

RMA replacement looks certain, whoever wins

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The emergence of a cross-party consensus that the RMA and associated land transport and local govt legislation need a complete rethink is hugely significant. It means that whoever forms a govt in Sept, a process for fundamental reform looks inevitable.

First show of nerves on English

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Bill English's less upbeat, more considered style - along with his willingness to bend to Maori Party lobbying on key legislation - is giving some National MPs pause. Those in provincial electorates are particularly twitchy because they know NZ First's best opportunities are in the regions.

FMA looks again at non-GAAP profit measures

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A Financial Markets Authority survey found 3/4 of the companies questioned were using non-GAAP measures that improved top-line profitability. It is assessing whether to issue new guidelines on how to use such measures without misleading investors.

Issues of substance in battle for the Maori vote

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The Maori Party is taking heavy flak from both the Labour and Mana parties for its Te Ture Whenua Maori Land Act reforms - a hotbed land issue for Maori voters. Labour, however, is coping flak for opposing the development of parkland at Pt England for housing and standing in the way of part of Ngati Paoa's Treaty settlement deal in the process.

Auckland light-rail decision a test for funding reform?

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The govt appears to be taking a path of least resistance by endorsing a light rail connection to Auckland airport so far in the future that it will have no say in the final decisions. All parties are looking to the Productivity Commission's proposals on new funding streams for local govt as part of the answer to this and other possible civic infrastructure upgrades.

NZers 'get' free trade, right? Maybe

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The govt believes NZers are fundamentally positive about global trade liberalisation. Its Trade Agenda 2030 acknowledges a need to communicate better about its benefits, but the presumption is that kiwis 'get it'. The extent to which even businesses involved in exporting are lukewarm about free trade agreements is eye-opening.

NZ dodges China's extradition treaty wishes, for now

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The goodwill generated during last week's state visit by Premier Li to Aust has been materially degraded by the Aust Senate's refusal to back ratification of an extradition treaty with China. NZ will face this eventually too, but is holding out on a matter of principle at present.

A few jitters among the Nats

There were distinct signs of nervousness among National's backbenchers before Parliament rose for its recess. Some of the reasons for that were predictable. The party's leadership has been expecting that polls would even up as election year progressed and though the public polling is still strong, there is private polling by a reputable polling company commissioned by Labour showing that National has shed something like 6% support since the beginning of the year. That **support is not going to Labour but rather to the Greens, NZ First and the Maori Party.**

Even so, there are questions not only about Leader Bill English's style but some of his strategic decisions. The big one is his attachment to Nick Smith who is widely criticised within the caucus for his stubbornness and apparent inability to read the political winds.

The handling of the Resource Legislation Amendment Bill raised many questions among backbenchers who were kept in the dark about the negotiations with the Maori Party, which is a touchy subject for North Island provincial MPs in particular.

There was also concern about Paula Bennett, when acting PM while English was in Australia, ordering Nicky Kaye to attack Jacinda Ardern during a Wednesday general debate. That was thought by some backbenchers to have backfired. Her immediate dismissal of the new Nicky Hager book, **'Hit and Run'**, seemed hasty. English continues to leave open the potential for an inquiry.

The issues raised in the book are serious enough to require investigation in the interests of the high reputation for integrity held by the NZDF. But **the issues themselves are not likely to be an election issue.** Rather, they become a test of English's handling of it. If he ends up appearing to favour a cover-up or to prevaricate, it could damage him.

In more comfortable circumstances, such as hosting of Premier Li both public and privately this week, English is regarded as performing well. The new PM is doing a little to promote his 'soft' side with, for example, a video on high rotation on facebook that follows him around on a farm in Southland, dressed for running rather than farming.

Effort is going into introducing English in the upper North Island where he was less well known than in Wellington or the south. His in-depth knowledge of policy is providing antidote to the more "show business" style of the Key leadership.

For now, **National is steady at 46% in Colmar Brunton polling**, although the most recent of the more volatile Roy Morgan polls put National at

43.5%, a significant slip. *Stephen Mills, from pollster UMR, is addressing our Auckland and Wellington breakfasts in April.*

Maori politics: heating up

The animus between Labour and the Maori Party continues unabated. Labour is trying to whip up fears about Te Uruora Flavell's flagship Te Ture Whenua reform bill, while the Maori Party is accusing Labour of anti-Maori politics by opposing the bill allowing development of housing at Pt England, which Ngati Paoa says is part of its Treaty settlement.

