

English risks looking weak, isolated

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Bill English needs this weekend's pre-election National Party national conference in Wellington to turn the page on a damaging couple of weeks. First, he looked isolated in Cabinet over the apology to Israel and, more seriously, he has taken badly timed leadership and reputation hits this week from the Todd Barclay affair.

Labour – doing better, still attacking weakly

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The combination of Todd Barclay's protracted resignation and a clutch of other issues breaking against the govt should have given Labour a better week than it had. It goes into the last 100 days of the election campaign with its own scandal over the treatment of unpaid international volunteer campaign workers.

Petrol price inquiry findings due

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Energy Minister Judith Collins felt her predecessor, Simon Bridges, gave the petrol retailers too easy a ride and is looking at least for some symbolic wins from the release, expected next week, of the MBIE investigation into transport fuel price competitiveness.

Dry winter pushing power prices

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Some of the lowest inflows in 85 years into South Island hydro catchments are prompting unusually high levels of thermal fuel plant to run and are pushing wholesale electricity prices higher. Futures market pricing suggests the long period of subdued wholesale prices may be ending over the medium term as well.

MBIE gets an acting ceo

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Widely touted expectations that NZTE chief executive Peter Chrisp would replace retiring MBIE head David Smol have not come to pass – at least so far. An interim appointment may reflect the convention that new senior state sector appointments should not occur too close to general elections, or that a strong alternative candidate has emerged.

RBNZ seeks new governor as OCR remains unchanged

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An international search for the next governor of the RBNZ has begun, with the incumbent Graeme Wheeler releasing correspondence under the OIA showing extreme sensitivity to adverse commentary. This week's OCR announcement, as expected, left the benchmark interest rate at 1.75%, with prospects for the next rate rise receding further into 2018.

US-China dairy deal taking shape

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NZ and Aust dairy producers can expect to face greater competition in China from US producers as Beijing moves to allow access to US dairy product by starting to licence US plant.

Nats seek weekend conference boost after a shabby week

If ever there was a reminder of the adage that 'oppositions don't win elections, governments lose them', it was the govt's performance this week.

Dominating the headlines was Bill English being caught out in junior MP Todd Barclay's lie about secretly taping conversations to gather evidence in his dispute with a long-serving electorate office official who is now reportedly allied to NZ First.

But a slew of other irritants laid a foundation of ugly headlines which the Barclay issue crowned. These included new pressure to open the Pike River mine, the growing sense that the **Ministry of Health** is weakly led, the storm in a teacup over **Nicky Wagner's** ill-judged tweet suggesting she'd rather not be in a meeting with disability advocates, and more **bleak international read-outs on NZ's child poverty and youth suicide rates**. Close observers are also adamant the govt's apology to Israel over diplomatic strains shows Bill English became isolated from Cabinet colleagues by supporting Murray McCully's UN Security Council resolution criticising Israeli settlement policy.

This isolation, mixed with a sense that he did not stamp his authority on the dysfunction that blew up in his former electorate, thanks to Barclay's behaviour, suggests **English's grip on this govt is far from as confident as his predecessor, John Key's**.

While it is unlikely to be a frontline voting issue, **English's reputation as more trustworthy than Key has taken a big public hit**. Shabbiest was the **PM's** four hour delay between "not recalling" his conversations about Barclay and his proactive release of his statement to the Police confirming that Barclay himself told English he had taped conversations with English's former electorate secretary, Glenys Dickson. English only released his Police statement when he **became aware that the Newsroom journalist who broke the story had her own copy**. At that moment, 16 months of hoping the issue would go away died.

And after that, English's handling of the issue has lacked authority. Not only was Barclay left to make up his own mind, but his departure after Sept 23 rather than immediately looks weak. The govt doesn't need his vote in Parliament as it faces no potentially contentious legislation in which his vote would be crucial.

In the grand scheme of things, the issues stem from petty, internal machinations of a political party's regional organisation and a new MP failing to settle in with existing staff. What matters politically is that English's high trust ratings are inevitably dented.

