

Govt under real pressure for the first time

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For the first time since taking office, the govt has looked under serious pressure over the last fortnight. PM Jacinda Ardern's political management has been sorely tested by the Labour Party summer camp scandal, her Foreign Minister's undisciplined approach to Russia, and a string of other irritants. Six months in, the govt should be finding its "shape". Instead, it has looked a little ragged.

Is it a Peters or an Ardern problem?

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The Prime Minister has again had to step in not only to defend her Deputy PM and Foreign Minister Winston Peters, but to reposition the govt following off-script statements from him. She seems, however, unable to exert discipline over his wayward performances. That is a concern as his period as acting PM approaches, especially if the coalition relationship begins to fray early.

Oil and gas exploration – a little clarity

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The govt has no obligation to continue with the Block Offer process, a marketing strategy adopted by the previous govt in 2012 when spruiking frontier territories was a policy priority. This govt's approach is fundamentally different, but it is also clear that its commitment to "just transition" to a low-carbon economy implicitly accepts both the exhaustion of existing oil and gas fields and development in areas where exploration permits have already been granted.

Differentiation – Shane Jones style

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Hugo Group members have experienced first-hand Regional Economic Development Minister Shane Jones's willingness to take a pugilistic approach to large NZ corporates. He has done so again this week with Air NZ. The media – both traditional and social – reaction suggests it's a politically winning formula to attack Air NZ which, despite being NZ's most respected brand, is vulnerable to accusations of arrogance and regional neglect in the current political climate.

Fonterra's reset opportunity

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NZ media have feasted on Fonterra's weak first-half results, accompanied by the announcement that CEO Theo Spierings is leaving after seven years at the helm. The cooperative fought hard to tell a story of improvement in the Aust, European, and Latin American markets, and to put the Beingmate disappointment in context of its much larger Greater China business. The extent to which that message is unheard is a measure of the opportunity to reset its stakeholder relationships under a new CEO.

Differentiation – James Shaw-style

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Where Shane Jones appears to be taking his political lessons from Donald Trump, Green co-leader James Shaw's decision to give his party's parliamentary questions to the National Party has an almost New Testament ring of generosity to it. It is both a measure of Shaw's determination to combat 'tribal' parliamentary politics, and a subtle reminder to Labour that the Greens are not its coalition, but only its support, partner.

Six months in, the govt lacks 'shape'

A three year parliamentary term divides into six half-years, of which the first is now nearly over.

If the last six months is purely focused on the election campaign and the six months before that is a wrapping up period ahead of the campaign, there are notionally only 18 months for the govt to assert the transformative agenda it promised.

Worryingly for the govt, that agenda is looking less well-defined that it should at this point in the electoral cycle, while the evidence of coalition partner mischief is rising.

On the NZ First side, Winston Peters is demonstrating unfitness for the role of Minister of Foreign Affairs at a time of critical importance for small, outward-facing nations. NZ's dependence on a rules-based global order is being exposed by the fraying of that order. It is not the time for the Foreign Minister to embark on a quixotic courting of Russia and loose positioning on China, which in turn require the Prime Minister to sweep up behind him on an increasingly regular basis.

On housing and infrastructure, there are also signs that progress is slow-going. **Infrastructure NZ** warned this week that pausing roading and other transport projects is causing productivity problems for major contractors.

INZ executive director Steven Sellwood cited cancellation of projects such as Auckland's East-West Link, the Tauranga Northern Corridor, the Petone to Granada Link road and SH1 Cambridge to Piarere as delaying spend of around \$2b over the next 4-5 years.

Also on that list are delays to Auckland's CRL and north-western busway, uncertainty for "critical growth projects like the Mill Rd corridor in Auckland and safety projects like Otaki to Levin".

Elsewhere, a constant stream of major and minor scandals is distracting senior Ministers. These range from the poorly handled Labour Party summer camp sexual harassment incidents to **Ron Mark's** use of the **RNZAF** for transport, to **Jenny Salesa's** surprisingly large travel bill. Ministerial offices are becoming paralysed during sitting weeks of the House as they prepare for Question Time, at the same time as the Order Paper remains light on substantive parliamentary business (*see Legislation section*).