Meka Whaitiri, who faces off against Maori co-leader **Marama Fox** in her Maori seat of Ikaroa-Rawhiti, is leading Labour's charge. The reforms are well-intentioned in their desire to make the commercial development of communally owned Maori land easier. However, some Maori voters remain deeply opposed to anything that might loosen Maori ownership's grip, while the bill itself was subject to deep and sustained criticism by Maori land law professionals, including the Maori Land Court judges. The attacks on the reform by Mana leader Hone Harawira suggest the **Maori Party shouldn't expect too much help from the Mana political machine** in the six Maori seats where Mana has agreed not to stand a candidate against the Maori Party.

The Pt England issue is also potent in an environment where Labour is already exposed to Maori voters' long memories about Helen Clark's 'foreshore and seabed' decision, seen in Maoridom as the first land grab of the 21st century.

The **Maori Party surged to 4% in the latest Colmar-Brunton poll** - a figure at odds with every other public poll, which has the party oscillating around 1%. If such a figure were to lock in and National were to consistently poll 47%-plus this year, re-election of a National-led govt without NZ First would be a likely outcome, and is National's preferred scenario.

However, **senior party figures are not taking the Colmar-Brunton figure seriously at this stage.**

RMA replacement now a cross-party platform

The schemozzle surrounding passage of the Resource Legislation Amendment Bill has coincided with the Productivity Commission's final "Better Urban Planning" report to **cement consensus across Parliament that the RMA and associated planning legislation needs a ground-up overhaul.**

This, after eight years of stalled and compromised attempts at reform and some 18 rounds of reform

to the RMA since it was enacted in 1990. While the ProdCom report doesn't specifically recommend replacing the RMA, the report's commissioning minister, Steven Joyce, interpreted it as meaning that and the Labour and Green parties are on-board for starting afresh. NZ First, Act and United Future agree, albeit for their own sets of reasons.

The core of the report's recommendations relates to the poor interaction between the RMA, Local Govt Act and Land Transport Act; the complexity and incoherence in the current planning regime; and the need to create a system that clearly distinguishes between the very different needs of the built and natural environments. While widely reported as seeking a 'single planning law', the report believes separate local govt and land transport legislation is needed, but that a single process for navigating the requirements of all three Acts needs to be built from scratch. The ProdCom endorses, as does the RMA's original architect Sir Geoffrey Palmer, the need for far greater commitment of central govt resource and guidance to nationally significant environmental and planning standards. One approach to achieving such a large reform constructively and preserving multi-party support would be to start the process with a royal commission of inquiry, which the Environmental Defence Society is urging.

Meanwhile, with the RMA we have ...

In the meantime, as foreshadowed in the last edition of HUGOvision, the National Party has agreed to a 'carve-out' from the ministerial over-ride powers in return for Maori Party support to pass RMA reforms currently before Parliament. The carve-out would allow regional councils to declare "GE-free zones". The issue is politically hot in Hawkes Bay, where the Havelock North water supply contamination has stirred up local environmental activism. The HB Regional Council is pressing to declare the region "GE-free", especially now its make-up has switched from a majority favouring agricultural intensification to opposition to the Ruataniwha dam project, which Irrigation NZ still believes could go ahead, despite the CEO for the project, Andrew Newman, being eased out in the new political environment.

As noted on p.2, provincial National MPs are uneasy about Bill English's willingness to meet Maori Party demands, which give NZ First a platform to campaign in provincial NZ against 'race-based policies'. The issue has not taken off politically, but may be a sleeper.

ProdCom on local govt funding

The Productivity Commission says that, with a

few tweaks such as the ability to "capture value" through targeted rates in areas where land prices rising fast (e.g., 20%+ p.a.), local govt has the funding mechanisms it needs. However, local authorities could be bolder and may need help to execute well, especially with PPPs. It recommends looking at the lending restrictions created by rating agencies and the Local Govt Funding Authority's debt ceiling rules. However, research commissioned for the ProdCom report found it was difficult to accurately predict cost-benefit and payback times on public good infrastructure investments.