Suggestions he could be found guilty of obstructing justice are far-fetched. But this is the opposite of the focus the party seeks from delegates to its pre-election conference, in Wellington this weekend.

No doubt the party will show a united front to the media, and it's better placed to weather inevitably intense media scrutiny than if Barclay had tried to tough it out. But it will be a distraction.

English will be hoping that Carrick Graham, a PR adviser with National Party links who was caught up in the 2014 *Dirty Politics* scandal, is right. Graham wrote shortly before this week's events that **the reality about scandals is that "nobody cares"**.

The trouble is, when you need your polling to be 45%-plus to have a shot at forming a govt and it's only just sitting there, reputation-sapping events that survive several news cycles can become decisively corrosive. On the govt's side remain very strong business and consumer confidence and, as the UMR polling on p.3 shows, a **Budget that has delivered a positive 'hip-pocket' reaction** across the board.

Next challenge: Barclay's replacement

The next challenge for the National Party over the Barclay affair will be to manage the new selection.

Barclay has been gaining support and popularity within the electorate as was evidenced by his easy winning of re-selection last year. His supporters are already making it known that they blame Bill English for his demise. National's hierarchy is going to have to be very careful how they manage this electorate because the Barclay resignation has not ended the bitter splits but rather inflamed them.

Labour – some progress, some backwards steps

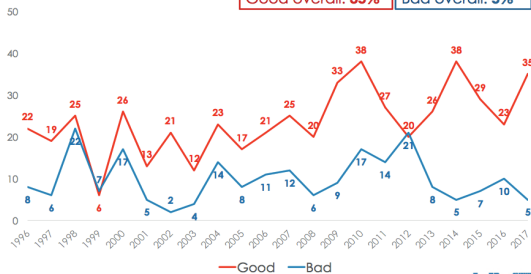
Labour copped accusations its plans to cut back immigration was **'me-too-ism' to head off NZ First**. There is an element of truth in that. However, the focus of the policy to cut migrant numbers by 20-30k annually is overdue by seeking to more stem the flood – albeit already reducing – of **migrant Indian students** using enrolment in low quality NZ PTEs to gain work rights and residency in NZ. Evidence of this group's exploitation by both unscrupulous Indian immigration agents and expatriate NZ Indian employers has been well-documented for some years. The govt turned a blind eye in favour of their fee income and the target to double export education income to \$5b by the mid-2020s. **Steven Joyce** has only recently stopped arguing when critics have called these students economic refugees.

While those announcements were neutral to

Budget 2017: Good or bad overall?

As you may be aware the Government Budget was released on Thursday. Do you think the Budget will be good for New Zealand overall, bad for New Zealand overall or not make much difference?

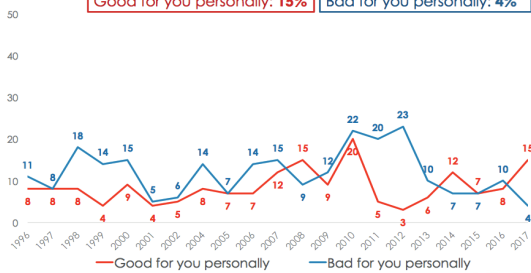
Good overall: 35% Bad overall: 5%



Budget 2017 good or bad for you personally?

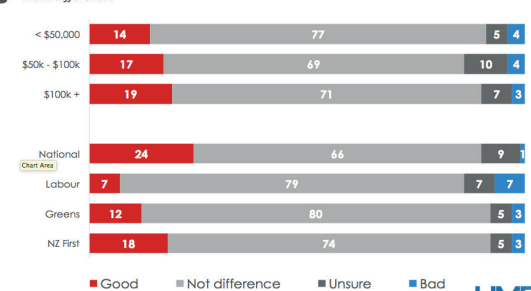
Do you think the Budget will be good for you personally, bad for you personally or not make much difference?

