.

Instead, the parties are regarding it as a test market for the new “invisible” campaign techniques both are developing. These involve a much greater emphasis on social media and email, and both parties have sophisticated software to enable them to tailor and target their messages.

For National, the by-election will also be an opportunity to test its organisational skills after the debacle of the Auckland Council elections.

Otherwise, the by-election will focus the spotlight on immigration, which neither main party will be keen to debate. The party that would, NZ First, has still to make a decision as to whether it will stand.

Partial success in India

Prime Ministers take RNZAF planes on official visits because it allows a large party of journalists and businesspeople to accompany them very inexpensively. The downside is that they break down more often than is desirable and that becomes the story. However, there do seem to have been some gains from the shortened India mission, with John Key securing new momentum for the idea of a “comprehensive economic partnership” – fast becoming the new politically preferred jargon for a free trade agreement – in his meeting with his Indian counterpart, Narendra Modi. We've been here before with India, though. Pressure from larger trading partners like Japan and China through the Regional Comprehensive Economic Partnership (RCEP) talks remains an important lever on India, whose politics remain highly protectionist.

Infrastructure and elections

Planning for the provision of infrastructure and its funding is moving to the top of the govt's political agenda. Treasury's Infrastructure Pipeline shows a need for around \$100b in infrastructure by 2026. Much of that (\$30b) is for Auckland. But there are real doubts in the Beehive about the ability of the NZ construction industry to manage that quantity of work. The failure to build even the number of houses consented each year in the city is offered as evidence of that.

Both the govt and the Auckland Council believe the answer is to get more international construction companies working in NZ. To assist that the Australia New Zealand Leadership Forum has developed a proposal to publish a joint Aust-NZ infrastructure pipeline (ANZIP) which would be designed to attract more international large scale companies to work in the two countries (*see page 3*).

Though it is a joint govt initiative, it will be developed and maintained by Infrastructure Partnerships Aust with support from the NZ Council for Infrastructure Development and officials from the two govts.

The Forum is also expected to agree to a wider programme of inquiry with the two governments to identify opportunities to create a more seamless infrastructure market across the two countries.

Cabinet rejuvenation

The Education Minister says she decided at the start of the year to resign. That doesn't quite square with the Prime Minister's suggestion that the resignation was because of the health of her husband, a statement she promptly denied. Certainly her colleagues seemed surprised by her announcement. That suggests there may also have been other reasons behind her resignation.

Her colleagues have long thought she aspired to be Minister of Foreign Affairs in the event that Murray McCully resigned.

Just what he will do is unknown at present, but he has said he would make a decision whether he would return for another term by the end of this year. Parliament is still waiting for the report of the Auditor General into McCully's proposal to Cabinet to pay Saudi businessman Hmood Al Khalaf \$4m after McCully claims Al Khalaf threatened to sue the govt over the ending of live sheep shipments to Saudi Arabia. Repeated Opposition questioning and a series of releases under the Official Information Act have failed to produce any evidence of the claimed threats. This leaves McCully vulnerable to the charge that the payment was a bribe.

There is a feeling among some Ministers that it is time for McCully (the oldest member of the Cabinet) to retire and that this latest in a string of questionable deals that he has been involved in provides an opportunity for that retirement.

Were he to go, now that Parata has resigned, Gerry Brownlee and Jonathan Coleman would be the Ministers lobbying hardest to replace him.

Otherwise, Key has said he will reshuffle the Cabinet early next year. Apart from Parata, he may have two

other holes to fill. Nikki Kaye's health remains an issue though it is understood her current plans are to stand again at the next election but on the list only. It is widely expected within the Cabinet that Sam Lotu Iga will also retire while outside Cabinet there are questions about Craig Foss's continued role as a Minister.

Back benchers in line for promotion include Alfred Ngaro (a replacement for Iga) and Mark Mitchell, with the possibility that Nicky Wagner could go from outside to inside the Cabinet.

Parata is still shepherding a major set of education system reforms and intends to see out the parliamentary term. On that basis, and in the hope that she will be in a frank frame of mind, we are still looking forward to her presentations at the last Hugo breakfasts this year.

Pension age back on the table

Retirement Commissioner Diane Maxwell has put the age of entitlement for National Superannuation back on the table, advocating it be raised to 67 in three-monthly steps over a decade.