Much already rested on the political presentation of the **Budget** on May 17, but its importance as a vehicle for putting the govt on a more even keel is growing.

Given the pressure to remain within the Budget Responsibility Rules and the impression that there

is still a great deal of work required to operationalise the **Living Standards Framework** as a policy-making tool by next year, the Budget itself appears as much a source of political risk as opportunity at this stage.

Oil and gas exploration in this context

The PM's surprise move to announce the govt is "actively considering" whether to hold this year's oil and gas exploration Block Offer can be seen in the context of an **urgent political need to change an increasingly negative narrative**.

Ardern had been considering for some weeks what the impact of a ban on exploration might be, so her action was no flash in the pan.

However, the political calculation in accepting a Greenpeace petition while delaying the start of a state luncheon for Indonesian president Jokowi Widodo suggests a certain level of opportunism.

Smarting from the summer camp scandal and in need of symbolism to shore up wavering supporters' disappointed by her embrace of the CPTPP, Ardern's move **guaranteed maximum attention on an issue of policy principle**. She would have been well aware of Greenpeace's photo shoot-ready line-up of posters linking an Ardern move against fossil fuels to the signature policies of previous Labour icons.

It also arguably gained Labour headlines on climate change that the Greens minister in charge of that policy, **James Shaw**, has not been grabbing despite last week launching the **start of consultations on the proposed Climate Commission**.

So far, it looks only as if a symbolic scaling back or cancellation of the 2018 Block Offer is contemplated, although the govt could decided to abandon the process. It has only been running since 2012 and was developed by National as a way to attract oil and gas explorers to NZ, which Labour clearly doesn't want. Explorers have been thin on the ground anyway, with just two permits issued in the last two Block Offers.

Reassurance that existing property rights will not be touched suggest an underlying pragmatism that acknowledges fossil fuels will be part of the policy mix for decades to come.

Meanwhile, Climate Change Minister James Shaw has made clear that **subject matter expertise will inform the composition of the proposed Climate Commission** rather than representation across a range of sectors.

The Peters problem intensifies

Winston Peters's performance as Foreign Minister a

decade ago mattered less for three reasons:

- Helen Clark was the de facto Minister of Foreign Affairs in a way that Jacinda Ardern is not;
- Clark was able to exercise authority with Peters in way that Ardern is choosing not to do, having banked instead on a strategy of winning him over through deference and respect;
- He was 10 years younger. The Winston Peters of today is not as sharp as the Peters of a decade ago, making his obfuscatory style more difficult than ever to interpret. The expectation that he would 'stick to his MFAT speaking points', as he reputedly did between 2005 and 2008, can no longer be assumed.

This matters particularly because Peters will be Acting PM for at least six weeks when the PM takes time off to give birth. When she was firmly in control of the govt's agenda and her popularity showed no sign of topping out, it was reasonable to assume that Peters could be relied on to play a caretaker role, even with the occasional gaffe.

However, if the govt goes into the second half of the year looking as tentative and chronically disorganised as it does at present, any mis-steps during the Peters inter-regnum are likely to be magnified politically.

Differentiation, Shane Jones-style

Meanwhile, Regional Development Minister Shane Jones is honing his 'bovver boy' approach to relationships with large NZ corporates. His **heavying of Air NZ is undoubtedly good retail politics**. It's the kind of plain-speaking that generates headlines and goes down well among down-to-earth audiences.

Its impact on the relationship between big business and the govt is unlikely to be positive. Jones has taken a stick to the national airline, Fonterra and Countdown supermarkets, among others.

At a time when the business community is still not entirely sure about the new govt (*see Domestic Economy section*), the re-emergence of a **bullying style that Jones unashamedly calls "Muldoonist"** risks becoming a left-field source of alienation if the govt finds its standing with the business community waning.

However, if it helps re-establish NZ First as the voice of the "Kiwi battler", helps the party's sagging poll ratings, and gives Jones profile as a challenger to Peters's apparently preferred heir apparent, **Fletcher Tabuteau**, he is unlikely to change course.

The Greens and Question Time

James Shaw's decision to award the Greens' parliamentary questions to National is also an exercise in differentiation – but one that is so difficult to accept at face value that it has sparked an outpouring of Machiavellian theories.