Good for you personally: 15% Bad for you personally: 4%



Budget 2017 good or bad for you personally? – demographics

Do you think the Budget will be good for you personally, bad for you personally or not make much difference?



positive, and dealt with Andrew Little's problematic earlier call for a 50,000 p.a. migrant cut, Labour underperformed in its pursuit of Bill English over Todd Barclay and ran straight into its own internal problems by week's end over complaints from campaign interns about their accommodation and other arrangements. Critics of Little's political gofer, **Matt McCarten**, have been having a field day and McCarten has had to recuse himself from the programme.

That said, reports from around the country suggest **Labour continues to engender far more on-the-ground volunteer enthusiasm** in the lead-up to the

2017 election than in recent elections. Little could also do without the confirmation that Earl Hagaman's widow will appeal the defamation case that Little won earlier in the year, although it will not get to court before the election.

Surprise interim MBIE appointment

Interim chief executives have been appointed for MBIE and the Customs Service, with current Comptroller of Customs **Carolyn Tremain** becoming acting ceo at MBIE, replaced by Corrections Dept deputy ceo **Christine Stevenson** as Acting Comptroller. Bureaucratic circles have been buzzing for weeks in expectation of NZTE's ceo, **Peter Chrisp**, to take over from **David Smol**, who leaves MBIE in early July. It seems discussions advanced significantly but either were not concluded in time for an appointment to be announced pre-election, or have stalled.

Fuel retailers brace for competition report

Transport fuel retailers are bracing for the expected release next week of the MBIE investigation into competitiveness in the sector ordered by Transport Minister Judith Collins shortly after her return to Cabinet late last year. Indicative of that are BP's announcement Thursday that it was leading a price drop and briefings to stakeholders by others ahead of the report's release. While Z Energy is understood to have cooperated fully, other players, including price-cutting Gull, have been less forthcoming. The sector believes competitiveness is proven by the wide spread of prices on offer and the proliferation of loyalty schemes aimed at motorists. However, margins have improved since earlier in the decade. Collins is expected to seek at least some symbolic action from retailers, even if the evidence against them is inconclusive. A clean bill of health from a distrusted sector just before a general election is unlikely to suit her political instincts.

CEO Retreat time!

The programme for the annual CEO Retreat has been finalised and Hugo members will shortly receive full details and the formal invitation to attend, with their partners, this popular annual combination of stimulating and relevant speakers, important conversations, great food, and beautiful surroundings at Millbrook Resort. The Retreat starts on the evening of Thursday, August 24 and concludes at lunchtime, Saturday, Aug 26.

Local govt performance

Local Govt NZ's Excellence Programme has hit a snag after strong objections to criticisms contained in the first batch of reviews about at least one of the councils. LGNZ says it still intends releasing the results but has agreed to a consultation and feedback process intended to allow criticisms to be addressed and, if necessary, reconsidered.

Fed raises rates; where to next?

The US Federal Reserve hiked interest rates 25bps last week, as expected, and kept its forecast outlook broadly unchanged. The accompanying statement trod an upbeat line on economic growth and inflation, despite accumulating evidence that core inflation has turned lower.

However, the **Fed gave no hint that it might slow the pace of rate hikes** and repeated its previous line that, "it expects economic conditions to evolve in a manner that will warrant gradual increases in the federal funds rate". That suggests that even with the balance sheet reduction the FOMC wants to press on with hikes in 2017 and beyond.

Fed chair Janet Yellen put lower core inflation down to one-off factors such as telco and pharma cost reductions. The Fed also said it would **begin its balance sheet normalisation programme** as it leads the way out of post-GFC QE policies. That will happen "this year, provided the economy evolves broadly as anticipated," with so-called 'roll-off caps' starting at US\$10b per month.

US-China dairy deal taking shape

Beijing is taking steps to **improve trade opportunities for US dairy producers**, which have been locked out of the market since new product certification requirements were imposed in 2014.

The 2014 move also froze approvals for additional plants and followed a string of food security scares, including the false-positive finding of a strain of botulism in Fonterra product.

