

Pot, welfare reform and the appeal to non-voters

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The Green, Opportunities and to a lesser extent United Future parties are all trying to tempt younger and disengaged voters to the polls with promises about marijuana law reform and more generous and compassionate welfare policies.

Labour: substance but lacking cut-through

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Labour has produced a coherent and largely credible fiscal package with its families tax reform and alternative Budget over the last fortnight. Its problem remains a lack of cut-through with the media and public. As the primary alternative party of govt, Labour has far less scope than its would-be coalition partners to promise recklessly.

What if TOP tops 5%

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The Opportunities Party is still far from 5% in any public opinion poll, but its capacity to gain media attention is growing and its well-funded, spikey messaging is filling halls and attracting a cross-section of urban liberals disenchanted with the main parties. If it made the 5% threshold, National would have a coalition option other than NZ First. Too soon to call it, though.

NZ First's iron discipline slips

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NZ First's pre-election annual conference in Sth Auckland last weekend revealed some of the fragilities that will emerge as a party that is essentially a cult of personality based on Winston Peters starts to contemplate both his succession and its longer term positioning.

Inflation disappears – again

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The official measure of inflation found none in the three months to June 30, raising the prospect of further delay in any further tightening by the RBNZ into later next year. The Aust central bank now looks likely to move sooner.

FBU faces a big uphill task

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CEO dismissals are rare in NZ corporate life, but the combination of two very large earnings downgrades and an injudiciously expressed email leaked to NBR sealed Mark Adamson's fate. His replacement faces a huge range of cultural as well as corporate challenges to turn around NZ's weak but dominant construction sector player.

Wood chip supply in focus

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Major existing users of central North Island woodchip supplies, Oji and Norske Skog, may soon be facing competition from a Chinese particle board manufacturer. The impact on the cost of this vital input is ringing alarm bells that are being heard in the Beehive.

New competition for the 'Missing Million'

The concept of a 'missing million' voters who consistently fail to participate in NZ elections may have been discredited, but that roughly defined group of young and disengaged voters is squarely the focus of several of the minor parties at present.

The Greens and The Opportunities Party, in particular, have launched policies on welfare reform, marijuana law reform and climate change policy that are distinctive in their appeal to younger voters and beneficiaries who are typically less likely to turn out to vote.

The fact that no politician sought to force an investigation into Metiria Turei's benefit fraud indicates an understanding that to do so would have been to give her actions oxygen among disengaged voters while those who disapprove of her actions are already not voting Green. **Turei certainly made the Greens a talking point** - the govt has faded into the background in the recent melee of policy announcements. **Turei's stance is aimed squarely at motivating disengaged and marginalised non-voters.**

NZ First has no appeal in this area, while National and Labour are effectively forced to a more sober attitude to all policy announcements by their status as govt lead parties.

Labour – lost in the noise

The effect of arguments about benefit boosts, universal incomes for 18 to 23 year olds, benefit fraud, and the future of the Maori seats – not to mention last week's nationwide storm – has been to **overshadow substantive announcements from Labour**. Its families package last week was a typical casualty. Assessed conventionally, Labour's initiative was shrewd in its retention of the Accommodation Supplement and Working for Families elements of National's Budget, while substantially increasing WFF entitlements to lower income families and denying tax cuts to the highest income households.

But it was 'sensible' rather than headline-grabbing policy that even won praise from the Taxpayer's Union agitator group for its fiscal transparency. **Labour's ability to achieve messaging cut-through remains weak.** The detail of the improved circumstances for low

and middle income earners was largely lost.

By comparison, **both the Green and TOP announcements were easy to grasp and had single concrete numbers that voters could understand.**

In Labour's favour: **the current rash of competitive policy bidding will give way during the campaign period to focus on the major parties** and their offerings. Both Labour and National have substantial policy platforms to discuss, market and endlessly repeat. We are still in the phony war period where all parties are laying out their stall and news media are giving all a semi-equal hearing.

That won't last.

Why mention TOP?

We continue to track Gareth Morgan's The Opportunities Party simply because he is drawing large audiences, spending substantial sums on social media and outdoor advertising, and appears to be engaging a cross-section of urban liberal voters.