It should be seen for what it is – the Greens trying to do politics differently and Shaw doubling down on the message in his State of the Planet speech in January that tribal politics is corrosive.

In other words, **sometimes the simplest explanations may be the best**. That said, the move has also **opened up a line of communication with National** while it reminded Labour that they only have a supply and confidence agreement with the Greens and that therefore their influence over them is limited.

What it also revealed is how **lines of communication within NZ First are not yet working properly** after their MPs claimed not to have been advised about the Greens' move only to find their Chief of Staff had been briefed in advance.

Campaigning in the **Greens co-leadership election** ends on Sunday and the result will be announced a fortnight later on Sunday, April 8.

It is widely **believed that Marama Davidson is ahead**, but Greens officials warn that the party's voting system is opaque.

At the grass roots level it's more like an American caucus –type vote, and in the last two leadership elections, the favourite has not won. **Metiria Turei** beat **Sue Bradford** and then James Shaw beat **Kevin Hague**.

Re-establishing the spirit of the public service

In a candid speech in Sydney a fortnight ago, **State Services Commissioner Peter Hughes**, said that while he was a big supporter of the reforms to the service since the 1988 State Sector Act, he believed they had driven public servants into departmental silos, and in the process, the service had lost its heart. He wants to recover that and re-establish what he calls "the spirit of public service."

At the same time the Minister, Chris Hipkins, is proposing to review the State Sector Act and he too wants what he calls a "more joined-up public service."

Both Hughes and Hipkins are known to be concerned

Black economy

More than \$1.35b-worth of illicit funds from fraud, tax offending and drug trafficking is ending up in NZ every year to be laundered, a report from the NZ Police Financial Intelligence Unit shows.

That doesn't include money generated from overseas proceeds of crime, which could make the figure significantly higher, it said.

about the overall quality of the people at the top of many Ministries and departments while big data makes many departmental boundaries and turf wars meaningless.

What Hughes and Hipkins are talking about could actually become one of the biggest legacies of the Ardern govt – a new-style public service.

Conservation – an emerging coalition flashpoint

The conservation portfolio is starting to emerge as a point of tension between Green and NZ First ministers. **Conservation Minister Eugenie Sage's** 'deep green' credentials are already butting up against the regional development aspirations of **Shane Jones**.

Development of the conservation estate to cope with both existing numbers of tourists and their expected growth is the most obvious flashpoint.

Among bellwether projects to watch is the proposal to instal an alpine gondola on Mt Ruapehu and associated sight-seeing facilities high on the mountain above the existing Whakapapa skifield.

The development would allow tourists other than skiers and trampers access to the alpine environment and be subject to the usual concession arrangements. However, Sage is thought already to oppose the development, despite its location in an area of the mountain that is already heavily modified by human activity.

Fafoi's priorities

Consumer Affairs and Commerce Minister Kris Fafoi is prioritising a review of consumer finance law among his six main workstreams. In his sights are payday lenders and deficiencies in the **Credit Contracts and Consumer Finance Act**. Debt collection practices are also included in an upcoming **MBIE** review. He supports extending the **Commerce Commission's** powers to undertake market studies and expects they should de-politicise scrutiny of some industries. Fafoi has announced a review of insurance contract terms, financial adviser regulation reform, and criminalising cartels. He will introduce a new **Insolvency Practitioners Bill** later this year **Copyright law reform** is in his remit, but appears to be lower priority.

Investment Statement highlights

The release of the second four-yearly Investment Statement from the Treasury both seeks to advance and reveals the amount of work still required to make its Living Standards Framework an operational

tool to inform policy-making.

Indeed, the statement itself concedes "there are significant practical difficulties to be overcome in strengthening the wellbeing orientation of balance sheet and asset management reporting".

"Full comparability in a common currency across all capitals (physical / financial, natural, social, and human) and wellbeing domains **is a distant prospect, even it is achievable for practical purposes at all."**

A Treasury seminar accompanying the statements release defined the scope of the LSF's impact on economic policy-making as allowing a citizen to **"live a life you have reason to value"**. There is a lot of nuance packed into that concept, including that such value need not be expressed primarily in economic terms.