An MOU between the US Food and Drug Administration and the Chinese govt formalises a registration procedure in which approved third-party certifiers will audit U.S. dairy facilities for compliance with Chinese food-safety requirements. US producers are pursuing milk powder, whey, and liquid milk market opportunities, according to international media reports.

Meanwhile, Trade Minister **Todd McClay** has met US Agriculture Secretary **Robert Lighthizer** and confirmed the US is willing to negotiate a bi-lateral FTA with NZ. But it's clear NZ is far from the top of the list. McClay and Foreign Minister **Gerry Brownlee** are to travel to Colombia next week to further the Pacific Alliance option.

NZ-Israel relations

The Cabinet approval of Gerry Brownlee's restoration of relations with Israel is evidence that Murray

McCully had little support to begin with over the UN resolution last year that sparked a breach in diplomatic relations. This may not be the last re-alignment of Brownlee's term as Foreign Minister. There is an expectation among officials that **NZ may now apply a more cautious approach to China** than it did under McCully. That said, the Israeli spat is said not to have come up during the recent visit to Wellington by US Secretary of State Rex Tillerson.

US confusion in the Mid-East

The apparent muddle in US foreign policy on the split between Qatar and a group of countries led by Saudi Arabia is worth watching because of its potential to create unintended consequences.

That's especially so at a time when the end-game against ISIS is developing. The self-proclaimed Caliphate is in retreat in its last strongholds of both Mosul and Raqqa. As ISIS looks increasingly 'defeated' – at least in its current incarnation – the region will have to face the contradictions inherent in the forces opposing it. Those forces effectively represent the continuation of the Syrian civil war, with Damascus backed by Russia and Iran while the US backs Iraqi and Kurdish forces.

US president Donald Trump's early triumphalism about the move against Qatar, for its alleged closeness to Iran, has been unravelling in recent days. The State Dept earlier this week expressed disbelief that specific allegations against Qatar had yet to be detailed, while a brief attempt by Rex Tillerson to mediate in the dispute was quickly wound back.

Brexit sentiment softening?

Whatever else UK PM Theresa May's disastrous failure to shore up her mandate means, the UK enters Brexit talks in a weakened position not only with the EU, but with its own populace.

The strength of the youth vote that swung in behind Labour and old-style socialist Jeremy Corbyn was a reflection of many factors, including weariness with austerity economics and centre-right politics.

But it was also something of a revenge for the Brexit vote, which reflected the fears of older Britons. UK media and polling are speculating on and detecting a shift in political sentiment on Brexit. That is expressed partially as regret and a desire to reverse the referendum result. That is unlikely to happen, but the ground for a 'softer' Brexit option may be emerging; the key issue being the UK's willingness to keep an open borders policy akin to the so-called Norwegian solution in exchange for better EU market access. ■

Electricity price pressure

Inflows to southern hydro catchment lakes remain weak, with inflows to the Clutha catchment running at an 85-year low since April 1. While dry year risk still sits at only 2%, **Contact** and **Genesis** Energy are revisiting their authority to lower lakes Hawea and Pukaki below normal operating levels should the risk level rise to 4% or higher. Genesis is running its two Rankine units at **Huntly** 24/7 on a 60/40 coal/gas mix and other North Island thermal plant is running hard. Very high inflows to NI catchments are somewhat offsetting low SI hydro production and wholesale price peaks have tended to top out around \$200MWh, compared with levels routinely around \$300MWh in the last dry spell, in winter 2012. Futures prices suggest **pressure is rising on residential and commercial tariffs** as the long period of weak demand growth and overbuild starts to dissipate toward the end of the decade. Contact is raising residential tariffs by around 3% in some SI areas, its first energy component increase in some time. While customers of small, spot price-exposed retailers such as **Flick Electric** are receiving warnings about more volatile prices, there is little anecdotal evidence of switching at this stage.