While the most likely scenario is that TOP will be the Thinking Person's version of the Conservative Party, scoring and wasting somewhere between 2% and 4% of the party vote, it is **worth considering the possibility that TOP makes the 5% party vote threshold** and becomes an alternative to Winston Peters and NZ First as the so-called king-maker. Note the party is positioning itself as **the only party that could work with National on a green agenda.**

That outcome is modelled in the table below to try and give a sense of what an upset that might cause.

Under this scenario, **TOP becomes a possible coalition partner for National**, delivering a one seat majority without requiring NZ First. Labour / Greens do not have the same option. **This is not a prediction, simply a scenario** worth considering as TOP continues to fill campaign venues around the country and to attract an increasing share of

	Party vote	Party seat entitlement	Electorate seats won	Total MPs
National	43%	52	NA	52
Act	0.5%	0	1	1
United Future	0.5%	0	1	1
Maori	2.0%	2.0	1	2
Sub-total				56
Labour	27%	32	NA	32
Greens	11%	13		13
Sub-total				45
NZ First	11.5%	14		14
TOP	5.0%	6		6
Total in Parliament				121

mainstream media attention. Upset results have been common in other western democracies. While NZ's political circumstances are more settled and the national mood more positive than in many peer countries, support for National and Labour both tend to fall on election day relative to the polls. A combination of disenchantment with existing political parties, distinctive and somewhat radical policy positions and a large, self-funded publicity campaign cannot be ruled out as working in TOP's favour. The party has recently employed former radio host **Sean Plunket**, who is deeply connected in political media circles, to assist with its PR push.

Labour-Green fiscal parameters take shape

Fiscal and social policy announcements in the last fortnight by Labour and the Greens establish the basis for how the pair might expect to govern, assuming they could count on NZ First's support.

Key to both is the cancellation of the Budget 2017 tax cuts while augmenting assistance to low and middle income earners through a combination of existing schemes and adding new ones.

The Greens would cut the threshold for the bottom income tax rate while adding a 40% rate for personal incomes over \$150,000 and is more generous in its 20% boost to all core benefits than Labour. Both parties would raise income thresholds for abatement of Working for Families assistance. Labour would add a universal 'winter power' supplement for over-65s and a baby bonus applying for up to three years.

The Greens' proposals contain two important changes to principles underpinning current welfare benefit obligations: beneficiaries would become responsible for informing WINZ if they have moved from sole parenthood into a relationship, which triggers a benefit cut, instead of WINZ determining that has happened; and more materially, the In-Work Tax Credit for low income earners would be applied to all low income households, including beneficiaries, ending what the party regards as a punitive approach to the children of people reliant on benefits.

Labour's fiscal plan takes the Budget 2017 figures and shows a slightly lower surplus track, a slower reduction in net Crown debt to 20% of GDP, and some \$17b reprioritised spending over the next four years on a combination of health, education, police, and other social policy priorities. Some \$9.5b is available for new spending initiatives. **This gives some sense of the room a Labour-led govt would have to move on the policy demands of its coalition partners.**

Labour also depends in its forecasts in collecting

\$300m p.a. rather than the govt's \$100m from more assiduous tax compliance work. It would target multinationals operating in NZ and is targeting \$600m over three years through a "diverted profits tax". A further \$100m a year is forecast through "other measures" and IRD enforcement spending is specifically prioritised.

While the plan is opaque on the detail, **Labour plans to reduce its commitment to defence capex.**

What to make of NZ First?

The NZ First pre-election conference last weekend was notable for several distinctive characteristics of this party.

First, it essentially **remains a personality cult**. Leader Winston Peters was invisible on the conference floor until a triumphalist final 'rally' on Sunday afternoon. However, he was present through his TV interviews on Saturday and the constant, semi-reverent references by MPs and party officials to "Winston" and his grip on all key announcements.

Second, it is a **party of contradictions** in that it has a large core of activist members who are Maori, not all of whom are comfortable with the anti-'separatist' rhetoric of their leader. This was visible on the conference floor and in the breakdown in party discipline that saw both MP Pita Paraone and candidate Shane Jones questioning whether Peters's demand for a binding referendum on the Maori seats should only be voted on by Maori voters. **Peters also got into a rare muddle on this issue**, suggesting he was considering that course and then denying it a day later. The key to Peters's Maori support base was identified by deputy leader Ron Mark as a strong, conservative streak in parts of the Maori electorate that responds to Peters's 'strongman' persona and anti-migrant stance.