Light rail

Against this backdrop, the govt is reluctantly going along with the Auckland light rail proposal. NZTA will reserve the route to the airport, but the project will stall until funding is identified. The ProdCom report found evidence that **land near new public transport links often qualified for 'value capture' targeted rating**. Even so, a start date may still be 30 years away. In the meantime, work will speed up on a \$1b reserved busway to the airport, similar to the North Shore's. Shortly 70% of the Auckland Council's transport budget will be going on the Central Rail Loop. The govt is setting up a joint pricing study with the Auckland Council on revenue-raising options, including congestion charges, which the ProdCom strongly approves while rejecting regional fuel taxes. On 'value capture' rating, Ministers are impressed with some of the techniques used in London for the Crossrail project. But there remains the obstruction of the Auckland Council's reluctance to consider proposals that involve privatisation.

FMA vs non-GAAP

The Financial Markets Authority proposes updating guidance for companies that report profits using non-GAAP measures after a survey found three-quarters of those surveyed emphasised numbers that boosted the bottom line. Feedback is sought by April 7 on changes to ensure non-GAAP measures aren't more prominent than GAAP measures, and tighter rules for one-time items to ensure "cherry-picking" doesn't occur.

Minister writes to EA on transmission pricing

Energy Minister Judith Collins has written to the Electricity Authority expressing concern about the complexity of the proposed Transmission Pricing Methodology. Transpower had expressed its concerns to Collins formally. The action is as close as the Energy Minister can get to intervening in the authority's deliberations, short of appointing different commissioners. A couple of retirements are coming up. The TPM has become a political hot potato for its effort to spread grid costs borne in the South Island to consumers in the upper half of the North Island. ■

Global markets: stability vs uncertainty

Global equities, bond and currency markets are currently characterised by low volatility, belying global policy uncertainty indices that suggest heightened uncertainty - although perhaps no more uncertain than usual.

While the bullish 'Trump effect' on markets took a knock on the new US administration's inability to pass its first legislative initiative, US political gridlock is hardly a new phenomenon. President Obama's last Budget has yet to pass.

Other risk factors include Brexit, euro-area disintegration, China, and trade wars, but none at present are disruptive enough to protect against.

One factor contributing to the somewhat calm sentiment at present is clear signalling from central banks, removing a large source of uncertainty about the outlook for interest rates.

Low volatility also implies higher risk appetite, although that might be expected to weaken through the year, weighing on the value of the NZD, if a recent run of positive surprises is reversed.

Japanese and German firms fret on Brexit

The Japanese peak business lobby Keidanren's production of a five page communique to UK PM Theresa May on her govt's handling of the forthcoming Brexit negotiations indicates how deeply concerned one of the UK's biggest foreign direct investors is about the process. The document insists May must give "deeper consideration" to the effects on the British economy. May triggered Brexit on Thursday NZT and Keidanren has yet to deliver its final thoughts, but the catalyst for its preparation is reported to be concern over her statement "no [Brexit] deal is better than a bad deal". A survey of German companies by Frankfurter Allgemeine Zeitung found close to 10% of a survey of 1300 German firms operating in the UK plan to withdraw and relocate elsewhere in the EU common market zone.

NZ dodges thorny China extradition issue - for now

The **Aust govt has suffered serious embarrassment and a setback in its relations with China** over Beijing's desire for Canberra to ratify an extradition treaty agreed in 2008. The **ratification was to have been a key outcome from last week's Aust visit**

by Chinese Premier Le Keqiang. That visit saw progress on Aust trade issues akin to those achieved in Wellington this week: China is opening up the chilled beef trade for Aust exporters and agreeing to update the services and investment chapter of the Aust-China FTA.

However, plans to ratify the extradition treaty ran afoul of Liberal Party senators who declined to support it. To avoid maximum humiliation for China of a lost parliamentary vote, the Turnbull govt sought its urgent repeal by the Governor-General to prevent it going to a vote.

Aust first agreed to an extradition treaty in 2008 - something that NZ has so far avoided doing and which would have made Aust the first of the 'five eyes' US-aligned intelligence network to have an extradition treaty with China. While Beijing would like the same with NZ, where there are believed to be numerous expatriate targets of interest to the Chinese authorities, that pressure is being resisted. **For NZ, the issue is stalled** pending the outcome of the trial of a NZer facing drug peddling charges in China, a crime that carries the death penalty. NZ is telling China there can be **no extradition discussion until NZ has seen how the Chinese courts and judicial system deal with this case.**

The demographics driving China's next 10 years

Research by Morningstar into China's prospects over the next decade focuses on a very sharp drop in the birth rate, despite relaxation of the one child policy, a sharply rising ageing population, and a steady fall in the size of the working age population.