RBNZ tolerating higher NZD

The RBNZ indicated no change in its monetary policy stance in its six-week update between formal MPSs, on Thursday. The balance of economic news might, on paper, have justified a slightly dovish turn of phrase, especially as the TWI has continued to drift up and further away from the central bank's assumption of a gradual currency fall. However, the strong terms of trade are creating a substantial tailwind for the economy that goes well beyond the recovery in dairy prices. Market expectations for the next OCR hike, from the current and unchanged 1.75%, are drifting out to late Q2 2018 although we believe a Feb rate rise is still possible, albeit becoming less likely. In the short term, currency strength and an 8% drop in the price of petrol in recent weeks will carve as much as half a percentage point out of CPI forecasts, while the RBNZ's growth forecasts might expect to be pegged back at the Aug 10 MPS. That said, underlying inflationary pressures remain intact.

Outgoing governor Graeme Wheeler released correspondence with the BNZ under the Official Information Act demonstrating high sensitivity to critical commentary.

Slower growth than expected

The economy grew 0.5% in the three months ended March 31, up from a 0.4% quarterly pace in the Dec

quarter, and was 2.5% higher than the same period a year earlier as building activity and investment shrank, offsetting a recovery in milk production. The latest **MPI Primary Industries Situation and Outlook** publication projects growth in dairy, forestry and horticulture exports will drive a 2.4% increase in primary sector exports in the June 2017 year, up from the 1.4% growth seen three months ago. The country recorded the largest seasonally adjusted quarterly current account deficit since the GFC in the first three months of this year, at \$2.8b. The annual deficit of \$8.1b, or 3.1% of GDP for the March year was the largest since the GFC.

OECD highlights poor productivity

NZ's low levels of productivity present long-term challenges to an economy with a strong short-term outlook, and policymakers should cut corporate taxes, free up foreign investment, expand infrastructure funding sources and review competition law, says the OECD.

Economic indicators

Net migration continued to break new records in May, driven by arrivals from China, the UK and Aust. Annual net migration reached 72,000 in the year to May 31 versus 68,400 in the same period a year earlier, Statistics NZ said. Three-quarters of the 130,400 migrant arrivals were non-NZ citizens, with arrivals and departures of NZers roughly in balance. There has been a net migration gain of 73,000 non-NZ citizens in the past year. Chinese citizens accounted for 12% of migrant arrivals, 10% each came from the UK and Aust. Annual migrant arrivals from India dropped 31% to 9,200 in the year, with a 40% drop in student visas, reflecting a crackdown.

Consumer confidence rose to a five-month high in June. The **ANZ-Roy Morgan consumer confidence index** rose to 127.8 in June from 123.9 in May. The current conditions index edged up 0.6 of a point to 129.4 and the future conditions measure climbed 5.5 points to 126.7. Separately, the **Westpac McDermott Miller** consumer confidence index rose 1.5 points to 113.4 in the June quarter, above the long-run average. The services sector, which accounts for about two-thirds of the economy, bounced back in May after a number of external factors corrected. The **BusinessNZ-BNZ performance of services index** rose 5.6 points to 58.8 in May. The **composite index**, which combines the PSI with the manufacturing PMI released last week, rose 4.7 points to 58.5 on a GDP-weighted basis and gained 4.5 points to 59.3 on a free-weighted basis. The **PMI** rose 1.6 points to 58.5 in May. ■

CORPORATE ROUND-UP**Primary industries**

Dairy product prices slipped at Wednesday's **Global Dairy Trade auction**, declining for the first time since March. The GDT price index slipped 0.8% from the previous auction two weeks ago to US\$3,434. Some 21,171 tonnes of product was sold, down from 22,004 tonnes at the previous auction. Whole milk powder dropped 3.3% to US\$3,022 a tonne. Despite this easing, the **AgriHQ forecast for 2017-18 lifted 6c** to \$6.68/kg MS on expectations of higher prices for the rest of the season. **Synlait Milk** lowered its forecast payout for its farmer suppliers for the season that just ended following what it termed a "significant drop in the dairy market." The dairy company said its forecast base milk price is now \$6.15/kg of milk solids for the 2016-17 season that ended on May 31 versus a prior base milk price of \$6.25/kgMS.