RMA reforms to miss Nov 7 reportback

As foreshadowed in the last edition of Hugovision, the Resource Legislation Amendment Bill will not be reported back to Parliament by its latest deadline, Nov 7. The select committee considering the legislation has still not received a final report from officials, although the legislation may still be able to move forward before Christmas as they have had the benefit of a draft. Negotiations continue between the govt and the Maori Party, but have not yet concluded. National lacks the support of the United Future and Act parties for its third attempt to reform the RMA. Key appeared to prepare the ground for the current bill's failure, saying the govt had been unable to do more on RMA reform because it lacks a clear parliamentary mandate. "Ask me after the 2017 election," he said.

Election advertising

Changes to election advertising are dealt with in the Broadcasting (Election Programmes and Election Advertising) Amendment Bill. Amongst other things, the bill will end the public funding of the compulsorily broadcast opening and closing addresses for political parties on television. Instead the parties will get the money to spend elsewhere, in a recognition that monolithic broadcast television audiences and long-form political advertising are both fast disappearing.


Maori Party's ambitions

This weekend's Maori Party selection process for the seat of Te Hauauru will prove an early test of the party's strategy to try and pick big names that could wrest Maori seats from Labour's often under-performing Maori MPs. Former rugby league star **Howie Tamati** is up against Debbie Ngarewa-Packer, a local iwi incorporation leader for selection. The Taranaki-based seat is currently held by Labour's Adrian Rurawhe, whose parliamentary impact to date is invisible. The Maori Party continues to hope it can woo former head of Ngai Tahu, **Sir Mark Solomon**, to challenge Rino Tirikatene, in the South Island seat of Te Tai Tonga, although Solomon is said to be unwilling to decide before a range of current tribal commitments expires in November. **National continues to regard the Maori Party as a viable and even preferable alternative governing partner to NZ First** after the 2017 election, although its primary desire is to have choices. The **Maori Party's largest problem** remains that its natural constituency regards is hard-wired to support Labour and would like to see the party do so too. Getting the Maori king to repudiate Labour publicly was a first step in the process of trying to break that spell.

The next big target is the Ratana movement, whose annual meeting in early 2017 could be a pivotal moment for the Maori Party's fortunes at the polls next year, were Ratana to shift its traditional support for Labour even marginally.

ANZAC ambitions

The Australia-NZ Leadership Forum appears to have found a new lease of life, partly reflecting new focus from NZ's largest companies on improving NZ's so-called 'outbound story' and also the greater interest that Aust business is showing towards its eastern neighbour at present. As a result, the long-discussed need to move beyond the 'stuck' bi-lateral issues such as trans-Tasman recognition of imputation credits is being replaced by a more focused, sectoral agenda. Five sectors have been identified as containing significant opportunities for closer trans-Tasman collaboration: infrastructure; tourism; agri-business; health technology; and innovation.

A new portal listing some 115 Australasian infrastructure projects, each valued at more than \$100m, was launched at the forum in Sydney this week: <http://infrastructurepipeline.org> 

Dutch onslaught

The largest contingent of Dutch business interests ever to visit NZ will accompany the King and Queen of the Netherlands on their royal visit Nov 7 to 9. While organisers had hoped to attract perhaps 15 Dutch companies on the trade mission, almost 60 have applied across a range of traditional agricultural and non-traditional sectors, including healthcare, IT, sport and high-value food manufacturing.

EU salvages Canada FTA

Last minute arm-twisting has saved not only the EU's Comprehensive Economic and Trade Agreement with Canada, but has also allowed Europe to save face. However, the **11th-hour breakthrough** that saw regional Belgian parliaments, principally Wallonia, withdraw objections to the free trade agreement came too late for Canadian PM Justin Trudeau, who cancelled his scheduled visit to Brussels, where the CETA was to have been signed. Detail of the deal hammered out with the regional parliaments has yet to emerge, but it was characterised by the Belgian PM as essential to preserving his country's "credibility on the international stage". The incident does shake confidence in the EU's ability to negotiate further FTAs without similar hurdles. While momentum appears to be building for progress on an NZ-EU FTA, the range of sticking points – particularly around agricultural access – are likely to be more difficult than in the deal with Canada.

TPP getting harder too?

