HUGOvision

Assessing the economic and political environment in New Zealand

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Energy policy contradictions

Next Friday's release of the Productivity Commission's draft report on achieving a low emissions economy is expected to throw into sharp relief a deep contradiction at the heart of the govt's energy and climate change policies – the importance of ongoing access to natural gas, which the ban on offshore exploration effectively removes.

A string of momentum-dulling decisions

The oil and gas exploration decision will have a chilling effect on a number of industries where gas is required for industrial heat, and accompanies a number of other sources of uncertainty or discouragement for existing economic activity.

MBIE tasked with coordinating transformative policies

In recognition of the fact that new investment and job creation in alternative industries will be required if its desire for a 'just transition' away from fossil fuels is to be achieved, the govt has tasked MBIE with a whole-of-govt policy coordination role. At this stage, the work appears embryonic.

NZ Super Fund considering pre-fab investment

The NZ Superannuation Fund is considering whether to invest capital into a large, central North Island pre-fabricated housing manufacturing plant as the govt seeks to accelerate the availability of affordable housing through its KiwiBuild policy.

R&D tax credits from next year

A 12.5% research and development tax credit is expected to become available to NZ companies investing in new science and technology from April 1 next year, followed in April 2020 by a scheme to assist pre-profit firms conducting r&d.

Electricity and climate review committees well-received

The electricity industry breathed a cautious sigh of relief at the composition of the panel to review the sector, which appears to indicate that NZ First's desire for a 'back-to-the-future' style shake-up is highly unlikely. The interim climate change committee also gained the thumbs-up from affected sectors, with the appointment of a respected panel of experts.

Northcote by-election

The Greens are divided on whether to stand a candidate in the Northcote by-election. While standing aside might let Labour give National a run for its money, some Greens activists fear it is giving too much away to Labour and risking its ability to differentiate.

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Energy policy contradictions mounting

Next Friday's publication of the Productivity Commission's draft report on achieving a low-carbon economy is expected to expose **serious contradictions in the govt's approach to energy policy.**

Based on presentations already available on the commission's website, it is clear that **all scenarios under which a low carbon future is assured require significant contributions from natural gas**.

Yet the govt's decision to end offshore oil and gas exploration implies that natural gas will only be readily available to the electricity system - let alone major industrial users - for another decade.

Unconfirmed but generally informed speculation from John Kidd, one of NZ's best energy sector analysts, suggests a downgrade to existing reserves may also be imminent. If so, the window for gas may be even shorter.

While the Productivity Commission analysis may not be so specific as to warn of the alternative if there is not gas available, **the clear implication will be a strong likelihood of higher carbon emissions without gas.**

In other words, ending oil and gas exploration risks making it more difficult to achieve low-carbon goals.

Primarily that is because:

- if gas not available for electricity firming and peaking during periods of low hydro inflows, electricity generators will turn to coal, which is available domestically and simple to import compared to liquefied natural gas;
- the policy to end new discoveries of offshore oil and gas - which is likely to be followed by an end to onshore exploration - appears to be **divorced from the need for gas implied by the govt's target of 100% renewable electricity in a normal hydrological year**. If that policy requires over-building of renewable generation - mainly wind - there is a strong likelihood that existing players will baulk. The commercial incentive to build renewable plant that is destined to remain idle is weak to non-existent unless electricity prices are to be considerably higher. The disincentive to overbuild renewables is only heightened by the overhang of renewable electricity implicit in the eventual closure of the Tiwai Point aluminium smelter.

Complicating the picture is the wider review of the electricity sector *(see separate item)*. The review is wide-ranging and open-ended. It may struggle to make recommendations consistent with or able to be coordinated with other policy workstreams driving towards both the 100% renewable electricity goal and the longer term goal of net-zero emissions from the NZ economy by 2050.

Chilling effect on gas-dependent industries

Adding to the sense that the oil and gas exploration decision is a political gesture untethered to strategic analysis is its likely, immediate chilling impact on a wide range of industries currently dependent on gas. Methanex, which uses around 40% of gas for methanol production would appear unlikely to commit to its next round of capital upgrades, due in the early 2020s if gas supply is insecure. It pulled back in the mid-2000s when there was last a gas shortage.

