

Govt losing its shape again – how much does it matter? Page 2

The tensions in the coalition and the loss of the Prime Minister's day-to-day visible leadership should worry the govt as Winston Peters prepares to take over as acting PM. The birth of Jacinda Ardern's first child will enhance her personal popularity, but not that of the govt as a whole. That said, we expect Peters to be on his best behaviour while acting leader.

NZ First's attack on Fonterra – serious this time? Page 2

Shane Jones's attack on Air NZ earlier this year appeared to be an ill-disciplined flash in the pan. No so the attack on Fonterra, which is part of a strategy by NZ First to ensure it remains politically relevant and involves an element of political utu for perceived slights pre-election.

Methane compromise paves way for Nats on climate change Page 4

Simon Bridges's commitment to a bi-partisan approach to climate change policy is a significant break with the past. The potential to treat methane, a short-lived agricultural greenhouse gas, differently from others should help assuage National's rural support base.

US-style border documentation on the way Page 3

Somewhat ignored in the coverage of the govt's intention to introduce a foreign visitor levy is the proposal to introduce a pre-approval process for citizens of countries that do not require visas for travel to NZ. The Electronic Travel Authority process looks influenced by the US ESTA process.

Implications for employers in revived domestic violence law Page 8

A bill proposing additional responsibilities for employers in relation to domestic violence prevention has gained new life after stalling in the previous Parliament.

Return to tri-partitism ramps up

The govt's intention to return to a more structured tripartite approach to economic policy-making took another big step forward with the announcement of the creation of a Fair Pay Agreement working group that will make recommendations on the design of a sector-level bargaining system before the end of the year. The 10-member group will be led by former PM Jim Bolger. This month's Hugo Group breakfasts with Workplace Relations Minister Iain-Lees Galloway will be an opportunity to hear in greater depth the govt's plans in this regard.

Immigration and international student policy

Also on the agenda for our breakfasts with Minister Lees-Galloway will be the govt's immigration policy intentions, which continue to develop, most recently with the announcement of a new approach to international student visas, intended to maintain educational quality and deter exploitation of international students in the NZ labour market.

Govt losing its shape as hiatus looms

To the extent that the govt is a creature of the Prime Minister's personal popularity, the **multiplying range of mishandled issues, coalition tensions, and emboldened business community criticism** in the last fortnight **bodes ill for its performance through the rest of the year.**

While the birth of the first child for Jacinda Ardern and Clarke Gayford will capture public imagination, **the practical effect of having the PM either out of action or far less visible in the next six to eight weeks is risky for the govt** in its current state.

The Greens are divided over the first occasion on which a minister has had to follow the law and accept the compromises required of governing. As minister in charge of the **Overseas Investment Office, Eugenie Sage** was obliged to permit the Chinese investment a water bottling plant.

For **Green purists** who had both relished the big wins on oil and gas and climate change legislation and continue to oppose the flawed but unavoidable commitment to pass 'waka-jumping' legislation, the issue has become highly divisive. It **places additional pressure on James Shaw, perceived as business friendly and as pulling the party to the centre if not the right.** He has let new co-leader Marama Davidson front the media on the issue, allowing her to criticise the existing legislation while defending the decision. That tension will come on the Greens again and again and the party is demonstrating limited discipline to deal with the disappointments that are inevitable in govt.

Meanwhile, **NZ First has surprised the govt three times in a week:** forcing a partial backdown on abolishing the 'three strikes' law; **Shane Jones** attacking Fonterra's leadership; and **Winston Peters** signalling determination to pursue defamation action against senior public servants in a govt he will shortly have temporary responsibility for leading.

NZ First is clearly worried that its support continues to track below 5%. The National Party is putting it about that its pollster, David Farrar at Curia Research, has NZ First on 2%. Cue headline-grabbing by leader Winston Peters, whose decision to revive the court action against senior public servants over the pre-election leak of his pension overpayments just as he was about to take the reins as acting PM appears to have been deliberately calculated.

Jones's buffoonish performance before select committees on the way the Provincial Growth Fund is being allocated – so far with a **notable bias to the NZ First stronghold of Northland** – is perhaps less

cunning plan than Jonesian hubris. The combination of NZ First's efforts suggest deliberate attention-seeking by a worried junior coalition partner and suggests Peters's strategic adviser, former Waikato University academic Jon Johansson, has no significant capacity to influence events.

Particularly worrying the Beehive is that Peters' office has been resistant to advise and help from her office.