The US Trade Representative's office is hard at work both drafting legislation and building the lobby for passage of TPP legislation through the Congress in the post-US election lame duck session. For example, eight US financial services associations this week jointly argued "the TPP is a strong agreement which modernizes rules that will enable our member companies to support global value chains. A failure to act on TPP this year will have real consequences and it is entirely possible that the other parties to the agreement will move ahead without us."

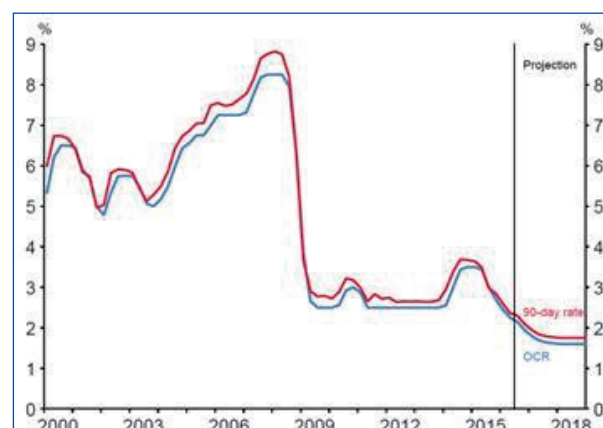
However, former NZ trade negotiator Charles Finny has returned from a round of meetings in Washington, concerned at the level of difficulty he believes exists for TPP to go ahead. "Lots of people were more negative than they had been the last time I saw them," he says. "Even the Republicans I spoke to were worried about the numbers and they were talking particularly about the need to shore up the numbers by renegotiating a couple of pieces of the text." Reopening negotiations becomes the next option for a Clinton presidency, although that would mean other signatories seeking new concessions from the US. NZ, for example, would require much better dairy access if it were to give ground on biologics medicines protections.

A ray of post-Brexit light

Nissan has confirmed it will continue to build vehicles at its Sunderland plant and is planning to tool up for two SUV models. The UK economy also grew more strongly than expected in the Sept 1/4. ■

RBNZ tweaks key indicator

The Reserve Bank will replace its projection for the track of the 90-day bank bill rate with one for the official cash rate, saying the 90-day rate is no longer a clear signal for the direction of interest rates. Historically the 90-day bank bill rate had provided a good gauge for the stance of monetary policy "because it typically moves in a consistent manner with the OCR," the bank said. However, "variations in the past have generally been temporary and experienced during periods of financial stress. More recently, regulatory changes in global financial markets have also been altering the relationship between the 90-day bank bill and OCR, complicating the bank's communication of the monetary policy outlook." The change comes ahead of the **Nov 10 monetary policy statement**, at which financial markets on balance expect a further 0.25bps cut to the OCR, taking it to 1.75%.

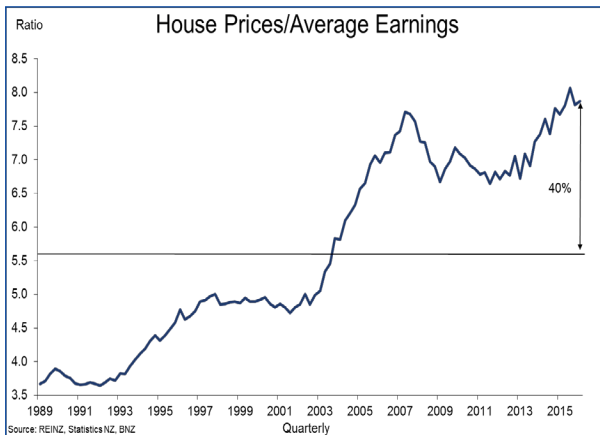


Economic outlook

Meanwhile, the NZ economy has regathered momentum, with above-trend GDP growth of 3.6% forecast for this year, 3% next year, and 1.9% in 2018. Capacity constraints will become an increasing barrier to any stronger upturn, reinforcing a robust cycle in investment and employment. Business and consumer confidence is strong and the fiscal path positive.