These are the same trends as are motivating the Chinese govt's 'belt and road' strategy to help ensure the previously youthful, low-cost, fast-growing behemoth wrings as much growth as it can from global connectedness. The future of the one-party state rests on its leadership's ability to meet the needs and aspirations of a population that is changing very quickly.

The influx of rural dwellers to Chinese cities will also slow dramatically in the next decade, compared with the last. Around 100m Chinese are expected to become city-dwellers in the next decade, compared with 209m in the last.

The declining birth rate is a direct result of a fall over more than 1/3 over the next 10 years of women in their 20s, reflecting the flow-through effect of the one-child policy. ■

Do NZers 'get' why free trade matters?

The govt remains convinced that when it talks trade, it's "winning", in PM Bill English's words. But three recent pieces of research cast some doubt on the depth of both the presumed appreciation and support for globalisation among the general public.

The Acumen Republic Edelman Trust Barometer found the NZ mass population had distinctly mixed views. Some two-thirds professed protectionist instincts that "we need to prioritise our country over those of the rest of the world". Another 62% of those polled last Dec said they were **willing to let the economy to grow more slowly "to protect our jobs and local industries"**. Another 37% were opposed to entering FTAs because "they hurt our country's workers".

Perhaps more worrying for both the govt and business leaders is the relatively low enthusiasm for FTAs found in a new Deloitte survey for accountancy body CAANZ. It found 64% of Aust and **72% of NZ businesses thought FTAs had no or an uncertain impact on their business**. Note, the companies surveyed were all either trading across borders or planning to. New FTAs were less important than improved market access under existing FTAs - a key focus in the **Trade Agenda 2030 launched last week by Trade Minister Todd McClay**.

The same survey found negative views about FTAs among those surveyed had increased from 20% in 2005 to 30% a decade later, while support for FTAs fell three percentage points to 51%.

Elsewhere, the Asia-NZ Foundation's annual snapshot of public attitudes to Asia produced some mixed results about NZers attitudes to Asia and Asian people. While the importance of engagement with Asia is widely acknowledged, numbers giving Asia an importance rating of 4 or 5 out of 5 was lower in 2016 than in the previous five years. That said, public support for Asian immigration and direct investment in NZ improved slightly year-on-year.

The trade policy reset and NZ's 'belt and road' positioning

To the untrained eye, the govt's Trade Agenda 2030 may not appear to differ much from the approaches of the past, but there are subtle changes.

Firstly, the target to have 90% of NZ's trade covered by FTAs by 2030 is new - a direct response to the failure of TPP and says NZ remains focused, eventually, on striking FTAs with Japan and the US.

There is also much more emphasis on making the

most of existing FTAs, with emphasis on the removal non-tariff barriers. We expect this to be a significant aspect of NZ's engagement with the Chinese 'belt and road' strategy. **NZ is less a likely recipient of investment in new physical infrastructure than it is to participate in digital technology advances** to foster the efficient export of goods and services. Note the Alibaba initiative, using PwC to build and trial a food supply chain verification system based on blockchain technology, using the NZ and Aust food industries as their development test-bed.

RBNZ on global economy

The **Reserve Bank's** concerns about geopolitical uncertainties have been upgraded to "extensive" at a time when US President Donald Trump is facing a tougher battle in winning over legislators to enact his regulatory and tax reforms and introduce major infrastructure spending. Governor Graeme Wheeler kept the official cash rate at 1.75% as expected on March 23, while citing geopolitical uncertainties such as a trade war triggered by Trump's protectionist rhetoric and its implications for free trade.

Economic indicators

The **trade deficit narrowed** to \$18m in Feb although the annual gap widened to \$3.79b, the largest since April 2009. The monthly trade deficit was worth 0.5% of exports compared with an average surplus of 9.1% of exports for the previous five months. Exports fell 5.5% to about \$4b in the month, mainly reflecting the export of a large drilling platform in the same month last year. Imports rose 4% to about \$4b. China remained the country's top export destination in Feb, with a gain of 6.3%, while exports to Aust rose 2.1%.

Tertiary sector reform

The Productivity Commission's initial report on tertiary sector reform got what it concedes was a "rugged" response not only from the university sector but also from then Tertiary Minister Steven Joyce. Its final report, delivered last week, sparked widespread dismissal from universities, but has found more favour with Joyce, who is looking closely over the shoulder of Paul Goldsmith, the junior minister now tackling tertiary education as well as science and innovation policy.