Without its charismatic leader to steady the ship over the next few weeks, Labour may struggle to establish equilibrium in a govt whose two key partners are showing signs of mutiny and disarray.

Our pick, however, is that this burst of populism will disappear when, and for as long as, Peters becomes acting PM. He is highly sensitive to suggestions that he will "misbehave" while minding the fort for Ardern.

The Peters/Jones corporate attack play

That said, the Prime Minister appears increasingly to lack authority to deal with errant NZ First ministers. The latest example is the solidarity that Winston Peters and Shane Jones have adopted after Jones's attack on the leadership of Fonterra.

While Ardern distanced the govt from Jones, saying he'd spoken in a personal capacity in a closed-door meeting at the annual Mystery Creek Fieldays, Peters backed Jones, while Jones's close Labour friend, Economic Development Minister David Parker, expressed sympathy for the criticism of Fonterra chairman John Wilson and the call for a restructuring of the cooperative.

Parker added to a sense of rising govt concern about declining business sentiment with his claim that the long-running ANZ Business Outlook survey was "junk".

Jones himself defended his right to make such comments as Minister for Regional Economic Development.

This is tried and true politics for NZ First, whose primary task is to survive each election ahead of coalition solidarity.

Ardern and Damien O'Connor are understood to have called Wilson to reinforce that the NZ First statements do not reflect govt policy. However, **they come at a time when the Dairy Industry Restructuring Act review is live,** and will be worrying Fonterra in the same way as Jones's attack earlier this year unhinged senior management at Air NZ. Jones told the Fieldays meeting he had proposed using the DIRA review to consider a wider restructuring of the cooperative. Those comments

will not have helped O'Connor's desire for a review that has demonstrable integrity.

The **electricity sector should watch this tactic of attacking soft corporate targets for political gain.** The electricity price review is the best indication of the visceral suspicion that Jones and Peters both share towards the electricity market and its largest participants.

Public service leadership

Notably absent from the reshuffle of public service CEO jobs confirmed was **CEO of MBIE**, where **Carolyn Tremain** has now been acting CEO since June 2017. That suggests there is further restructuring to come for MBIE; possibly the removal of immigration to become a standalone govt department (again).

Meanwhile, there is some murmuring in Wellington over the way the public sector CEO reshuffle was done in that none of the jobs were advertised and none went to women or Maori.

But State Services Minister **Chris Hipkins** has defended the process saying it was a way of keeping top talent within the public service and at the same time moving to more coherent and unified public service.

MBIE is not the only major agency lacking a permanent new leader. **MFAT's leadership is also now up for grabs.** Among clearly qualified candidates must be top trade negotiator **Vangelis Vitalis**, who won considerable early kudos from Ardern and David Parker for his performance in the talks that resuscitated the TPP deal at APEC, in Viet Nam, last year. **Also vacant is the CEO position for Phil Twyford's new urban development and housing agency.**

Northcote by-election

The unpopularity of National's **former Health Minister Jonathan Coleman's** decision to leave Parliament for a CEO position so soon after the election showed in the Northcote by-election result. Strong organising by Labour also played a role. National's share of the total vote dipped 1.7% and Labour's climbed by a respectable 8.6%. **Bidois's by-election night majority of 1,362 compares with Coleman's 6,210 2017 election majority**, with turnout of 19,900 around half election night levels (36,995).

ESTA-style pre-approval proposed for travellers

The govt is proposing to introduce a US govt ESTA-style Electronic Travel Authority system for travellers to NZ from most countries in the world. The ETA

proposal would cover citizens of visa-exempt countries. Australians would be exempt under CER free movement rules.

The move indicates pressure from the US and other Five Eyes intelligence network partners to improve border security. "A number of countries such as Australia, Canada and the US already have similar mechanisms in place," govt documents say, with the decision to implement such a system "primarily based on the benefits for border security, including for maritime travel, and for border automation and passenger facilitation. However, should ETAs be implemented, this would provide a mechanism for the IVL to capture travellers from visa waiver countries."

The proposal appeared as part of wider consultations running till July 15 on proposals to charge a levy of between \$25 and \$35 for international visitors to NZ spending less than 12 months in the country to collect between \$57m and \$80m annually.

Australian and most Pacific Islands Forum country citizens would be exempt. Collection would occur either at the time a visa being granted or the proposed ETA process. Business visa travellers would be exempt from the levy. Australian exemption is justified both because of the CER relationship and the fact that Australian tourists are known to be more price-sensitive than most other nationalities that account for large numbers of arrivals.