A2 Milk Co lifted annual sales guidance for the second time in as many months as it ramped up production to meet strong Chinese demand for infant formula. Revenue is expected to be \$545m in the 12 months ending June 30.

Allied Farmers shares jumped as much as 23% after the rural services firm raised annual earnings guidance on a much stronger pick-up in livestock sales than expected. Pretax profit is expected to be at least 40% higher than the \$1.57m reported last year as dairy herd sales beat expectations.

Structural log prices rose to their highest level in more than two decades as local mills compete with the export market to secure supply to meet demand from the domestic market. The price for structural S1 logs rose to \$124 a tonne this month from \$114 a tonne a year earlier, the highest price for the grade since April 1994.

MPI has begun an operation to remove all flat oysters from Big Glory Bay, Stewart Island, in an attempt to eradicate an infestation of the *Bonamia ostreae* parasite.

Seeka, the largest kiwifruit grower in Australasia, has cut guidance and forecasts a 15% drop in operating profit in 2017 as weaker-than-expected kiwifruit returns offset growth from its avocado crop.

Food and beverages

Long-time communications adviser **Sue Foley** is to become independent chair of the **FoodHQ** board.

Cooks Global Foods, which owns the master franchise rights for the Esquires Coffee chain outside NZ and Aust, posted a wider net loss of \$12.2m and lower revenue in 2016 as it wrote down the value of its Chinese assets and was caught by unfavourable foreign exchange movements.

Energy

Meridian Energy's ceo, Mark Binns, is stepping down on Dec 21 after six years at the helm. The former Fletcher Building senior executive saw the company through **partial privatisation** in 2013, including a rugged process when Rio Tinto-controlled **NZ Aluminium Smelters** exploited sale process to renegotiate the terms of the supply contracts for the Tiwai Point smelter.

The **Electricity Authority** is postponing the commissioning of a new Transmission Pricing Methodology cost-benefit analysis to replace flawed analysis it was previously using. It cites the need of newly appointed commissioners to come up to speed with the long-running issue. The previous timetable, which would see a new TPM in place by mid-2020 is consequently in doubt. Meantime, **Transpower** is canvassing industry support for a second 'operational review' of the existing TPM.

An **Auditor-General's** investigation into **electricity network owners'** asset management found three where short term focus was overriding the imperative to manage long-life assets well. It also questioned some network owners' focus on non-core, unregulated activities.

Telecommunications

Spark is planning to buy back all its stores from external management as it works to connect better with customers bored with online shopping. The telecommunications provider directly owns 36 stores, while 26 are under management by its dealer partners Leading Edge and Orb. Spark wants to own all 62 retail stores by late 2017.

Banking, finance and insurance

SBS Bank boosted annual profit 37% to \$27m as it ramped up lending in Auckland and to residential property investors, while low interest rates trimmed its retail borrowing costs. Total lending rose 19% to \$3.4b, with residential lending up 21% to \$2.68b. Impairment charges shrank to \$10.8m from \$13.2m in 2016.

The **Financial Markets Authority** is considering fast-tracking compliance exemptions for so-called 'robo-advice' ahead of its 2019 schedule.

Tourism, transport and logistics

Local government port owners are still inclined to make "emotional and parochial" investment decisions even though the Ports Act requires them to manage port facilities so they return more than their cost of capital, says Port of Tauranga chair David Pilkington. He was talking at a ceremony to mark the

CORPORATE ROUND-UP

port's milestone of handling 1m containers in a year, which was reached this month.

Tourism Holdings raised its guidance for full-year earnings by about 21% to \$29.5m, saying the upgrade was due to recent trading results in NZ and the US.