The final report dials back some of the more flamboyant criticisms of the university sector, although is still critical of their tendency to invest in high-cost physical infrastructure. As a package, the report will still struggle for political support, but there is reportedly some enthusiasm for proposals favouring greater institutional autonomy. ■

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Primary sector

Fonterra's normalised EBIT fell 17% to \$510m in the first half as improved returns from its consumer and food service businesses were more than offset by a decline in earnings from its ingredients platform, where increased sales came with a drop in gross margin. Sales rose 8% to \$7.2b. The dairy company cut its forecast for full-year earnings per share to a range of 45c-55c while maintaining its projected milk payout at \$6/kgMS, for a total payout of \$6.45 to \$6.55 before retentions for a fully shared-up farmer. It cited volatility in returns from ingredients, tightening margins and potential increased milk supply in the autumn.

Farmers have become more confident, led by the horticulture, beef and sheep sectors, based on the latest Rabobank survey. The first quarterly survey of the year showed that net farmer confidence rose to 27% vs 25% in the Dec survey. While the survey found the number of farmers expecting the rural economy to improve in the year ahead fell to 34% from 39%, those expecting conditions to worsen fell to 7% from 14%. Dairy sector confidence, which surged last year as prices revived, fell to a net 41% from 52%. **Rabobank NZ** posted a 14% decline in annual profit to \$89.5m, partly reflecting \$15m of provisioning for bad debts from the dairy slowdown. Net interest income rose 2.6% to \$251m while its net loan book rose 2.2% to \$9.65b.

Telecommunications

NZ has a new trans-Tasman fibre-optic cable with the completion of the **\$100m Spark/Vodafone/Telstra Tasman Global Access cable** between Raglan and Sydney declared open for business this week. Next year will see the completion of a third, the Hawaiki cable project, complementing the long-established Southern Cross Cable.

Policymakers need to start thinking about how to remove roadblocks to the looming build of a fifth-generation mobile backbone needed for more machine-to-machine interaction, says Vodafone NZ chief **Russell Stanners**.

TeamTalk shareholders will vote on April 12 on a plan to sell a 70% stake in its **Farmside** internet services provider to **Vodafone NZ** for \$10m with an option to acquire the remaining shares in the next three years for \$3m. The option would also be triggered if a rival firm builds a 20%-plus stake in TeamTalk, acquires control of the firm, or installs a director to the board. The deal complicates **Spark's** 80c-a-share, \$22.7m hostile takeover tilt for TeamTalk, which has rejected the approach after an independent valuation from Grant Samuel valued the company

at \$1.52 to \$2.11 per share, which Spark called an "absurd premium".

Cyber-security

Vodafone NZ is trialling a pilot programme for the GCSB to mitigate increasing cyber-attacks. The Malware Free Networks programme lets Vodafone use GCSB's cyber-threat information and technology against attacks for a small group of the ISP's commercial customers. The GCSB had been keen to test its Cortex technology with an ISP since 2014, but the Cabinet wanted the intelligence agency to report back before signing off on such a deal.

Infrastructure

Fulton Hogan lifted first-half pre-tax earnings 13% to \$112m as its NZ and Fiji operations tracked ahead of expectations, and beefed up its forward order book with some big wins in the period. Managing director Nick Miller, who leaves at the end of March, said earnings were on track to deliver against the firm's annual budget. **Downer EDI** has raised about A\$757m in its institutional entitlement offer, which will be used to help fund an A\$1.26b takeover of ASX-listed **Spotless Group**. Downer offered A\$1.15 a share to Spotless, which has operations in Australia and NZX. **Infratil** said it expects flat earnings in the 2018 financial year but told an investor day it is confident of being able to lift returns to shareholders while seeking acquisitions. Underlying EBITDAF is forecast at \$470m-\$510m for the March 2018 year, little changed from its guidance for 2017 of \$485m-\$505m. **Infratil** signalled said this week it regards **Wellington International Airport** as a core asset to provide free cashflow for other investments as the current round of capex to upgrade terminal and parking facilities comes to an end. WIAL's push for a **runway extension** now faces major difficulty because of the Airline Pilots Assn's success to date in court on safety requirements that could make the extension far longer and require both new project plans and a materially revised resource consent application.