Likewise, major gas users such **NZ Steel and Fonterra will face difficult decisions on industrial heat production in the North Island** if gas becomes either less available or considerably more expensive, or both. Fertiliser, glass and other heavy industry manufacturers will face similar decisions.

Even domestic gas and LPG users faces uncertainty. There is ample onshore gas to meet the very small proportion of total demand attributable to domestic use – around 4% of total gas use – but the capital cost of maintaining existing reticulation is unlikely to be commercially attractive. As regulated monopoly assets, gas networks also allow their owners to charge for supply to meet a regulated rate of return. Even if heavily written down, it is likely domestic gas would become more costly and uncompetitive with electricity.

Again, the question must be asked: **if the govt is driving the national energy system towards far greater reliance on electricity, why has it apparently failed to acknowledge the need for low-carbon, domestically thermal fuel – i.e., natural gas – to be a part of that system?**

As yet, Cabinet papers relating to the exploration decision have not been released. However, they are subject to OIA requests and may shed light on a policy decision that appears strong on political signalling and apparently weak on strategic or economic analysis.

While the govt may be able to portray the National Party's willingness to overturn the exploration policy as not being serious about climate change, the dynamics of a debate that is likely quickly to indicate significant economic downside suggests **the policy is a major medium term political risk to the govt.**

Other risks to economic momentum

Other risks to economic momentum are also arguably mounting. In the last few weeks, the govt has also confirmed an end to support for large-scale irrigation schemes, introduced uncertainty to the previously assumed pipeline of transport infrastructure projects, and is tasking water policy-makers with introducing new, more stringent nutrient run-off conditions for pastoral agriculture, which may imply de-stocking.

While the IMF's annual review of the NZ economy is bullish on prospects for 3% annual growth to continue, the reviewers noted a tendency to slow execution of intended infrastructure projects as a downside risk to growth.

It appears reasonable to suggest that such risks attach to two key policies at least – KiwiBuild *(see the last issue of HUGOvision)* and urban light rail construction.

MBIE to coordinate policies to nurture replacement industries

The govt is mindful that its transformative agenda needs to include new sources of work and commercial opportunity if it is to foreclose on existing sources of national wealth creation.

To that end, PM Jacinda Ardern has announced MBIE is in charge of coordinating "work under way across govt around transition planning to build a stronger, fairer, and more sustainable economy".

"That means looking across energy, regional economic development, and workforce planning. It will also need to have a very strong interface with education and skills development, and it will be one of the key priorities in next month's Budget in terms of managing our natural resources and taking action on environmental challenges."

However, it is **unclear as yet where ministerial responsibility for this work sits**. Inquiries to Economic Development Minister **David Parker**'s office initially drew a blank, before being referred to Energy Minister **Megan Woods**'s office, which was also unforthcoming on the plan.

Super Fund examining KiwiBuild prefab investment

The NZ Super Fund is investigating the **potential to invest in a central North Island prefabricated housing plant** to bring scale to a sector that is only now emerging in NZ.

The Fund is also considering construction of up to 1,000 affordable KiwiBuild homes annually, subject to land availability. Govt agencies are currently working on finding land for such development to occur.

Among the advantages of prefab housing are that it may cut construction costs by as much as 20%, allows for swift erection of new dwellings, and requires less skilled workers to assemble homes on-site. The latter is crucial as the govt works on a strategy to improve the quality and pipeline of new, skilled workers for the construction sector, which will take several years to start bearing fruit.

Callaghan growth grant funding to offset r&d tax credits

The govt is seeking submissions on proposals to introduce a 12.5% r&d tax credit from April 1 2019 and a mechanism to assist pre-profit firms from April 2020.

If adopted, the policy is likely to see a large reduction, if not complete closure, of Callaghan Innovation's Growth Grants scheme and a greater focus from Callaghan on becoming an NZTE-style connector agency assisting firms to access science and innovation services.

In 2017 Callaghan made 53 **new Growth Grants, with an estimated value of $95,115,549, and two year extensions worth $137,272,946** were committed for 57 businesses.