The govt remains unconvinced about the merits of a **tourist levy**, with fears it could "turn off the tap" on NZ's largest export earner as Chinese tourist numbers drop. At parliament's commerce select committee, Tourism Minister Paula Bennett said the govt had already stepped into funding basic tourism infrastructure in recognition of the importance of tourism to regional growth, but that a further levy was unlikely.

Innovation and tech sector

Scott Technology has bought Dunedin engineering firm DC Ross out of receivership and, separately, plans to expand its existing facilities. The industrial robotics firm expects to pay less than \$500,000 for the assets of DC Ross, which was tipped into receivership last September. **Fronde Systems Group** posted a 13% fall in full-year revenue to \$50m, the third straight annual decline, but was able to record a gain in earnings before tax to \$1.43m after restating its 2016 results to a reduced \$860,000 following a change in the accounting treatment of its investment in its Australian business. **Powerhouse Ventures** says former chair Blair Bryant can't be forced off the board without a meeting of shareholders even though the ASX-listed, Christchurch-based technology incubator says he was "economical with the truth" in his application to become a director. Bryant has been made to step down as chair after it emerged he had failed to advise that he had filed for bankruptcy in the US in 2007. **Funding remains the elephant in the room for the scientific community** and while the end point of research is positive, there is a need to keep a close eye on the cost of getting there, says NZ Association of Scientists president Craig Stevens. Tight funding across the board means many scientists are competing for funds in a time-consuming process and "we are throwing scientists' time away," he said at the association's annual conference in Wellington.

Retailing

Smiths City Group's annual profit more than halved to \$2.4m without a repeat of the one-off gain from the sale of its Colombo St store in 2016, although underlying earnings jumped from wider margins in its finance division and a smaller restructuring bill. Revenue rose 2.5% to \$227m.

Housing and construction

Three consortia consisting of community housing

providers and private investors have been short-listed to buy 2,500 Housing NZ properties in the Christchurch suburbs of Shirley, Bryndwr and Riccarton. The groups are the Community Futures Christchurch, made up of Trust House, Whitehelm Capital and Australian infrastructure services firm Broadspectrum (NZ); Ōtautahi Community Housing Consortium made up of Ōtautahi Community Housing Trust and HRL Morrison & Co; and a group of Compass Housing Services AMP Capital Investors and Brookfield Financial Australia Securities. Housing NZ will still own about 3,300 properties in Christchurch after the sale.

Tertiary education

ACG Education, which is owned by Aust's Pacific Equity Partners, has agreed to buy failed NZX-listed private training provider **Intueri Education Group's** seven NZ vocational schools for an undisclosed sum.

Media

NZME and Fairfax NZ have court dates for 10 days of hearings in October for their appeal against the **Commerce Commission's** rejection of their proposed merger. Reality TV producer **Dame Julie Christie** will leave the board of **MediaWorks** after serving four years. With **Air NZ** **ceo Christopher Luxon**, she is joining a 2020 Expo advisory board, led by former **Kensington Swan** chair **Clayton Kimpton**.

Corporate actions

Ventia, which is owned by ASX-listed Cimic Group and US private equity firm Apollo Global Management, has been awarded a \$266m contract with Auckland Council to manage facilities in two of the city's five regions. Long-serving Methven chairman **Phil Lough** will end nine years at the head of the tapware manufacturer's board at the end of July, handing over the reins to independent director **Alison Barrass**. **Veritas Investments** has begun legal proceedings against the buyer of the Nosh Group supermarkets for late payments, saying Nosh consistently failed to meet the payment schedule, breaching the sale and purchase agreement which was completed on Feb 24, and missing \$1.9m of payments to creditors.

Commercial property

Kiwi Property Group plans to raise \$161m to fund expansion in Auckland as it sees strong growth continuing. The company will sell about 118m shares at \$1.36 each in the 11-for-one entitlement offer, a 4.5% discount to the theoretical ex-entitlement price of \$1.42. ■

LEGISLATION

Slow progress on final bills

The govt made slow progress on its legislative programme in the last month with much of the time taken up with the debate in reply to the Budget. Maori land law reform also hit heavy weather, with MPs still slogging through the bill's committee stage while furious lobbying took place out of the debating chamber. However, little else of substance is on the Order Paper. An immediate departure by disgraced National backbencher **Todd Barclay** would have been unlikely to endanger the govt.