Funds raised would be split between tourism infrastructure and conservation activity to help cover a tourism infrastructure funding 'gap' estimated at around \$150m a year, with a view to implementation in 2H 2019.

New Housing and Urban Development Ministry

Phil Twyford's announcement that a new Ministry of Housing and Urban Development will be established from Aug 1 signals the next phase of the govt's ambitious housing agenda – building the bureaucracy to support it.

Arguably, this announcement should have been ready to go pre-Xmas 2017, based on pre-election policy formation. As it is, the decision is a potential source of delay, given the well-documented tendency for restructurings to slow execution.

RB Review 2.0

The government as "no current plans" to separate the Reserve Bank's monetary policy and prudential supervision responsibilities in the second phase of the review of the Reserve Bank Act.

However, it will take submissions on the issue-aimed at the financial stability role and broader governance reform, says Finance Minister Grant Robertson.

Prison reform

The govt's decision to replace the deteriorating jail at Waikeria with a small prison and mental health unit is a signal of intent that the govt is following through with its penal reform policy to lower NZ's prison population.

However, the means to achieving that remain illusive. Repealing the 'three strikes' law would have made little difference to the prison muster as that measure was largely symbolic, covering a tiny number of prisoners.

Large-scale changes are probably only achievable in Justice Dept sentencing guidelines are changed.

That, in turn, would require judges to take a more lenient view of the increasingly hefty sentences they have been required to implement by successive govts.

Achieving that puts Labour's liberal wing on a collision course with the sizeable, cross-party 'law and order' vote, as NZ First's objection to the repeal demonstrated.

Justice Minister Andrew Little is now talking up development of a broad package of reforms for coalition endorsement, probably next year. Three strikes repeal could still be part of that.

Treasury Living Standards Framework

The June 7 release of the independent report on Treasury's Living Standards Framework for public consultation is a step towards establishing a more comprehensive and pragmatic understanding of wellbeing in New Zealand.

The various market and non-market indicators used in the Framework to measure wellbeing offer an insight into the possible shape of future policy solutions and the way Budget 2019 will be framed.

The indicators cover the following 'wellbeing' issues:

- **Housing** - the quality and availability of dwellings;
- **Jobs & earnings** – examine people's ability to participate in the labour market, assessing both the quantity and quality of jobs;
- **Material standard of living** – covers goods and services that people consume and the economic resources they have access to, including household incomes;
- **Knowledge & skills** – involves having sufficient personal capacity to make informed life decisions, including through formal education and informally;
- **Self and aspirations assessment of mental states,**

beliefs, aspirations, including sense of self-efficacy and optimism;

- **Environment** – connects wellbeing to the quality of the surrounding natural environment, including water and air quality;
- **Civic engagement & governance** – quality of government, procedural fairness and the ability to freely participate in society;
- **Health** – a fundamental wellbeing measurement, including life expectancy and quality of life;
- **Safety** – attitudes towards risk of victimisation and perceptions of safety;
- **Social connections** – accounts for positive social interaction and broader social support networks to address feelings of loneliness and isolation;
- **Work-life balance** – available leisure time and the range of recreational opportunities seen as essential to wellbeing;
- **Cultural identity** – personal sense of belonging and connection to a culture and place;
- **Life satisfaction** – how people evaluate their lives overall.

Peace breaks out on Climate Commission

The National Party's decision to work collaboratively with the govt's Climate Change Commission is positive for predictability in emissions reduction policy and may reflect early signs of a way through the vexed question of including agriculture in the emissions trading scheme.

The govt discussion document on the Net Zero Carbon Bill proposes three alternative emission targets, one of which takes a relatively benign approach to the treatment of methane.

One target considers all greenhouse gases evenly. The other two options distinguish between accumulating greenhouse gases, such as carbon dioxide and nitrous oxide, and ones that are recyclable, like livestock-produced methane.

The latter was immediately embraced by farmers and attacked by Greenpeace as a "betrayal" offering a new way to let agriculture off the hook under a strengthened ETS.

The tailored approach acknowledges that methane dissipates more quickly than carbon dioxide and nitrous oxide. Ignoring the science would undermine the basis of the govt's climate change argument.

But the distinction puts further pressure on the strained relations between the Green Party's rank and file and its parliamentary wing. ■

Mixed signals for Q1 GDP

Moribund business confidence and cooled consumer sentiment since the change in govt make us nervous about whether the March quarter GDP result, due Wednesday, will come in at 0.5%, in line with earlier forecasts.