Operating at the cutting edge of well-being economics, it is difficult not to conclude that the Treasury – let alone Finance Minister Grant Robertson – face **both policy and political challenges making this concept sufficiently actionable to form the basis of the 2019 Budget**.

More traditional elements of the Investment Statement paint a sobering picture of the state of many of the capital assets the Crown relies on to deliver social capital outcomes.

School, health, housing, prison and defence infrastructure, in particular, are characterised by ageing assets owing to long-standing under-investment.

A couple of points to note:

- hospital investment requires prioritisation. The document moots creating a **"standalone entity to plan, design and build major health investments"**;
- **Housing NZ** is planning to reduce build costs by 15% by 2021 through more efficient construction methods, but will still struggle to maintain rental incomes sufficient to support future activity.

Tax Working Group agenda

While the Tax Working Group has clear instructions not to make recommendations that would tax gains in the value of the family home, its chair, Sir Michael Cullen, has made it clear that **taxing capital gains remains a priority area for deliberations**.

The TWG has released a **background paper for public submissions, due by April 30**, and is encouraging thinking on capital gains and land taxes.

Different tax treatments of different investments – in particular, the treatment of housing as compared with other investments, was an area of major concern, the paper says. 

Stone the crows – a productivity improvement?

Statistics NZ has published substantially revised estimates of macro-economic productivity, suggesting a marked improvement in an indicator that has been dismal lately despite a generation of economic reforms intended to drive improvements.

The accompanying graph shows the previous and revised productivity tracks, with the new picture now verging on respectable in a global context, instead of the long-held view that NZ's performance has been consistently weak.

Statistics NZ upgraded the NZ GDP accounts late last year, but even so, the productivity boost is larger than was indicated by that revision alone. Underlying the improvement is a lower track on the labour-input variable and an improved track in the capital-input line, consistent with stronger investment in the revised GDP. The result is a boost to the capital-labour ratio.

While the new estimates are only as good as GDP is at measuring output, (it is still subject to incomplete capture), they intuitively fit the investment cycle recently observable, rather than the immigration-driven productivity-collapse narrative that has been commonly accepted.

If accepted as broadly correct and likely to continue, **improved productivity performance provides greater justification for forecasting ongoing solid GDP growth than previously assumed productivity performance.**

Less clear is the potential impact on inflation, especially as improved labour productivity should depress unit labour cost measures. One important

caveat: this is not to suggest NZ is experiencing strong productivity growth, just that it now looks far less poorly than it did.

Economic indicators

The **economy grew at a slower-than-expected 0.6% pace in the fourth quarter** as unfavourable weather weighed on agricultural output, offsetting stronger services activity. Growth matched the revised pace of the third quarter while **on the year, the economy expanded 2.9%**.

Consumer confidence has recovered from a post-election drop to return to average levels in the March quarter as political jitters faded and the economy remained strong. The **Westpac McDermott Miller** consumer confidence index rose 3.8 points to 111.2 in the March quarter, just below the long run average of 111.4.

Services sector activity slowed for a third consecutive month in Feb as the activity/sales sub-index fell to its lowest level since Nov 2014. The **BNZ-BusinessNZ performance of services index** declined 0.7 points to a seasonally adjusted 55 last month. Manufacturing activity slowed in Feb as an early livestock cull last year weighed on primary production at the start of 2018. The **PMI** fell to a seasonally adjusted 53.4 in Feb from 54.4 a month earlier.

Annual net migration continued to moderate in Feb, though it's still near historic highs. At 68,900 in the year to Feb, the annual inflow was a drop from 71,300 in the year-earlier period. Short-term visitor arrivals rose 7% to 3.8m in the latest 12 months.

Guest nights hit a record in Jan, rising 1.4% on the same month a year earlier, with hotels and holiday parks in high demand. Total guest nights increased to 4.97m in Jan from 4.9m a year earlier. The bulk of the gain was in international guest nights, which rose 3.1% to 2.2m.

The **current account deficit** narrowed in the fourth quarter as goods and services exports were fuelled by a recovery in primary exports and spending by tourists. The deficit was \$2.77b in the three months ended Dec 31 versus a revised third-quarter deficit of \$4.83b.