Two controversial members' bills were drawn from the ballot: one establishing a process for legalising voluntary euthanasia and the other legalising possession and cultivation of cannabis for medical reasons. With only three Members' Days left until Parliament rises, they are unlikely to be debated before the election.

- *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 Introduced

Legislation Bill: Introduced June 20, rewrites and replaces the Legislation Act 2012, requiring secondary legislation to be published on the Legislation website alongside Acts of Parliament. There is currently no single source for these legislative instruments. More than 100 agencies can make secondary legislation on a wide range of matters.

End of Life Choice Bill: A member's bill from David Seymour (Act) drawn from the ballot on June 8. Sets up a process to allow people with a terminal illness or grievous and irremediable medical condition to request assisted death from an approved medical practitioner. Awaiting first reading.

Misuse of Drugs (Medicinal Cannabis and Other Matters) Amendment Bill: Member's bill from Julie Anne Genter (Green) drawn from the ballot on June 8. Amends the Misuse of Drugs Act to exempt any person with a qualifying medical condition – or a relative or nominated person – to cultivate, possess or use cannabis for therapeutic purposes, supported by a doctor.

Bills in progress

Food Safety Law Reform Bill: Introduced June 2. An omnibus bill following the Inquiry into the Whey Protein Concentrate Contamination Incident. *The select committee was sympathetic to submissions small scale*

food manufacturers were being hit with high compliance costs but said it was outside the scope of the Bill. Second reading completed on June 22 with all parties in agreement.

Energy Innovation (Electric Vehicles and Other Matters) Amendment Bill: Introduced on Oct 27. The Bill diversifies EECA's levy funding into petrol and gas and diversifies how that funding is spent beyond the current electricity sector to the wider energy sector. Second reading completed on May 30 with all parties in support.

Friendly Societies and Credit Unions (Regulatory Improvements) Amendment Bill: Member's bill from National MP Stuart Smith drawn from the ballot on April 13. *First reading completed on June 7 with all parties in support. Sent to the Finance and Expenditure Committee.*

Land Transfer Bill: Introduced Feb 11, 2016. *Committee stage completed on June 21 with all parties in agreement. Attempts by Opposition MPs to insert a foreign ownership land register were defeated.*

Local Government Act 2002 Amendment Bill (No 2): Introduced on June 9. *Reported back with a large number of amendments. Labour, Greens and NZ First minority view expressed too many misgivings to give their support. Objections are to potential for greater central govt control and increase corporatisation.*

Outer Space and High-Altitude Activities Bill: Introduced on Sept 19. *Second reading debate interrupted on June 1 and completed on June 20 with all parties in support.*

Point England Development Enabling Bill: Introduced on Dec 7. Completed second reading on May 23. Labour and NZ First opposed and the Greens abstained. *Committee stage completed June 20 with no change in parties' positions.*

Private International Law (Choice of Law in Tort) Bill: A Member's Bill from National's David Bennett, introduced Sept 22. *Bill transferred to Sarah Dowie and reported back from select committee on June 7 with minor amendments.*

Te Ture Whenua Māori Bill: A bill reforming Maori land law introduced on April 14 and already facing fierce opposition after consultation on the draft. *Committee stage debate continued on May 30, May 31 and June 21 with MPs making slow progress.*

Bills Passed and Defeated

Crown Minerals (Protection of World Heritage Sites) Amendment Bill: Member's bill from Labour's Ruth Dyson, drawn March 23. *First reading debate completed on June 17 with the bill voted down.*

International Transparent Treaties Bill: Member's bill from NZ First's Fletcher Tabuteau, drawn on April 13. *First reading debate completed on June 7 and voted down.*