Growth Grants co-fund 20% of a business's r&d costs, up to $5 million a year, for business investing more than 1.5% of annual revenue in r&d.

Callaghan's next largest grants programme is for projects to explore commercialisation, with Project Grants worth $15,743,500 awarded in FY17.

New C&AG

John Ryan is the new Controller and Auditor-General, with the agreement of all parties. He most recently held the position of Deputy Director-General for the Ministry for Primary Industries. Other roles include executive director for Capital and Coast/Hutt Valley and Wairarapa District Health Boards, and deputy chief executive/chief operating officer for the Ministry of Justice.

Electricity review

Electricity industry concerns that the govt's review of the sector could take a radical or unpredictable bent appear to have been unfounded.

The make-up of the panel had always been the most important question, but the composition of the eight-member group appears tilted in favour of current market arrangements by a margin five to three.

Regarded as broadly supporting current market arrangements are the chair, Miriam Dean QC, who participated in the 2009 review ordered by Gerry Brownlee. That review concluded the wholesale market was insufficiently competitive, whereas fears for the current review related to the potential for market reforms to be unwound in favour of greater regulation and central govt intervention.

Other members likely to be broadly sympathetic to current market arrangements are **John Hancock**, freshly appointed to chair the Electricity Authority's Innovation and Participation Advisory Group, **Lee Wilson** from Concept Consulting, **John Small** from consultancy Covec, and **Sue Roberts**, a current member of the **Electricity Rulings Panel** with long experience in the NZ industry.

Less supportive of current arrangements are likely to be Consumer NZ ceo **Sue Chetwin**, who has been unconvinced that proliferating numbers of electricity retailers are evidence of competitive market dynamics and **Anne Herrington**, who has been vocal in her support for splitting generator-retailers. **Peter Harris**, a former trade union economist who advised Michael Cullen as Finance Minister from 1999 to 2002 and served on the Electricity Commission may also seek deeper change.

The Hager surprise

The **Inspector General of Intelligence and Security's** decision to appoint 11 outsiders to provide her with advice on public attitudes to security and intelligence has surprised people across the political spectrum.

Reaction from the Intelligence Services' Minister, **Andrew Little,** seemed intended to put some distance between himself and the announcement whilst National's **Gerry Brownlee** argued that the appointment of the committee had no legal basis and that given its members, would be unlikely to offer objective advice.

One Five Eyes diplomatic mission thought the original press release was a hoax given the names on it – particularly Nicky Hager and Deborah Manning – both long time critics of the intelligence services, and with Hager winning an investigation into **NZ Defence Force** actions in Afghanistan.

The committee points up a bigger issue facing the govt: a **perception among traditional friends like Australia and the UK that when it comes to international affairs and security issues it is naïve.** The Prime Minister's reaction to the Syrian bombing and her statement that she "accepted" the bombing rather than "supported" it was seen as further evidence of this. And her call for the matter to be referred to the **UN Security Council** failed to acknowledge that Russia had used its veto 12 times in the Council to block resolutions on Syria since the conflict began.

The govt's foreign policy is already suffering from muddle, thanks to **Winston Peters**'s apparent unwillingness to criticise Russia, while cautioning over Chinese influence in the Pacific.
While that concern about China is widely shared, there is tension with **MFAT**'s efforts at present to try to paint NZ as a better friend to China than Australia, for trade reasons. Beijing was reported in Australian media this week as saying ongoing friction between the two countries is beginning to threaten trade relations. Flows of Chinese students to Australian universities has already dropped off dramatically in response to escalating tensions.

Meanwhile, Peters's attitude to Russia is understood to have been taken up with him by UK Foreign Secretary **Boris Johnson** during their meeting this week in London.

Northcote by-election

The most interesting aspect of the Northcote by-election so far is the Green Party's indecision over whether to stand a candidate. That decision was due this week but is delayed to next Tuesday to allow further internal debate. While standing aside for Labour might create a real contest in an otherwise safe National Party seat, the pressure to do so is crystallising disagreement within the Greens about the extent of its acquiesence to Labour, and the potential impact of failure to differentiate, on its prospects at the 2020 election.