CORPORATE ROUND-UP

Fonterra's reset opportunity

Fonterra has taken a ritual beating in the NZ media this week, thanks to the combination of writedowns in China on its 18.8% **Beingmate** shareholding producing a bottom line loss of \$348m and the coincident announcement that CEO **Theo Spierings** will leave the company this year after a replacement is found.

The cooperative is now well-placed to take advantage of the likelihood of producing a far stronger second half and a leadership refresh – as well as a changing of the guard in its stakeholder management – to **reset its political and NZ general public relationships**.

Whether fair or not, Fonterra under Spierings has been perceived as aloof and at times arrogant by politicians across the political spectrum. Despite significant spend on public good activities and brand advertising, it has also become a focus of divided opinion between urban and rural communities about the role and impact of farming on the NZ economy and environment.

While its Beingmate investment has shown “unacceptable” results, Spierings and chair John Wilson made a compelling case for it being a minor (and currently shrinking) part of Fonterra's Greater China business; that operations in Aust, Europe and Latin America are performing strongly compared to five years ago; and that although the rate of progress may be slower than desired, the proportion of product going to higher value end uses is improving.

Sometimes, however, it's necessary to change the messenger for the message to be heard. Most awkward for Spierings is that his departure would be less controversial, were it not for the latest six month performance. **Key to a turnaround in Beingmate's performance** is its ability to catch up in online retailing, a boat it missed, according to Spierings. He pointed also to new Fonterra relationships with fresh milk sales through **AliBaba** and its exclusive supplier status with **Starbucks** in China.

Primary sector

Most dairy product prices fell in the latest **Global Dairy Trade** auction although whole milk powder rose as challenging weather conditions continue to weigh on production. The GDT price index fell 1.2% from the previous auction two weeks ago. The average price was US\$3,632 a tonne. Whole milk powder gained 0.1% to US\$3,226 a tonne. While Fonterra announced a forecast payout for the 2017/18 season of \$6.55 per kg/MS, **AgriHQ** analysts are more pessimistic, forecasting \$6.27kg/MS.

Synlait Milk's first-half profit rose to a record \$40.7m from \$10m a year earlier as the dairy company

produced and sold more high-margin products and continued to benefit from its relationship with **a2 Milk**. Its shares rose to a record after the results were released this week. The company forecasts “strong overall earnings growth for the full year” and ongoing growth in infant formula volumes in FY19.

Meat processors are having to pay more for lambs as supplies dwindle, pushing lamb and mutton returns for farmers to record levels for this time of the year, **AgriHQ** says. In the North Island, processors were last week offering \$7.10/kg for lamb, up from \$5.35/kg at the same time last year while in the South Island, the price was \$6.95/kg, up from \$5.30/kg last year.

Zespri shareholders voted in favor of constitutional changes aimed at strengthening grower ownership and control. Shareholders voted on a series of resolutions that will impose a cap on the number of shares they can hold relative to trays of kiwifruit produced, and phase out dividends for non-producing shareholders over seven years.

PGG Wrightson is “open to options” about the future of the business after hiring investment bankers for a strategic review of the business. Aust media reported that it is preparing non-disclosure agreements with interested parties. The rural services firm is indirectly controlled by China's **Agria Corp**, which owns a 50.2% stake via **Agria** (Singapore).

Aust-based **Keytone Dairy Corp**, whose NZ **Keytone Enterprises** unit manufactures and exports dairy and nutrition blended products to Asia from its Christchurch factory, plans to list on the ASX in May after selling about half the company to raise between A\$15m and A\$20m.

Energy

Royal Dutch Shell plans to sell its remaining NZ business to Austrian oil and gas producer **OMV AG** for US\$578m, as part of a US\$3b international divestment programme. OMV may have to sell down its stakes in the Maui and Pohokura fields to clear competition law hurdles to purchase the Shell assets, says petroleum sector analyst **John Kidd** from **Woodward Partners**.