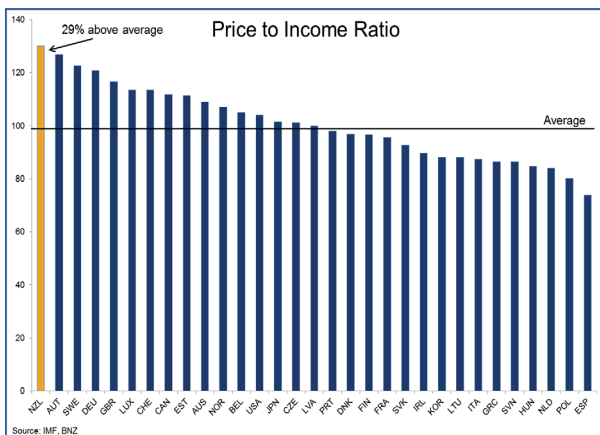
The downside for exporters is that the currency will also remain strong, notwithstanding some shifting of foreign funds back to the US ahead of the expected Fed rate rise in Dec. That means the RBNZ's attempts to reignite inflation will likely continue to be frustrated. At some stage something has to give – perhaps related to the over-inflated local housing market or any number of global threats – but this may still be some time away. For immediate direction, next week's ANZ business survey, Q3 labour market reports and latest RBNZ quarterly survey of (inflation) expectations should give direction.

DOMESTIC ECONOMY



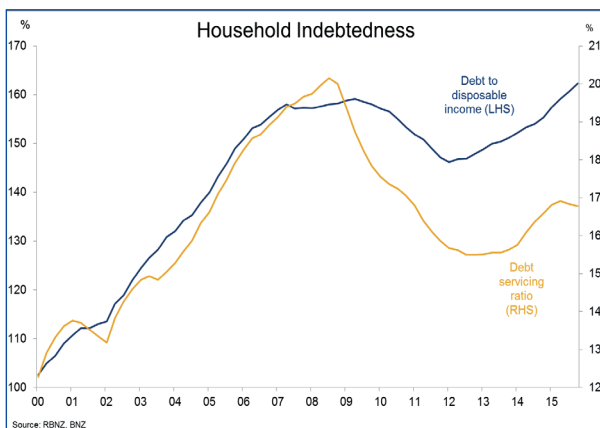
Overvalued

- The extent of NZ's house price over-valuation is becoming stark;
- The national average shown here includes Auckland, but the average price in the country's largest city now sits at above 10x average earnings;
- These housing costs largely wipe out recently updated MSD evidence showing that income inequality has barely changed in the current decade. When housing costs are included, the impacts are severest on low income households.



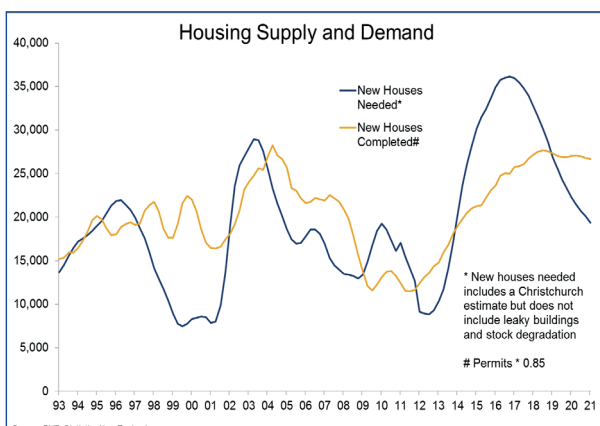
By global comparison

- NZ is winning on several measures of unaffordability among developed nations, with house prices 29% above average;
- Annual real house price inflation at around 15% is also second only to Sweden at present;
- The same country comparison for rents shows NZ rents are some 25% above average.



The rising debt burden

- Debt-to-disposable income has kept rising, now sitting a little above 160% of average disposable income;
- However, the very low interest rate environment has made servicing these debt levels far more manageable for many households;
- The seeds of a housing market correction may yet sit in the impact on household finances when interest rates start to rise, perhaps by late next year.



Supply shortfall for some time

- NZ's ability to build sufficient houses in time to meet demand has proven and is likely to continue to prove inadequate;
- While we believe the additional demand created by record migration will eventually moderate, we have no confidence about migration forecasts that do no more than revert to historical mean net inflows (as in the chart at left).