Third, it is a more tolerant party than might appear to the outside observer. There was tension when Maori-bashing got too strong and three remits making incoherent demands for tougher approaches to crime and migrants were defeated.

Fourth, there was clear, if subtle, tension between Ron Mark and newly anointed Whangarei candidate Shane Jones. In debate about a remit proposing that surplus Landcorp farms should be balloted to young NZ farmers to keep them out of foreign hands, Jones subtly finessed Mark's position, leading to a defeat

Manawatu Gorge

The govt appears resigned to building a new link to replace the existing Manawatu Gorge road, closed again after slips and for an 'indefinite period' because land movement above the gorge road is accelerating. Transport Minister Simon Bridges has indicated a high-cost option may be necessary, as the route is of strategic significance and used heavily for freight, despite having low total traffic volumes. Replacement may, however, take a decade.

for the remit.

And fifth, NZ First remains one of the few main political parties that still debates policy options in public for the media to report. Other parties have either abandoned or relegated the policy remit process to choreographed showpieces. To its credit, NZ First still allows observers to gauge the health and direction of the party through an eclectic and strategically disjointed series of proposals on a very wide range of matters. That process revealed a party far less certain of its home ground than might be supposed by the successful but blustering negativity of its leader.

Latest polls

	Colmar-Bruntton (1-5 July)	Roy Morgan (July)	UMR (leaked – 5-10 July)	Average
National	47	43	42	44%
Labour	27	30.5	26	28%
Greens	11	13.5	13	12.5%
NZ First	11	8	14	11%
Maori	2	1.5	Not published	1.75%
Act	0.5	1	"	0.75%
United Future	-	-	"	0%
TOP	1	2.5 (other)	"	1.75%

A dark day for the NZ public service

The best that can be said about the outcome of the SSC-ordered investigation into the treatment of whistleblowers at the Ministry of Transport is that at least the facts have eventually come to light, a fraudulent manager is in prison, and redress is under way.

However, the Sandi Beatie report makes grim reading, cataloguing the repeated efforts of as many as six MoT staff - previous reports referred only two - either attempted to raise concerns about former manager Joanne Harrison or were actively mistreated by her as their amanger. Whistleblowing attempts included alerting senior managers to the fact that Harrison was being sought by Aust federal criminal investigators.

While the report found none of those made redundant lost their jobs because of Harrison's actions, three were seen out the door seven months earlier than planned and just before Christmas.

The detail in the report makes it difficult to see how Martin Matthews, ceo at MoT at the time and now stood down as Auditor-General pending the

investigation's conclusion, can credibly continue as the govt's chief auditor.

Purchasing citizenship

The Auditor-General won't be conducting an inquiry into the decision to grant citizenship to San Francisco-based billionaire investor Peter Thiel, said deputy controller and auditor-general Greg Schollum in response to a request from Green Party MP Denise Roche. Schollum said the provisions allow the minister to grant citizenship to someone who may not satisfy the normal criteria.

Infrastructure funding

Announcements are due any time now on the use of special purpose vehicles and Urban Development Authorities – possibly two names for the same thing – to help growth-challenged local govt fund essential infrastructure.

In the meantime, the govt has allocated its \$1b housing infrastructure fund across five areas of NZ which it says are "critical high growth areas" for the country. The funds will go towards nine projects in five different council areas – Auckland, Hamilton, Waikato, Tauranga and Queenstown – to accelerate house-building projects.

Courts and regulation

The **Wellington Tenth Trust** has been successful in getting some of the assets belonging to Lorraine Skiffington, the partner of convicted former chairman Ngatata Love, frozen pending a further judgment. The trust is pursuing Skiffington for \$1.7m used to buy a Plimmerton house and other payments of \$1.8m. The **Supreme Court** has dismissed a bid by **Pyne Gould's Torchlight Fund** No 1 LP and NZ Credit Fund to appeal a prior ruling that ordered it to pay more than A\$30m to Wilaci Pty in late payment fees. **Air NZ** has won a dispute with the country's largest pilots' union, which it said had been attempting to cherry-pick the good parts of other groups' collective employment agreements without having to accept the bad. Four of the Supreme Court's bench of five judges ruled in favour of the national carrier, dismissing an appeal by the NZ Air Line Pilots Association. The liquidators for **Ross Asset Management** has written to 160 investors paid fictitious profits from the country's biggest-ever Ponzi scheme with an offer to settle for \$21.6m. PwC's John Fisk and David Bridgman put the offer to those investors after the May 26 Supreme Court ruling that Wellington lawyer Hamish McIntosh could keep the principal he invested in RAM but had to return the fake profits. ■

Inflation re-think required?