Trustees of the **Tauranga Electricity Consumer Trust** abandoned plans to stop paying **TrustPower** customers in the local electricity network area an annual dividend cheque after strong pushback from beneficiaries. TECT had wanted to become a community facilities and initiatives funder. However, some two-thirds of 21,000 written submissions opposed the move. TECT's decision effectively entrenches **TrustPower's** incumbency in the Tauranga network area. First NZ Capital had expected

TrustPower to suffer up to \$30m in lost annual earnings if it faced greater competition in the area. As it stands, the annual TECT cheque creates a barrier that competing retailers find difficult to overcome.

Technology, innovation, r&d

NZ small businesses are **technology laggards** compared to their peers in a swag of other countries in the Asia-Pacific region, with owner satisfaction one of the few areas where Kiwi SMEs show above average scores, according to the **CPA Australia 2017 Asia-Pacific Small Business Survey**.

Businesses spent \$1.8b on R&D in the year to August 2017, up from \$1.6b a year earlier and while the number of businesses carrying out R&D is at a 10-year high only 11% of firms are doing it, **Stats NZ's Business Operations Survey** shows.

Banking, finance and insurance

ANZ Bank NZ is exploring an initial public offering for **UDC Finance** after a planned \$660m sale to Chinese conglomerate **HNA Group** was rejected by the **Overseas Investment Office** in December. ANZ's CEO **David Hisco** said an IPO was "part of a range of strategic options for UDC's future" as part of ANZ's strategy to simplify the bank and improve capital efficiency.

The **Debt Management Office's** sale of a new April 20, 2029, bond was 2 1/2 times overbid as investors looked to lock in attractive long-term interest rates ahead of what looks to be a gradual rise in global interest rates. The DMO issued \$2b of the bonds. Total book size, within the initial pricing guidance range of 16 to 19 basis points, exceeded \$5b.

Local Government NZ's funding body, the **LGFA**, is closely monitoring investment in its bonds as US Treasury yields increase, with concerns borrowing costs may rise if foreign investment demand drops off.

Tourism, transport and logistics

The **Environment Court** will hold a judicial conference in April to hear concerns about **Wellington International Airport's** adjournment request for its planned runway extension. The airport asked the court to adjourn its resource consent application for its 355-metre runway extension a further nine months, giving it time to re-apply to the **Director of Civil Aviation** for approval, prompting the court to ask for comment from interested parties.

Construction

Carter Holt Harvey won its High Court bid to drag local authorities into its protracted leaky schools court case with the **Ministry of Education**, although

the judge excluded buildings captured by a time-bar, and gave the building products maker a hurry-up to lodge more detailed claims.

Manufacturing

Restructuring at **Pacific Steel** and weak global demand rather than the behaviour of Chinese rivals squeezed the company's margins, says an **MBIE** report that recommended the government reject its dumping complaints for the second time.

Media

NZ's **current copyright laws** are outdated and are likely to hamper digital innovation and experimentation, **Deloitte** says in a report commissioned by global search engine **Google**. The use of a prescriptive 'fair dealing' test in the current regime, which seeks to define when original content can be reused without breaching copyright, has "failed to keep pace with changing technology", the report says.

Corporate actions

Sjoerd Post is to leave **Refining NZ** after five years as CEO, saying it is time for refreshment. Contrary to media reports suggesting the move could be linked to last year's Marsden Point-Auckland pipeline outage, Post expects to be involved throughout the forthcoming govt inquiry into the incident.

Former Health Minister **Jonathan Coleman** is to leave Parliament and take up the ceo position at **Acurity Health**. The announcement came barely a fortnight after newly elected National Party leader **Simon Bridges** confirmed Coleman at sixth ranking in the shadow Cabinet.

Property For Industry's chair Peter Masfen will retire at the company's annual meeting on May 8, having presided over the board since 2002. He will be replaced by deputy chair **Anthony Beverley**.

Retail

Smartpay Holdings signed a deal with Alibaba's Alipay, which will result in about 25,000 merchants in Aust and NZ being able to offer the payment platform on their card terminals, with a pilot launching in NZ next month. **Kathmandu** raised \$40m through a placement and plans to raise a further \$10m selling shares to retail shareholders in Australia and NZ at the same price. The funds raised will be used to buy US footwear supplier **Oboz Footwear** for US\$60m in cash and a potential earn-out of up to US\$15m. **Briscoe Group** participated in the placement, keeping its holding at about 19.8%. ■

LEGISLATION

Twyford emerges with fuel tax and tenancy bills

Parliament resumed this week for four weeks after a fortnight's recess. **Transport and Housing Minister Phil Twyford** emerged from a low-profile period with legislation paving the way for imposing regional fuel taxes and abolishing tenancy letting fees.