CORPORATE ROUNDUP

Ethical investment

Global fund manager Vanguard is to offer Aust and NZ investors access to a global index fund that excludes major defence and tobacco-related shares. The offering follows publicity coinciding with the launch of the low-cost KiwiSaver provider, **Simplicity**, about the presence of such shares in most global index funds. The **Vanguard International Shares Select Exclusions Index Fund** will launch late 2016 and charge a management fee of 0.26%, higher than its average fund management fee of 0.18%. Meanwhile, the **NZ Superannuation Fund** will begin a progressive divestment of investments exposed to climate change-related risk. Guardians of the Fund chief executive Adrian Orr said the strategy didn't mean NZ Super would avoid sectors per se but would assess investments on a case by case basis to see whether they needed to be risk-weighted for the effects of climate change. Still, there were difficult choices ahead for some of the world's biggest companies, Orr said. "Some of the largest multinationals are fossil fuel driven. They need to be thinking very hard about what they are doing with retained earnings." **The Fund has announced no hard metrics for divestment**, but will begin reporting changes in its portfolio, based on the strategy, from next year.

Telecommunications

Chorus is planning to take a publicly assertive approach to claims, especially from **Spark**, that wireless broadband offerings represent a like-for-like alternative to fixed-line services. Both the outgoing CEO Mark Ratcliffe and chair Patrick Strange have taken guarded swipes at Spark in the last fortnight and talked up the benefits of fixed-line services – whether copper or fibre-based. Strange challenged telco retailers as to why they weren't more actively marketing VDSL services to the 400,000 or so ADSL customers in NZ, saying there was no difference in cost to Chorus in providing the faster VDSL service. In response, Spark has criticised Chorus's fibre-service connection times and stressed a desire to move customers off "legacy" copper line services, of which VDSL is one.

Meanwhile, competitors' criticisms of the proposed \$3.44b Sky TV / Vodafone merger have been described by Sky CEO John Fellet as "unified by their predictability and misleading and inaccurate statements, which we're dealing with point by point". Fellet told shareholders the merger was on track, with the Commerce Commission not yet changing its Nov 11 target date for a decision. Rights to exclusive sports content are seen as the key battleground, with rival telcos arguing lack of

access to marquee live sports events will create an anti-competitive advantage for the merged entity in marketing its telecommunications products.

The govt has announced a **\$150m addition to funding for the Rural Broadband Initiative**.

This will deliver fast wireless-based internet to communities unable to access broadband speeds of at least 20 Megabits per second and fund coverage for some 200 highway 'black spots' around the country.

Manufacturing

Stainless steel manufacturer **Mercer Group** is facing costs as high as \$45m following the collapse of a silo at **Fonterra's** Edendale factory. The failure represents a major commercial challenge for the business, whose roots stretch back to the late 19th century, but which is currently unprofitable and has seen its market capitalisation fall by around 75% this year. Its products are found in most NZ dairy plants. The company has professional indemnity and public and products liability insurance but couldn't say the extent to which they would cover its potential exposure. Four other Fonterra silos have been found to have cracks.

Corporate actions

Pumpkin Patch has been tipped into receivership by its lenders and appointed voluntary administrators after failing to reinvent itself in the face of shrinking sales and too much debt. The children's clothing retailer appointed McGrathNicol's Andrew Grenfell and Conor McElhinney as administrators, while KordaMentha's Neale Jackson and Brendon Gibson were named as receivers. Last week the retailer said there was virtually no value left in its equity after talks with its lender ANZ Bank NZ fell through.

Security software developer Wynyard's board has appointed voluntary administrators after abandoning plans to draw down against a \$10m loan from major shareholder Skipton Building Society or trying to raise new capital. KordaMentha will manage the administration, which Wynyard's board says will "ensure an environment where all options can be fully explored to retain the value in the business". Floated in 2013 after a spin-out from Jade Corp, Wynyard appeared to have strong prospects, establishing a London office, making key hires in both the US and UK from law enforcement and intelligence agencies and forging relationships with Aust and NZ police, the US Dept of Homeland Security, defence giant Northrop Grumman, and others. However, the unprofitable software-as-a-service company consistently undershot vital new revenue projections as new contracts failed to materialise on time. Wynyard halted trading