Breaking a run of positive surprises, NZ inflation surprised to the downside, with a flat result for the June quarter, below the market consensus of 0.2%, reflecting a number of lower results in various categories. There was scant sign of inflationary pressure except in the housing and household utilities group, while poor growing conditions bumped food prices up. Seasonally adjusted, the quarter was mildly deflationary at -0.1% q/q. To a large extent, this reflects the volatile track for oil prices. Nonetheless, the upward trend for the CPI over the last year appears set to reverse for most of the coming 12 months. By March 2018, annual inflation is likely to be sitting back around 1%, especially as wage inflation remains soft despite tight labour market conditions, consistent with global trends. The annual increase of 2.4% in non-tradables inflation is about a full percentage point below where it 'should' be, relative to its historical relationship with capacity pressures.

What might this mean for monetary policy? The RBNZ's May Monetary Policy Statement already showed a weak track for inflation over the coming year and its 0.3% pick for June turned out to be bullish. When the central bank revises its inflation projections next month, it will be building in both lower oil prices and evidence of some weakening in the housing market.

The weight of evidence suggests monetary policy will remain "accommodative for a considerable period".

Foreign liabilities improve

NZ's net foreign liabilities as a share of GDP makes the economy less vulnerable to shocks, but they are still relatively high internationally and the saving and investment behaviour of households remains the key risk, Reserve Bank deputy governor Geoff Bascand says. NFL reached almost 85% of GDP at the start of 2009 and now sit at 58.5%, the lowest since the late 1980s.

Economic indicators

Manufacturing activity extended its run of expansion for another month in June, albeit at a slower pace, as firms reined in employment in the face of growing labour shortages. The BusinessNZ-BNZ performance of manufacturing index fell 2 points to a seasonally adjusted 56.2 in June, having expanded each month since Oct 2012. The employment sub-index dropped 5.5 points to 49.5.

The **services sector** dipped slightly in June, although

economists say signs are still good for economic expansion. The BusinessNZ-BNZ PSI dipped 0.2 points to 58.6 in May.

Consumer confidence fell from a five-month high in July, but remained elevated. The ANZ-Roy Morgan consumer confidence index slipped to 125.4 in July from 127.8 in June. Of that, the current conditions index dropped 4.5 points to 124.9 and the future conditions measure fell 0.9 points to 125.8.

Retail spending on electronic cards was unchanged in June as hospitality – largely linked to the British and Irish Lions rugby tour – offset lower fuel prices.

Car auction firm **Turners** is pointing to a huge surge in demand for imported used cars from regional centres as indicating a car fleet upgrade in more confident provinces. "We think there is a fleet renewal underway, resulting from the fact that 700,000 cars and light commercials or 20% of the fleet are over 20 years old," Turners ceo Todd Hunter says.

House prices stalling

The **median house price** rose an annual 5.8% to \$529,000 in June with strong growth outside of Auckland, according to REINZ. In Auckland, house prices lifted 2.5% on the year to \$850,000 while outside of Auckland prices climbed 11% to \$431,000. The House Price Index, which strips out changes in the composition of monthly sales, rose 2.8% nationally from June 2016 while the Auckland index fell 0.6%.

Banking, finance and insurance

Bank profits shrank in the first three months of the year as smaller lenders chased market share at the expense of margin. Net profit slipped 2.9% to \$1.2b in the quarter for the country's licensed banks, with five of the nine lenders surveyed reporting smaller earnings, KPMG's quarterly survey showed. Net interest income shrank 3% to \$69.03b and net interest margin shrank 9 basis points in the quarter to 2.01.

The **RBNZ wants to remove certain debt instruments** lenders use to raise funds which can then be deemed to meet regulatory capital levels.