National's polling shows the govt's fuel taxes are deeply unpopular in an electorate that receives no benefit from the city's proposed heavy and light rail investments while they wait for a second harbour crossing.

However, the party worries that a low turnout, combined with no Greens or NZ First candidate could see a lower National vote as happened in the Mt Roskill by-election last year.

Interim climate change committee

Climate Change Minister **James Shaw has demonstrated political finesse** with the appointment of an interim climate change committee whose composition drew support from across affected sectors.

Federated Farmers, for example, welcomed as balanced a committee whose task will be to recommend whether and how to bring agriculture greenhouse gas emissions into the emissions trading scheme and how best to achieve the govt's target of 100% renewable electricity in a normal hydrological year *(see lead item)*.

IMF bullish on NZ outlook

The IMF was given an optimistic assessment about NZ's economic outlook, with the annual pace of growth seen staying around 3%. Following its annual review, it says the strong govt accounts offer enough headroom to meet the needs of an expanding population. It says NZ is enjoying a "solid economic expansion", with growth set to remain near or above potential. The IMF said increased government spending will offset slower residential investment and drought-affected agricultural exports. Gross domestic product expansion will stay near 3 percent in the near term.

Pressed to express a view about the govt's target to reduce net Crown debt to 20% of GDP by 2022 – a policy that has attracted criticism for being overly conservative given emerging fiscal pressures – the IMF team leader said NZ's fiscal position was "comfortable". The reviewers believed restricting foreign purchasers from owning existing NZ homes would have little or no impact on house prices, prompting Attorney-General David Parker to defend the policy as a "question of values". The govt did not want residential real estate trading in international markets, he said.

The IMF review also recommended against suggestions that a **differential corporate tax rate** could be applied to large vs small firms. Such a move would add complexity and be a potentially large fiscal cost, given the large proportion of NZ firms that would be classified as small.

RBNZ on its new employment mandate

The Reserve Bank may now need to give regard to employment when setting monetary policy but its ability to influence trends in the jobs market is limited, says RBNZ assistant governor **John McDermott**.

The employment mandate would "reinforce the flexibility of inflation targeting" because the bank already assessed employment in judging the impact of policy on the economy but "ultimately that underlying trend is determined by factors outside of our ability to influence, that rely instead upon the age and skills of the population, the efficiency with which jobs are matched to available workers, and the nature of employment regulation."

Meanwhile, newly appointed governor **Adrian Orr** is moving quickly to put a more open face on the RBNZ than his predecessor, **Graeme Wheeler**.

Orr has conducted an initial round of fulsome media interviews and is candid in his acceptance of sharp criticism of the central bank's relationship management and communications, contained in a report from the **NZ Initiative**.

Confidence indicators

Businesses remained pessimistic about the country's economic fortunes in the March quarter. A seasonally adjusted net 9% of firms surveyed in the **NZIER's quarterly survey of business opinion** expect economic conditions to deteriorate over the coming months compared with a seasonally adjusted 11% that had expected a deterioration in the prior quarter.

Economic indicators

The services sector activity expanded for the first time in four months in March, led by strong sales growth after a storm-dented start to the year. The BNZ-BusinessNZ performance of services index rose to a seasonally adjusted 58.8 last month from 55.3 in February. Meanwhile, the performance of manufacturing index (PMI) fell to a seasonally adjusted 52.2 in March from 53.3 a month earlier.

Retail **spending on electronic cards** rebounded in March on the back of increased grocery and liquor spending. Seasonally adjusted total retail spending on credit and debit cards increased 1% in March. Accommodation providers hosted a r**ecord number of guests** in the year to the end of February.

A record 39.6m guest nights were spent in short-term commercial accommodation, up 2.8% on the year. For the month of February, guest nights increased 2.1% to 4m from the same month a year earlier. International guest nights rose 6.6% to 2.1m, while domestic guest nights fell 2.4%to 1.9m.

No change to monetary policy stance implied in latest CPI

Annual inflation dipped to 1.1% in Q1. This was close to expectations and is unlikely to alter the RBNZ's view on the current inflation dynamics. Annual inflation is still expected to rise from this point and there appears to be no reason to expect any change in coming months to current monetary policy settings.