- *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

Land Transport Management (Regional Fuel Tax)

Amendment Bill: Introduced on March 22. The bill proposes a mechanism under which regional fuel taxes can be established to provide a way for regions to fund transport infrastructure programmes.

Privacy Bill: Introduced March 20. Repeals and replaces the Privacy Act 1993, as recommended by the Law Commission's 2011 review of the Act.

Earthquake Commission Amendment Bill: Introduced March 22. Changes, targeted for implementation July 1 2019, include: increasing the cap limit on EQC residential building cover to \$150,000 (plus GST); enabling EQC to accept claim notifications for up to two years after a natural disaster, rather than the current three-month time limit; removing EQC coverage for contents. Further changes are likely following the current EQC inquiry.

Crimes Amendment Bill: Introduced March 20. Three repeals to the Crimes Act: to protect spouses and civil union partners where they would otherwise be an accessory after the fact; to remove the blasphemous libel offence; to repeal the year-and-a-day rule contained in section 162, cited as the reason no prosecutions were pursued after the collapse of the CTV Building in the 2011 Canterbury quakes.

Residential Tenancies (Prohibiting Letting Fees)

Amendment Bill: Introduced March 22. The bill amends the Residential Tenancies Act to prohibit charging tenants a letting or other fees by a letting agent, solicitor, or any person in relation to a tenancy.

Fair Trading (Oppressive Contracts) Amendment

Bill: Member's bill introduced March 22.

Bills in Progress

Overseas Investment Amendment Bill: Introduced on Dec 14. Classes residential and lifestyle housing and land as sensitive under the Overseas Investment Act and only makes sale possible to non-residents under limited circumstances. Completed first reading on Dec 19

with National and ACT opposing and sent to the Finance and Expenditure Committee for consideration. *The govt sent further amendments to select committee bringing investments in sensitive land involving forestry rights under the Act. Under the proposed changes investors buying up to 1000 hectares of forestry rights each year will not need consent, but purchases above that level would be screened. This would apply to all forestry rights, including bare land planting. The changes would also introduce a light-handed "checklist" screening regime for overseas investors if they were subject to the current screening regime.*

Education (Tertiary Education and Other Matters)

Amendment Bill: Introduced on Feb 8 2017. Increases funding flexibility for tertiary institutions, strengthens monitoring and compliance, seeks more consistent treatment of tertiary education providers. First reading completed on May 11 2017 with Labour, Greens and NZ First opposed, referred to the Education and Science Committee. Reported back Feb 16 with a large number of changes. *All parties now support the bill and it completed its committee stage on Feb 27.*

Financial Services Legislation Amendment Bill:

Introduced on Aug 3 2017. Creates a new regulatory regime for financial advice. *The govt began consultation for a new code of conduct for financial advice. The code will make changes under the regulation of financial advice contained in the bill.*

Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Bill:

Introduced April 6. *Completed committee stage March 20. During this, the govt introduced an amendment extending the two year bright line test for tax on real estate sales to five years. Strongly opposed by National.*

Telecommunications (New Regulatory Framework)

Amendment Bill: Introduced on Aug 8. *Report back extended to May 4.*

Tribunals Powers and Procedures Legislation Bill

and Courts Matters Bill: Introduced Aug 1 2017. *Report back extended to May 25.*

Bills Passed or discharged

Customs and Excise Bill: Introduced Nov 23 2016.

Modernises and updates the Customs and Excise Act and includes a number of policy changes, including: increasing transparency of obligations; reducing unnecessary processes; accommodating new technologies in future. Completed its first reading Dec 6 2016 with all parties in support. *Third reading completed March 22.*

Oranga Tamariki (Parent's and Guardian's

Responsibility) Amendment Bill: Member's bill drawn Feb 22 from Barbara Kuriger (Nat). *Voted down at first reading on March 21 by Labour, NZ First and the Greens.* 