The central bank's second options and issues paper on a review of the system's capital framework proposes allowing only common equity and preference shares to qualify as Tier 1 capital, and long-term subordinated unsecured debt without triggers that freeze interest payments as Tier 2 capital. Other instruments would still be raise funds from overseas using derivative products to hedge against foreign exchange movements. ■■■

CORPORATE ROUND-UP**Turmoil at Fletcher Building**

The forced departure of Fletcher Building ceo Mark Adamson leaves at least three major questions:

- **who will permanently replace Adamson?** Market speculation has centred on former senior executive Mark Binns, 61, who is stepping down as ceo at Meridian Energy later this year. Binns was highly regarded at FBU and has declined to comment;
- **is Adamson's departure enough?** The FBU board is likely to be under scrutiny from institutional shareholders. Chair Sir Ralph Norris may be particularly exposed as he also chairs Contact Energy, whose performance in the current financial year is likely to be weakened by low hydro inflows and customer losses following mid-winter power price increases;
- **how did this happen during a prolonged construction boom** and does it point to a wider structural issue to be addressed by public policy? Judging by subsequent commentary, **Adamson's injudicious email leaked to NBR** may have been accurate about FBU's internal shortcomings, although his style was almost certainly also part of the problem. FBU's combined weaknesses and dominant position may have led to over-commitment and under-skilling for the amount of work it was taking on. **A weak, dominant construction sector leader is unhelpful in a country struggling to meet housing and infrastructure demands.**

NZX has also taken the unusual step of proactively revealing its investigation into FBU's earnings downgrade in March relating to continuous disclosure.

Separately, **Graham Darlow**, who left his role as head of the Fletcher Building's construction division after it reported unexpectedly weak earnings this year, forfeited about \$1.2m of shares held under the long-term incentive scheme when he didn't meet financial targets. Adamson also forfeited long-term incentive scheme options.

Forest products

Plans by Chinese building materials manufacturer **Fenglin** to invest in a new particle board factory in **Kawerau** is bubbling under as an issue of concern to the two largest consumers of wood chips in the central North Island: **Oji Fibre** and **Norske Skog**.

NZTE and MFAT have both been involved with the Fenglin plan, along with regional investment agencies seeking to attract foreign capital in forestry processing.

However, particle board requires a ready supply of

locally sourced woodchips, the market for which is already reasonably tight for the two large, existing users of the feedstock in pulp and paper mills at Kawerau and Kinleith.

Ministers and senior officials have been aware of the concerns from existing industrial players for some months, including claims the commercial viability of some plant could be at risk if woodchip demand were to boost prices for this key input. The issue is politically sensitive because of the many hundreds of jobs at existing plant, compared with Fenglin's promise of around 100 new jobs in its plant. Oji bought the NZ pulp and paper assets of Graeme Hart's Carter Holt Harvey group in 2014.

Separately, **Greens co-leader James Shaw** nominated wood chips as an **alternative fuel to coal for SI dairy processors**. Shaw suggested such conversions could be partially funded by the party's '**green infrastructure fund**'. The scheme would leverage \$100m of Crown capital to create a \$1b fund to prepare NZ for climate change and other environmental challenges.

Primary sector

First NZ Capital published a careful broadside at **Fonterra's** performance that fundamentally questions the cooperative's current strategy of chasing global milk pools rather than adding more value to NZ milk.

The note coincides with the 5th anniversary of the **Fonterra Shareholders Fund** units listing on the NZX and suggests FSF is still not transparent enough about its financial results, which are "mixed". While **Greater China is performing well**, spurred by foodservice sales, Fonterra's Chinese farm investments and its 18.8% exposure to Beingmate are a drag on earnings, while the **Aust, Sth America and other Asian market segments have shown no material growth**. Meanwhile, potentially more valuable **NZ milk is being lost to local competitors at an accelerating rate**, with Fonterra now holding 82% of the NZ national milk pool. "With Group earnings stagnant despite being five years into the current strategy, we think FSF need to provide more visibility on why growth outside NZ is so important to it," FNZC says. "More importantly, we think there is a valid argument around FSF's capacity to turn the wheel on larger amounts of milk, including pools outside NZ, when there is a significant pool of milk in NZ, which is still available to move up the value chain." A more NZ-centric strategy wouldn't prevent deploying sales support and other resource in markets like China, and around Asia. While **the listed FSF vehicle allowed Fonterra to borrow more, but it had done so to ensure farmers continued to receive high dividends**. Over the same period, FSF produced "almost no free cashflow". Unallocated costs of \$350m were a concern.