In fact, annual inflation was in line with market and RBNZ expectations, with the 0.5% sitting between the 0.4% market pick the RBNZ's 0.6% forecast. While a lower annual result could spark talk of a rate cut, that is not expected.

In part, the annual drop reflects the effect of a strong Q1 17 quarter dropping out of the annual calculations, while the most recent quarter's 0.5% inflation annualises at 2%.

CORPORATE ROUND-UP

Corporate actions

Fletcher Building strengthened its balance sheet, completing a $750m capital raise, with institutional investors paying a premium to the discounted offer in a bookbuild to clear leftover entitlements. Investors took up the remaining 2.2m entitlements in the bookbuild at a clearing price of $6.15 apiece, against an entitlement offer price of $4.80 and the theoretical ex-rights price of $6 a share. The institutional component of the capital raise has generated gross proceeds of $515m, with a 98% take-up.

It has also agreed a $500m standby facility with some of its banks in the event it can't reach new terms with holders of its USPP notes. Fletcher also announced plans to sell its **Formica** and steel roofing tiles businesses after a strategic review, retreating to its main NZ and Australian markets. The company also disclosed it is currently making o margin on the Puhoi-to-Warkworth roading contract it holds as part of the NX2 consortium.

Kiwi merino wool clothing maker **Icebreaker** was sold to US apparel giant **VF Corp** for $288m in a competitive tender process, Overseas Investment Office documents show. North Carolina-based VF Corp withheld the price paid when it announced the deal was completed with OIO approval.

Fonterra relented on its policy of withholding payment to suppliers for 90 days, promising to make payment to suppliers doing less than $300,000 p.a. business with the cooperative on the 20th of the month following invoicing. The move was welcomed by Small Business Minister **Stuart Nash**, who had campaigned against the practice.

Accident Compensation Corp has topped up its holding of **Metro Performance Glass**, taking advantage of a stock that has shed almost two-thirds of its value in the past 17 months and touched a record low last month. The state-owned accident insurer paid $2.1m for 2.5m MetroGlass shares between Dec 15 last year and April 12, paying an average 83c apiece.

ASX-listed incubator **Powerhouse Ventures** has ended plans to raise A$5.8m in a one-for-one rights issue, after two major shareholders offered to provide more capital.

Transport, tourism and logistics

Air NZ expects early engine maintenance checks will prompt some changes to its international flight schedule, but doesn't anticipate earnings to suffer and affirmed annual guidance. Last month engine maker Rolls Royce and regulator, the European Aviation Safety Agency, directed operators to carry out checks on certain engines every 300 cycles rather than the typical 2,000 threshold. The airline is also launching two new trans-Tasman services from Dec this year and adding an extra 15% seat capacity across all its trans-Tasman services year on year.

Lyttelton Port Co and the **Rail and Maritime Transport Union** reached agreement in principle on a new collective agreement for port workers, allowing a protracted period of industrial action to end.

Primary sector

Advisory firms hired by the **Commerce Commission** to look in to one component, the so-called 'asset beta,' that **Fonterra** uses to determine the farmgate milk price say it may be too low, meaning its farmer-shareholders are receiving a bigger payout than warranted under the company's enabling law.

Australia's **Longreach Oil** has agreed to buy **Happy Valley Milk,** which plans to develop a dairy factory in Otorohanga. Happy Valley Milk has consent for the plant that will specialise in processing A2 milk and organic milk into infant milk formula and other nutritional milk powder products, as well as anhydrous milk fat.

Comvita says it may face a takeover after an unnamed third party began undertaking due diligence to buy the honey products maker, with another update expected next month. Separately, the company downgraded earnings guidance on a poor honey season.

Zespri said corporate revenue from the 2018 allocation of the Gold3 license release will be $190m to $195m, or around $253,000-to-$260,000 per hectare, a figure that is up on the prior year.

Food and beverages

A2 Milk Co launched its second bid to break into the South Korean market with an exclusive distribution and sales agreement with **Yuhan Corp** for A2-branded products.

Fonterra invested an undisclosed sum in a new production line at **Apollo Foods'** Hawke's Bay site, capable of separately producing dairy and fruit-based drinks for the two companies.