Construction

Fletcher Building has named Michele Kernahan as CEO of its construction division, effective immediately, with current chief Graham Darlow retiring at the end of the financial year. The company began a review of the construction business last Nov and last week **cut the group's full-year earnings guidance by \$110m because of losses at a major construction project and an impairment against expected losses at a second contract**. Fletcher said it has reviewed its processes for bidding for work and seconded new managers into the construction

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business. Fixed price contracts are reported to have caught Fletcher out when construction goods and services costs started ballooning during the long-running construction boom.

Energy and resources

Wellington Electricity Distribution Network has extended its run of losses since the utility was acquired by Hong Kong billionaire Li Ka-shing in 2008, although the 2016 result was the smallest loss to date. The company reported a 2016 loss of \$1.9m, down from a loss of \$3.9m a year earlier, the Wellington-based company's annual accounts show. Sales rose 3.4% to \$180m but earnings offset by depreciation on its distribution lines and interest payments on some \$733m of debt. **Energy Minister Judith Collins is leading separate trade delegations** from the petroleum and electricity industries to **Texas and San Francisco** respectively in early April. The Texas visit is partly to push the govt's latest Block Offer Tender after very weak uptake last year. In California, the focus will be on disruption by (EVs) and to (grid-free renewables) the electricity sector.

Media

Sky TV and Vodafone NZ have sought a High Court review of the Commerce Commission's decision blocking their merger. The move comes as they await the release of the regulator's detailed reasoning for its decision. **The Commerce Commission's** concerns that a merger of dominant news publishers **NZME and Fairfax NZ** would stifle the number of voices in the media is a backward-looking assessment that would be "illogical and incomplete", the publishers say. The regulator has pushed out making a decision on the merger for a third time after getting "further analysis and expert evidence" from the media companies and **will now rule on May 2**. **TVNZ** has announced plans to streamline its businesses, cutting jobs to stem a decline in earnings caused by falling ad revenue.

Innovation and technology

Companies have **increased R&D spending** in the past two years, with NZ's total R&D spend up 20% since 2014, but the country still lags behind the average for the OECD. Total R&D expenditure hit \$3.2b as businesses spent 29% more than they did in 2014, higher education invested 18% more and the govt spent 5% more. The Stats NZ survey is taken every two years.

Accounting software firm **Xero** has signed its millionth customer and says it is now in sight of breakeven and on track for a maiden profit in FY2019. **Gentrack** has agreed to acquire the UK's

Junifer Systems for about \$79m in a deal it says will make it the UK's largest provider of customer information and billing systems for energy retailers, with 32 customers in a market of about 50. The deal will be funded through a mix of shares, cash and debt, including a placement to HgCapital, for an 11.4% stake.

Courts and regulation

Affco has made a second attempt to throw out a ruling that it unlawfully locked out meat workers when collective bargaining was taking place, this time asking the Court of Appeal for a judicial review of the Employment Court's decision. In Nov 2015, the Employment Court ruled that the rights of seasonal workers were preserved in the off-season as if they were in continuous employment. The original case covered workers at Affco's Rangioru, Imlay, and Manawatu plants but the company has accepted any finding would cover all eight of its North Island plants. Last year, Affco asked the Court of Appeal to overturn that ruling, but this was rejected.

Acting on complaints from investors, the **Financial Markets Authority** is looking into **Forestlands** after preventing the distribution to investors of more than \$18m from asset sales. The founder of the **Forestlands** investment companies set up a group that generated fees and other returns for his family trust and other entities, including a share of subscribed capital raised and guaranteed returns from sales of timber and land, Companies Office documents show.

The **Environmental Protection Authority** has told the High Court it rejected claims by **Chatham Rock Phosphate (CRP)** that costs incurred during a marine consent hearing in 2015 were unreasonable and should have been partly met by funds available to the Crown entity. CRP was billed about \$2.7m for the ultimately unsuccessful consenting process. John Shackleton, representing CRP, told the court that costs must be "actual and reasonable." Andrew Beck, for the EPA, said the regulatory body had already reviewed the costs at the request of CRP and had issued a credit note for several items that had not been appropriately charged.