CORPORATE ROUND-UP

in its shares while it investigated a standby loan facility with Skipton, but concluded drawing that down or raising new debt or equity wasn't "in the best interests of the company, its shareholders or other stakeholders." **More than 1,000 Wynyard shareholders have joined a class action** against the company, claiming inadequate market disclosure. **Restaurant Brands** plans to buy the largest fast food operator in Hawaii, Pacific Island Restaurants, for US\$105m to further diversify its earnings away from NZ, having made a major Aust acquisition earlier this year. **Abano Healthcare** expects to lift first-half profit by up to 50% in 2017 with increased earnings driven by dental acquisitions. **Pierre van Heerden**, a stalwart of the NZ Food and Grocery Council, is **stepping down as executive GM of Sanitarium Health Food Co.**

Tourism and immigration

Auckland Airport passenger movements showed a **decline in the number of Indian nationals arriving** at the country's main point of entry. The number of arrivals from India fell 5.6% to 3,328 in Sept from the same month a year earlier, and was down 12% to 8,572 since Auckland Airport's financial year started in July, airport figures show. India is the only country in the airport's top 10 to show a decline in arrivals on either measure. The decline may reflect **increased scrutiny of the Indian international student market** and growing reports of export education migrants being exploited illegally while working in NZ. Migrants and tourist arrivals set new records in the year to Sept. Annual net migration reached almost 70,000, surpassing the previous annual record of 69,100 set in the year to Aug. Migrant arrivals rose 6% to a record 125,600 in the Sept year, with the biggest increases from South Africa, China, Aust and India. Annual migrant departures fell 3% from 2015, with fewer departures to Aust and the UK. NZ citizens leaving to live overseas accounted for about 60% of all migrant departures. **SkyCity** interim CEO John Mortensen says there will be a **drop in its high-rollers business following a Chinese govt corruption crackdown** which has led to detention of 18 Australian Crown casino employees. Mortensen said it was hard to determine what was going on, with Crown management giving out little information because they have been given little information in China and no reason provided yet for the detainment of their staff.

Primary industries

Manuka honey company **Comvita** placed some 2m ordinary shares with China Resources Ng Fung, taking the Shenzhen-based Chinese food giant's stake from less than 5% to about 9%. The move would

"strengthen working capital and provide funding to support several strategic initiatives currently under consideration by Comvita," the company said. It would also provide access to the Chinese firm's distribution network, with thousands of Chinese supermarkets. The move **appears closely related to Comvita's market access problems** in recent months, which prompted the company to downgrade its near-term earnings outlook to forecast a 1H loss.

Fonterra has suspended a distribution agreement with China's Jiawai after Shanghai food safety officials and police announced the arrest of 19 people suspected of repackaging expired milk powder from NZ. Jiawai had been an authorised distributor in China. **The cooperative will no longer have to sell raw milk to large independent processors from the 2019 season onwards**, if proposed changes announced by Primary Industries Minister Nathan Guy to the Dairy Industry Restructuring Act proceed. Rabobank says **international dairy markets continue to tighten**, boding well for further recovery in key commodity prices for southern hemisphere producers and further upward revisions in payouts. However, **the theme remains recovery rather than buoyancy**. Two longtime **Fonterra** farmer directors Malcolm Bailey and Ian Farrelly will retire from the board in Dec.

Kiwifruit marketer **Zespri** has reiterated its forecast profit range for the 2017 financial year of between \$66m and \$71m despite an expected decline in returns from gold varieties. That projected range includes licence revenue of \$50.2m after tax from this year's release of 400 hectares of the new gold variety, Gold3. **Seeka Kiwifruit Industries** is forecasting up to an 86% lift in annual net profit in 2016 of \$7-to-\$8m, from \$4.3m in 2015. **Export log prices** firmed in Oct, aided by low shipping rates and solid demand from China, the country's largest export market. The average wharf gate price for NZ A-grade logs advanced to \$113 a tonne in Oct, from \$111 a tonne in Sept.

Innovation

NZ's technology export sector delivered offshore revenue of almost \$7b, up 13.5% from 2015 according to the 12th annual TIN100 report. That was mainly driven by exports to the US rising almost 26% to more than \$2b, a figure boosted by the rising value of the NZ dollar. Exports to Europe grew by 12.5% and to Asia by 11.7%. Total sales rose to \$9.4b in the year since the previous report.

Corporate governance

Global Women wants to see a minimum target of 30% women on the boards of NZX-listed companies as a best-practice standard by 2020. ■

LEGISLATION

20 sitting days till Xmas

Parliament only sat for two weeks in October and some of the business reflected the coming election year, including tweaks to the Electoral Act to facilitate advance voting. Changes to election TV advertising rules will require legislation.