Technology and innovation

Pushpay Holdings said annualised committed monthly revenue fell 19% in the March quarter, marking the mobile payments app company's first quarterly decline, which it blamed on seasonality and and a decision not to add smaller churches to its client base.

Healthcare and retirement services

Summerset Group bought land in Napier where it plans to build its second village in the Hawke's Bay city, while **Metlifecare** finalised a land purchase in Auckland's Hobsonville, its 18th village in the country's biggest city.

Retail and hospitality

Restaurant Brands' full-year profit rose 37% to $35.5m and the fast-food operator expects further growth this year. It plans to keep expanding overseas, targeting Australia and mainland US after successful forays into NSW and Hawaii.

Michael Hill International will pay US$4.5m to break leases and make staff redundant in its exit from the US after failing to find a buyer for its North American unit. The jewellery chain lifted sales 4.9% to A$441.6m.

My Food Bag founders Cecilia and James Robinson have stepped down from their joint ceo role at the home delivery meal company, and say a new head will be announced shortly.

Smiths City Group will write down several unprofitable stores by $4.8m as the rebranded Auckland stores struggle to gain traction with an unfamiliar clientele, pushing the retailer into the red for the current financial year.

Energy and resources

NZ Steel is persisting with its campaign to secure greater protection from Chinese imports, lodging its third complaint that dumped foreign-produced goods are undercutting local manufacturers. **MBIE** has started two new investigations into Chinese and Malaysian steel products, the third such probe triggered by **BlueScope** Steel subsidiary NZ Steel since it first sought an inquiry in 2016. Meanwhile, BlueScope has poached **NZ Aluminium Smelters** chief **Gretta Stephens** to head up its NZ and Pacific Island operations.

Trans-Tasman Resources has pushed out the deadline for its backdoor listing on the ASX by a month to June 30, giving it more time to put together materials for the **Manhattan Corp** shareholders' meeting where investors will decide on whether to back the deal. High Court hearings were held this week in Wellington to hear environmental groups' objections to the granting of an EEZ resource consent for the seabed iron ore miner to extract ironsands from the southern Taranaki Bight. The case may turn on whether the EEZ Act can be interpreted to allow 'adaptive management' techniques that would allow the mining operation to tweak its plans in response to learnings once mining is under way. Environmental groups argue that this is explicitly not permitted.

Both **TrustPower** and **Mercury** reported a further upgrade to expected earnings in the current FY, thanks to high hydro inflows to North Island catchments.

Telecommunications and media

Spark has bought broadcasting rights to the 2019 **Rugby World Cup** and several other competitions for an undisclosed sum and has tapped **TVNZ** to provide free-to-air coverage. It secured the rights to next year's Rugby World Cup, the Women's Rugby World Cup in 2021, this year's Rugby World Cup Sevens and the 2018 and 2019 under-20 world champs. No price was disclosed. The deal shuts **Sky Network TV** out of NZ's most valuable sporting property and plays to TVNZ's strategy of offering its broadcast packaging capabilities to content owners and producers who don't have in-house TV production capacity.

Vodafone NZ ceo Russell Stanners has indicated the local unit of the global mobile firm will not be seeking an NZX listing any time soon, having first raised that prospect late last year. The company will also defend 27 charges laid by **Commerce Commission** alleging false and misleading conduct, relating to marketing of its FibreX product.

The NZ Herald reports that **NBR publisher Todd Scott** has had to remortgage his home to meet additional security requirements sought by the newspaper's previous owner, **Barry Colman**, who vendor-financed the sale to Scott in 2012.

Securities market

NZX is seeking feedback on its second consultation on proposed listing rules, which would increase the minimum market value for issuers to $15m while lowering the free float requirement to 20%, trimming the minimum investor number to 300, and paring back half-year earnings reporting.

Unlisted Securities Exchange is working with three potential issuers it hopes to bring to market in the coming quarter as it tries to develop a deeper pipeline this year, having retained its exemption from licensing last month.

Professional services

Wellington insolvency firm **Shephard Dunphy** has thrown its lot in with **BDO**, making the accounting firm the country's third-biggest insolvency practice.