CORPORATE ROUND-UP

"We do wonder whether farmers would be both happier and better off if FSF focused on maximising the value of the NZ milk pool over making large investments focused on growing the overall global milk pool."

Meanwhile Chinese infant formula maker **Beingmate** issued a **steep earnings revision**, warning of a \$70m+ loss after previously forecasting a small profit. Its stock halted on the Shenzhen stock exchange ahead of an asset sale to a related party.

Farm sales and the median sale price fell in the year ended June 30, REINZ says. There were 459 sales in the year, down 13 from a year earlier. The median price per hectare for all farms sold in the three months to June 2017 fell 1.4% to \$25,992.

A Hawke's Bay Regional Council committee has asked the council's investment company whether it should withdraw the balance of funding for the **Ruataniwha Water Storage Scheme** now that a key element has been shot down by the Supreme Court. Some \$60m is currently allocated in the council's long term plan.

Energy

Electricity retailers are urging regulators to 'ring-fence' solar, battery and other emerging technology businesses being pursued by some monopoly electricity network owners, to allow competition in new electricity services to flourish. Vector is targeted in submissions published this week to the Electricity Authority's inquiry into "mass participation in electricity markets". However, Vector says the EA has failed to make a case against network operators competing without constraint in this emerging area.

Retailers argue Aust and the UK have ring-fenced. So far, the **EA appears disinclined to opt early for ring-fencing** and is watching with interest competing claims from networks and retailers regarding the **potential for consumption data to be misused for competitive advantage**. MEUG is urging caution, suggesting intervention should be seen to be justified rather than pre-emptively applied.

Technology and innovation

CropLogic, the agricultural technology company, has launched its prospectus and is planning an A\$8m capital raising before listing on the ASX. **Jade Software** has been split in a shake-up of ownership that's left UK non-bank lender Skipton Building Society holding the digital arm and USA Health with the logistics unit. **Serko** said first-half trading revenue will rise 25-30%, excluding gains or losses on Aust dollar revenue hedging. The online travel booking software firm also reiterated it expects to

post a full year net profit vs a year-earlier loss of \$3.3m. **Tomizone** ceo Geoff Wanless is following his chairman out the door as the ASX-listed wi-fi service provider raises new funds and its lender takes a more hands-on role.

Digital health company **ableX** will launch a capital raising in the week of July 31 to fund growth and expansion of its cloud-based rehabilitation system. The company is aiming to raise \$1.2m via Snowball Effect.

Shareholders of **GeoOp**, the unprofitable management app developer, have approved plans to relocate to the ASX from the NZAX and raise funds via an initial public offering that could dilute their holdings by as much as 40%.

Fisheries

Commercial fishers will have to start installing digital monitoring devices from Oct in a new information-gathering regime to manage the country's fisheries system, Primary Industries Minister Nathan Guy announced. The regulations apply to trawl vessels of at least 28m. Commercial vessels must also have cameras by April 1, 2020.

Capital markets

NZ investors are generally happy to rely on alternative financial reporting measures used by companies, provided they also have access to GAAP numbers, but are confused about whether the non-standard numbers are audited, according to a survey by the External Reporting Board.

Briscoe Group joined the official list of the ASX as a foreign exempt entity. Managing director Rod Duke said the dual-listing would give the company greater visibility and widen its shareholder base.

Kiwi Property Group's retail investors took up half the shares available to them in their component of a planned \$161m capital raise, which will be used to fund expansion projects in Auckland. Kiwi Property raised \$38m in the retail component of its one-for-11 pro rata entitlement offer, adding to the \$80m raised from institutional investors last month.

International efforts to remove some of the risks associated with over-the-counter derivatives products have spurred the RBNZ and MBIE to look at changing the law to make sure NZ's lenders access to overseas funding isn't stifled. Reforms led by the G-20 will capture NZ-registered banks.