However, real economy indicators suggest real production-based expansion should just touch that level to deliver annual growth of 2.7%, absent revisions by Stats NZ. Note that is below the RBNZ's 0.7% forecast for the quarter.

A key indicator, the Quarterly Survey of Manufacturing, reflected weaker agricultural production, thanks to unhelpful weather, and lower building and forestry activity.

However, other elements of manufacturing came to the rescue to indicate moderate March quarter expansion. Services sector activity continues to show some variability.

Factors to watch for as undermining the March quarter outcome include Feb's vicious storms affecting construction and forestry, and disrupted vehicle imports caused by stink bug finds, and an early Easter cutting trading days in March.

Prospects for a more robust Q2 remain intact, with fiscal stimulus still to kick in from Q3, offset by signs that business investment and hiring intentions have weakened considerably.

Economic indicators

Housing

REINZ data showed house prices rose in May and more properties changed hands, with the national median house price reaching a record \$562,000 in May, up 5% from its year-earlier level and 2.2% higher than April. Meanwhile, QV said national residential property values edged up 0.8% in the three months through May to a median \$677,996, taking the annual increase to 6.9%.

Activity picked up across the Auckland residential property market in May although prices were weaker, Barfoot & Thompson said. The average sale price for May slipped 1.3% from April to a five-month low of \$918,465 and was 2.6% below May last year.

A total of 3.3% of 'home transfers' in NZ were to non-Kiwis in the first quarter, with activity concentrated in the Auckland and Queenstown markets, based on new data that tracks ownership changes, from Stats NZ. Queenstown-Lakes District was the most popular with foreigners (9.7% of all home transfers), followed by Auckland (at 7%).

Stats NZ data found the value of NZ building work was steady in the March quarter while the volume of total building activity dipped, weighed by a slide in non-residential building activity.

Services

The May Performance of Services Indicator edged up to 57.3 from 56.4 in April, suggesting accelerated expansion in this part of the economy. New orders surged strongly to 64.6 – a reading only bettered twice in the past 10 years. Employment also rose, following a slower period over recent months.

Manufacturing

Manufacturing sales volumes were boosted by transport equipment and machinery manufacturing in the first quarter. The volume of all manufacturing sales rose a seasonally adjusted 1.4% in the three months to March 31 while the value lifted 0.6%

Auto sales

New vehicle sales rose 7.9% to 14,169 in May from a year earlier, a record for that month, which the Motor Industry Association said was driven by a strong economy and discounted prices ahead of the agricultural Fieldays. New vehicle registrations increased 7.9% to 14,169 in May from the same month a year earlier.

Tourism

Guest nights fell 0.9% to 3.43m in April as an earlier Easter holiday kept a lid on domestic travel, while international visitor accommodation remained strong, especially in the South Island. Domestic stays fell 3.4% to 1.873m, while international guest nights gained 2.2% to 1.57m.

Wholesale trade

Wholesale trade rose for the eighth consecutive quarter in Q1, although the gain was the weakest result in two years. Seasonally adjusted sales advanced 0.1% in the March quarter.

Surplus tracking light

The govt's operating surplus was just above forecast in the first 10 months of the year, with higher-than-expected insurance claim costs affecting the out-turn. The operating balance before gains and losses (obegal) was a surplus of \$3.41b in the 10 months ended April 30 versus a forecast of \$3.25b in the Budget economic and fiscal update. ■

2018 CEO Retreat

The sixteenth annual CEO Retreat at Millbrook is scheduled to run from dinner on **Thursday August 16 to lunch on Saturday, August 18.**

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

We can confirm that Simon Moutter will be leading a session on Spark and the Agile operating model which many have expressed an interest in.

Mark your calendar now.

CORPORATE ROUND-UP

Primary industry

Danone plans to increase its investment in NZ infant formula manufacturing by acquiring up to 49% of **Yashili NZ Dairy Co**, the local unit of **China Mengniu Dairy**, according to a filing in Hong Kong. Terms of the deal haven't been finalised. Danone already trades with Yashili and has an existing ownership interest via the quarter stake in Yashili International it acquired in 2014.

Fonterra says it understands that the CEO search for **Beingmate** is "progressing well and they are close to having someone in place." The turnaround of Beingmate "is a key priority and we are working co-operatively with Beingmate's founder and majority shareholder to push for an urgent business transformation."