Parliament in recess

Parliament is adjourned for a fortnight after a four week session, during which two MPs left Parliament: former National Cabinet ministers **Steven Joyce** and **Jonathan Coleman**. **Nicola Willis**, a former Fonterra senior executive, was sworn in.

- *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

Local Government (Community Well-being) Amendment Bill: *Introduced April 5. Restores the so-called 'four well-beings' - social, economic, environmental and cultural - as responsibilities of local govt, removed in sweeping reforms begun by the previous govt. Restores power to collect development contributions for any public amenities needed as a consequence of development. First reading completed April 11; referred to the Governance and Administration Committee. Strongly opposed by National and ACT.*

Accident Compensation Amendment Bill: *Introduced April 12. Amends the Accident Compensation Act 2001 to address regulatory duplication, gaps, errors, and inconsistencies within and between different pieces of legislation, and updates the regulatory system. Most notably, it addresses entitlement issues for ACC payments and superannuation.*

Crown Minerals Amendment Bill: *Introduced April 5. Amongst the changes: clarifies timeframes for notifying the revocation of permits; clarifies processes for changes in control of permit participants; clarifies an access arrangement is needed for access to Schedule 4 land for minimum impact activities; clarifies ministerial responsibility for access arrangements in the common marine and coastal area and allows delegation of the Minister's powers for Mining Act licences.*

Local Electoral Matters Bill: *Introduced April 5 Provides greater flexibility to enable local electoral arrangements to adapt to changing circumstances. Its main provision is to support the conduct of "trials of novel voting methods", such as on-line voting.*

Tariff (PACER Plus) Amendment Bill: *Introduced April 12. Amends law to implement the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). Enables the application of preferential tariff rates under the Agreement and amends the rules on "goods re-entered after repair or alteration" in the Tariff.*

Companies (Clarification of Dividend Rules in Companies) Amendment Bill: *Introduced April 5. Member's bill in the name of Todd Muller (Nat). Amends the Companies Act to clarify dividend rules outlined in sections 36 and 53, where there is currently doubt about the ability of a company constitution to provide for "dry shares" – a term used in dairy cooperative ownership referring to shares not tied to milk production.*

Bills in progress

Commerce Amendment Bill: *Introduced March 28. Enables the Commerce Commission to undertake 'market studies' research into the structure and behaviour of markets and compel organisations and businesses to provide information. Repeals the cease and desist regime, introduces an enforceable undertakings regime, and makes amendments to the regulatory regime for airports under Part 4 of the Commerce Act. First reading interrupted on April 12 with National indicating it had some concerns about the Commission being able to self-initiate market studies.*

Land Transport Management (Regional Fuel Tax) Amendment Bill: Introduced March 22. Proposes a mechanism allowing regional fuel taxes to help fund transport infrastructure programmes. *First reading completed on March 28 with National and ACT opposed. It was referred to the Finance and Expenditure Committee with the shortened report back date of May 21. Ministers said a regional tax will be in place in Auckland by July, but no other councils would be allowed to implement a similar tax before 2021.*

Privacy Bill: Introduced March 20. *Completed first reading on April 11 and referred to the Justice Committee. All parties in support.*

Earthquake Commission Amendment Bill: Introduced March 22. Changes include increasing the cap limit on EQC residential building cover to $150,000 (ex GST), enabling EQC to accept claim notifications for up to two years after a natural disaster, rather than the current three-month time limit, with intended effect from July 1 2019. *Completed first reading March 29 with all parties' support. Sent to the Finance and Expenditure Committee.*

Brokering (Weapons and Related Items) Controls Bill: Introduced on June 27 2017. *Reported back from the Finance and Expenditure Committee on March 29, 2018 with recommendation it be passed with a number of amendments over jurisdiction and the burden of proof.*

Residential Tenancies (Prohibiting Letting Fees) Amendment Bill: Introduced March 22. *Completed first reading on April 5 with National opposed and referred to the Social Services and Community Committee.*

Bills passed or discharged

Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Bill: Introduced April 6 2017. *Completed third reading on March 27 with National still opposed.*

Education (Tertiary Education and Other Matters) Amendment Bill: Introduced Feb 8 2017. *Third reading completed on March 27.*

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