Corporate actions

Salt Funds Management is urging NPT shareholders NPT to reject an offer from Kiwi Property Group, which it says "represents an unacceptable transfer of value from NPT shareholders to KPG". David Walsh will take up the role of CEO at **NZ Post** from May 1. Currently CFO, Walsh replaces **Sir Brian Roche**. ■

LEGISLATION

RMA horse-trading

Intelligence and security and regulatory reform bills moved forward in March while the govt stitched together another deal with the Maori Party (see p.3) to pass RMA reforms. Private members' bills from Opposition MPs on affordable housing, sustainability reporting and student loan interest exemptions were defeated. The **deadline for the Local Govt Act 2002 Amendment Bill (No 2) report back was extended again** from March 31 to June 16. **Further changes were made to select committee memberships** after Labour's Deputy Leader Annette King stood down and David Cunliffe announced his departure date from Parliament. **Details are in the Hugo Handbook**, in the closed section of the Hugo website. *Contact Tracey Gabbitts if you need or have forgotten your log-in details.*

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is on The Hugo Group website, www.thehugogroup.com*

Bills Introduced

Anti-Money Laundering and Countering Financing of Terrorism Amendment Bill: Introduced March 13. Extends obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 to real estate agents, lawyers, accountants, conveyancers, the NZ Racing Board, and some high-value dealers. Also establishes the Department of Internal Affairs as the relevant anti-money laundering and countering financing of terrorism supervisor for these entities. First reading completed March 23 on a voice vote and referred to the Law and Order Committee for consideration. The report back deadline of four months is shorter than usual.

Arbitration Amendment Bill: Member's bill in the name of Paul Foster-Bell, introduced March 9. Amends the Arbitration Act in relation to arbitration clauses in trust deeds to bring NZ's approach into line with foreign arbitration legislation.

Crown Minerals (Protection of World Heritage Sites) Amendment Bill: In the name of Labour MP Ruth Dyson, drawn from the ballot March 23. Seeks to add World Heritage Sites to Schedule 4 of the Crown Minerals Act 1991, to protect them from mining. Awaiting first reading.

Equal Pay Amendment Bill: In the name of Green MP Jan Logie, drawn from the ballot March 23. Would require employers to gather information on remuneration rates and gender. Awaiting first reading.

Dairy Industry Restructuring Amendment Bill: Introduced March 16. Amends the Dairy Industry Restructuring Act (see March 17 issue of Hugovision).

Youth Employment Training and Education Bill:

Member's bill the name of Darroch Ball, introduced March 9. Provides for the Defence Forces to provide specialist education and training for 15 to 17 year olds.

Bills in progress

Broadcasting (Games of National Significance)

Amendment Bill: In the name of NZ First MP Clayton Mitchell. First reading interrupted on March 22 with Labour indicating it would join National in opposing the bill which means it will be defeated on the next Members Day.

Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill: Introduced Dec 3 2015 in the name of National MP Shane Reti. Sent to the Commerce Committee for consideration. Report back extended from March 13 to Aug 22.

Education (Update) Amendment Bill: Introduced Aug 22. Report back extended one week to March 20. Reported back with numerous amendments. Labour, Greens and NZ First all indicated broad opposition.

Employment Relations (Allowing Higher Earners to Contract Out of Personal Grievance Provisions)

Amendment Bill: In the name of National MP Scott Simpson drawn from the Ballot on Dec 8. First reading completed on March 22 with National, ACT and United Future in support. Referred to the Transport and Industrial Relations Committee.

Fire and Emergency New Zealand Bill: Introduced on June 30 2016. Committee stage interrupted on March 14. The govt also released draft regulations to operate under the law including the broadening of levies on insurance including residential property, non-residential property and motor vehicles with different levy rates or caps.

Land Transport Amendment Bill: Introduced Sept 12. Reported back on March 15 with a number of changes. Labour indicated concerns about the safety aspects of passenger services reforms.

Local Government Act 2002 Amendment Bill (No 2): Introduced on June 9. Report deadline pushed back again to June 16.

Point England Development Enabling Bill: Introduced Dec 7. Labour to oppose the bill, which is part of a treaty settlement, due to the loss of public park space.

Resource Legislation Amendment Bill: Introduced on Nov 26 2015. (See Politics and Policy section, p.3)

Bills Passed and Defeated

Taxation (Annual Rates for 2016-17, Closely Held Companies, and Remedial Matters) Bill: Introduced May 3. Second reading completed March 9 and committee stage on March 14. An attempt by NZ First to bring in tax relief for strengthening earthquake prone buildings was defeated with just Labour in support. Third reading completed on March 23 on a voice vote. ■