The **Commerce Commission** says it is concerned that the 'asset beta' Fonterra uses to determine the farmgate milk price is too low, meaning it ends up paying its farmers a higher price for their milk than would be warranted under the company's enabling law. "The impact of this is that Fonterra calculates a higher milk price than would be the case if it used a more feasible allowance for risk in the cost of finance, consistent with other processors," the commission said, seeking feedback on its view by close of trade on July 4.

Dairy product prices fell at the **Global Dairy Trade** auction, as whole milk powder slid amid higher-than-anticipated supply. The GDT price index fell 1.3% from the previous auction. Whole milk powder retreated 1.1% to US\$3,205 a tonne. Some 21,580 tonnes of product was sold, up from 18,161 tonnes three weeks ago. Fonterra's milk collection in NZ rose 2.3% to 120.3m kilograms of milk solids in April from a year earlier, largely due to favourable weather conditions and improved pasture quality in the South Island.

NZ **primary industry exports** are forecast to have grown 11.8% in the year ending June 2018 to \$42.6b, \$1b more than forecast, according to **MPI's Situation and Outlook**. The forecast for 2019 has also been revised up over the past year by \$820m and overall annual export growth is expected to range between 1.2%-to-2.6% between 2019 and 2022, with primary sector exports forecast to exceed \$46b by the end of the outlook period. Commodity prices rose 1.5% in May, marking their fifth consecutive rise, bolstered by cheese, skim milk powder and lamb. NZ dollar returns were helped by a decline in the currency against most major trading partners. The index rose 5.4% in the year. In NZ dollar terms, the index gained 5% in May and 6.8% on the year.

Aquaculture

Salmon-farmer **NZ King Salmon** is seriously investigating offshore aquaculture technology emerging in Norway, which could allow it to establish large-scale activity in Cook Strait and substantially increase its 13,000 tonnes p.a. production. The company continues to await a stalled ministerial decision on relocating several farms in the Marlborough Sounds, where it requires higher tidal flows to maximise production and reduce environmental impact. It is ruling out attempting to establish salmon farming in Fiordland, judging such proposals to be incapable of gaining public support of resource consents. It would consider sites in remote parts of Stewart Island, but both technical and environmental impediments there are pushing to consider open-water sites for long term growth.

SeaDragon expects its loss to narrow in the coming year as it works to secure more cash to fund longer-term growth. The fish oil manufacturer forecast a net loss of \$3.6m to \$4.6m in the March 2019 year from a loss of \$6.1m in 2018.

Energy and Minerals

In the same week as she announced a politically damaging decision to allow a Chinese-owned water bottling plant to establish NZ operations, **Green minister Eugenie Sage** knocked back the application by **Stevenson Mining** to establish an access route to a proposed coal mine over conservation land at Te Kuha, on the West Coast. The decision was made in her capacity as Conservation Minister while the water bottling decision came under her Land Information portfolio, under which she oversees the Overseas Investment Office.

The govt axed granting any future **offshore oil and gas exploration licences** without a formal Cabinet paper and with minimal analysis from officials, according to a dump of documents and emails from Energy and Resources Minister **Megan Woods**. She rejected analysis from MBIE that suggested an exit by Methanex from its Taranaki methanol plants would see production move to more carbon-intensive production in China, saying China's emissions reductions policy would prevent that outcome. The **primary concern of existing oil and gas exploration permit holders** is now whether petroleum mining permits will in fact be issued in the event of a major find or whether political considerations could hamper that.

Elsewhere, international petroleum industry publication **Downstream** reports that international research firms, such as **Schlumberger**, that invested in acquiring new seismic survey data in frontier basins

now off-limits to future exploration, are contemplating legal action against the NZ govt, seeking compensation for work that now has effectively no commercial value unless the policy is reversed.

Attendees at a meeting between **PM Jacinda Ardern, senior ministers and oil industry representatives in Taranaki** earlier this month reported a chink of potential for reversal. Ardern indicated advice from the **Climate Change Commission** on energy security could be a potential source of review.

Sir Ralph Norris's retirement from public listed corporate life continued with the announcement of his departure as chairman of **Contact Energy**, to be replaced by former Air NZ chief financial officer Rob McDonald from Sept 1.

A Contact spokesman was quoted as saying Sir Ralph had been invited by the board to consider his appetite for continuing to chair the board "after the Fletcher thing" – a reference to his chairmanship of Fletcher Building through a period of multiple earnings downgrades under the stewardship of former CEO Mark Adamson, who was effectively sacked last year. Sir Ralph came to Contact via the company's former cornerstone shareholder, Australia's **Origin Energy**, where he was a board member.