Corporate earnings

Waste Management lifted sales by 2.3% in 2016, through a combination of acquisitions and increased demand. Profit fell to \$11.5m from \$13.9m. ■

LEGISLATION

On the home straight

Parliament has just four more sitting weeks before it rises on Aug 17 for the Sept 23 general election. Before the recess taken in the last fortnight, the govt made progress on Budget legislation and sat extended hours to pass Treaty settlement legislation.

However, it is now clear the Maori Party's flagship reform, **Te Ture Whenua Maori Bill**, won't pass before Parliament rises. The govt offered urgency to push the contested bill through before the election but the Maori Party judged that politically damaging, with overtones of the way Labour forced passage of foreshore and seabed legislation in 2004. Technically speaking, the Ture Whenua reforms have been gestating since the last round of reform in the 1990s, so the current process is hardly rushed. But suspicions run high among Maori voters where land reform is involved and the Labour, Mana and Green parties have all been sowing doubt on the initiative.

Budget bills will again have priority when Parliament sits next week. A committee stage debate on the Commerce (Cartels and Other Matters) Amendment Bill may also finally occur after stalling in 2014 over the criminalisation of cartel behaviour, which the govt has been reluctant to see happen.

- *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

Brokering (Weapons and Related Items) Controls

Bill: Introduced on June 27. Will require NZers and NZ entities wishing to engage in brokering to register and obtain a permit from MFAT.

Bills in progress

Anti-Money Laundering and Countering Financing

of Terrorism Amendment Bill: Introduced on March 13. Reported back from select committee on July 14 with a large number of amendments, including staggered implementation, definition changes, more privacy protections, changes to disclosure and reporting and amendment to the protections of legal privilege.

Healthy Homes Guarantee Bill (No 2): A bill in the name of Labour Leader Andrew Little to require minimum standards in rental houses. Reported back June 29 with the select committee tied on whether it should proceed.

Local Government Act 2002 Amendment Bill (No 2): Introduced on June 9. Completed second reading on June

29 by one vote with National, ACT and United Future in support.

Private International Law (Choice of Law in Tort)

Bill: A member's bill in the name of National's David Bennett. Introduced on Sept 22, the Bill clarifies which jurisdiction's law applies in actions of tort and provides guidance to the courts on matters of characterisation. Completed second reading on June 28 on a voice vote.

Rates Rebate (Retirement Village Residents)

Amendment Bill: A member's bill in the name of Ruth Dyson. Introduced on May 5. Reported back June 30 with a majority of Govt MPs opposed, arguing it should be dealt with in wider review.

Residential Tenancies Amendment Bill (No 2):

Introduced on May 23. Completed first reading on July 4 and sent to the Local Govt and Environment Committee for consideration. Just the Greens were opposed saying the Bill undermined tenants' rights.

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. The committee stage debate continued on July 4 and 5 with MPs still on part 6 of the Bill, which has 16 parts plus schedules. The Maori Party has conceded there won't be time to pass the Bill before the election after it turned down an offer from National to push it through under Urgency.

Bills Passed and Defeated

Energy Innovation (Electric Vehicles and Other

Matters) Amendment Bill: Introduced on October 27. Third reading completed on June 27 with all parties in support, but Opposition parties still saying the Govt lacked ambition and expressing doubts about EV use of special car lanes.

Land Transfer Bill: Introduced Feb 11 2016. Third reading completed on July 4 with all parties in agreement.

Outer Space and High-altitude Activities Bill:

Introduced on Sept 19. Establishes a regulatory regime to govern space launches, including both launch vehicles and payloads (eg, satellites), from NZ and by NZ nationals operating overseas. Completed third reading on July 4 with all parties maintaining support.

Point England Development Enabling Bill: Introduced on Dec 7 to enable housing development on 11.69 hectares of land on the Point England Recreation Reserve in Tāmaki in east Auckland. Completed its first reading on Dec 13 with no opposition and sent to the Local Govt and Environment Committee with a shortened report back of April 28. Labour announced it would oppose the bill, which is part of a Treaty settlement, due to the loss of public park space. Reported back on April 13 with Labour filing a minority report opposing. Committee stage complete on June 20 with no change in parties' positions. Third reading completed on June 27 with Labour and NZ First continuing to oppose and the Greens continuing to abstain. ■