The Govt Administration Committee is **seeking submissions on the Electronic Interactions Reform Bill**, with submissions closing on Nov 25.

This bill is a cross-agency bill that amends a range of legislation to enable digital interactions between individuals, businesses, and government agencies.

There were a number of minor changes to select committees to reflect the departure of Labour MP Phil Goff and the Green MP Kevin Hague from Parliament. Most notably Green co-leader James Shaw took over Julie Anne Genter's place on the Finance and Expenditure Committee as he took over the finance portfolio in a reshuffle.

There are now fewer than 20 sitting days planned before the summer adjournment. The govt has made plans for a number of extended hours sittings.

- *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*

Bills in Progress

Agricultural Compounds and Veterinary Medicines

Amendment Bill: Introduced Aug 11 2015. Completed its second reading on Sept 20 with the Greens and Maori Party opposed and committee stage completed on Oct 10.

Education Charter Schools (Abolition) Amendment

Bill: Introduced April 7, a Member's bill of Labour's Chris Hipkins. *First reading interrupted Oct 19 with govt and support parties indicating they would vote the bill down.*

Health Practitioners (Replacement of Statutory

References to Medical Practitioners) Bill: *Debate on second reading interrupted on Aug 25 with all parties indicating support and completed on Sept 15.*

Healthy Homes Guarantee Bill (No 2): A bill in the name of Labour leader Andrew Little. *Report back extended from Nov 4 to April 29 2017.*

Land Transfer Bill:

Introduced on Feb 11 2016. Implements the govt's response to the recommendations from the Law Commission. *Second reading completed on Oct 12 with all parties in agreement.*

Local Government Act 2002 Amendment Bill (No 2):

Introduced on June 9. *The Local Govt and Environment Select Committee had finished its hearings and was due to*

report back to the House by Oct 28. However, the report back deadline has been pushed to March 31 2017.

New Zealand Horticultural Export Authority

Amendment Bill: *Second reading completed on Oct 18 with all parties in agreement.*

Outer Space and High-altitude Activities Bill:

Introduced on Sept 19. *First reading completed on Oct 18 with all parties in support though a few questions were asked around treaty obligations on the protection of intellectual property. Sent to the Foreign Affairs and Defence Committee for report back on April 18 2017.*

Patents (Trans-Tasman Patent Attorneys and Other

Matters) Amendment Bill: *Completed its second reading on Oct 13 with NZ First and Maori Party opposed.*

Resource Legislation Amendment Bill: Introduced on Nov 26 2015. *The select committee will not be able to report back on time (Nov 7) as Ministers grapple with negotiations and policy decisions.*

Sale and Supply of Alcohol (Display of Low-alcohol Beverages and Other Remedial Matters): Introduced on Dec 7 2015. *Completed second reading on Oct 18 with all parties in agreement.*

Bills Passed and Defeated

Education Legislation Bill: Omnibus bill introduced on Nov 26 2015. Changes administrative and governance arrangements for educational entities and funding organisations across the education sector. Amongst the changes are allowing schools to change their opening hours with the agreement of their community. Will also allow licensed home-based early childhood education providers to offer out of school care to school-age children and a principal to be employed to manage more than one school. Strongly opposed by Labour, Greens and NZ First at its first reading on Dec 8. Objections ranged from opposition to charter schools, concerns over flexibility and quality standards of early childhood education provisions. Sent to the Education and Science Committee with submissions closing on Feb 19. The report back deadline was extended from June 8 to June 30 and was reported back on that date with a number of changes. Second reading completed on Aug 16 by 63 to 57 with National, Maori Party, ACT and United Future in support. Committee stage was interrupted Sept 14. Opposition MPs disagreed with large parts of the bill including allowing schools flexibility in deciding opening and closing hours of the school day and the charter school model. Outgoing **Education Minister Hekia Parata will brief Hugo breakfasts in December on these reforms** and subsequent announcements.

Committee stage completed on Oct 11 and third reading on Oct 20 by 63 to 55 with Labour, Greens and NZ First opposed.

Judicature Modernisation Bill: *Third reading completed on Oct 11 divided into 23 bills with just NZ First opposed.* 