Mercury NZ has raised its earnings guidance for a fourth time as more rain around Taupo keeps the power company's North Island generation pumping out more electricity. Ebitdaf is expected to be \$555m in the year ending June 30. Earnings on that basis were \$523m last year.

Telecommunications

Russell Stanners is stepping down as CEO of **Vodafone NZ** after almost 15 years in the role, to be replaced by former **Spark, MediaWorks** and **TVNZ** executive **Jason Paris**, who had most recently taken a role with Vodafone in London.

Capital markets

NZ share trading continued to push higher in May despite ongoing global volatility as low-interest rates continue to fuel enthusiasm for the stock market. Total cash market trading on the NZX rose 73% to 340,204 trades in May from the same month a year earlier. Total value traded rose 36% to \$5b.

Construction and infrastructure

ASX-listed **Cimic Group** says it will deliver most of the work in the govt's new 500-bed prison in Waikeria plus mental health facilities for a further 100 people. Cimic said revenue from the deal will be finalised once the contract is executed, probably in the third quarter of this year, with the facility to open in 2022.

Transport and logistics

Air NZ is raising international fares by up to 5% immediately, as rising fuel costs impact the cost of long-haul services. Flights to the US, Canada, Argentina and Asia will rise on average by 3% and attract some surcharges, while trans-Tasman fares will also rise.

The increases accompany a code-sharing agreement with Qantas for domestic flights offered by both airlines on either side of the Tasman, reflecting Air NZ's exit earlier this year from its shareholding in Virgin Australia. Air NZ and Qantas, which are members of the opposing Star Alliance and One World frequent flier programmes respectively, will continue to compete on trans-Tasman and international routes.

Media

Radio NZ CEO Paul Thompson says the public broadcaster is keen to expand on content-sharing arrangements with other NZ media outlets, which provide RNZ with advertising it couldn't otherwise get. RNZ has done 25 content-sharing arrangements with various media outlets, and is looking to do more.

Thompson was identified this week as a previously-confidential expert witness to the Commerce Commission in the blocked **Stuff/NZME** merger, which the parties have appealed to the Court of Appeal.

Banking, finance and insurance

The **NZ Shareholders Association** wants to see the fine print of a restructuring plan put forward by **CBL Corp** directors Peter Harris and Alistair Hutchison. It is wary such a proposal could jeopardise legal remedies available in a liquidation. NZSA CEO Michael Midgley says it was hard to establish whether the plan was achievable and appeared to relate only to the NZ unit of a much larger corporate entity.

Corporate actions

Tegel Group posted a 24% drop in annual profit to \$26m while recommending shareholders accept a \$438m takeover offer from Philippines poultry company Bounty Fresh Foods. The independent directors of Tegel said unanimously recommended the Bounty offer, which is set to close on Aug. 25.

Commercial Property

Kiwi Property Group reiterated dividend guidance at its AGM and said its current projects are on track. The annual dividend for the year to March 31, 2019 will be 6.95c per share, up from 6.85c in the year to March 2018. 🏢

LEGISLATION

Back to work

Parliament resumed for a month-long session after a fortnight's adjournment. Much of the House's sitting time was consumed with the completion of the Budget Debate and other set piece debates. The end of the Budget Debate was marked by the first confidence vote of the year, which the govt won with National and ACT opposed.

Select committees were busy with the consideration of departmental estimates. Two contentious bills also continued to consume the attentions of some committees and MPs – the assisted suicide legislation and the medicinal cannabis bill.

We initiate coverage of a **domestic violence bill that stalled in the last Parliament and which may have significant implications for employers.**

- *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

Broadcasting (Games of National Significance)

Amendment Bill: *Member's Bill from NZ First's Clayton Mitchell, drawn from the ballot May 17. Identical to a bill voted down in the last Parliament with just NZ First and the Greens in support. Defines in law games and sporting events that must be broadcast live on free-to-air television. Awaiting first reading.*

Bills in Progress

Domestic Violence – Victims' Protection Bill: A Member's Bill from Green MP Jan Logie drawn from the ballot on Dec 1 2016. Enhanced legal protections for victims of domestic violence. Places duties of care on employers for employees who are victims of domestic violence, which is defined as a hazard employers must take all practical steps to stop exposure to. It creates a minimum entitlement to 10 days paid leave for domestic violence. First reading March 8 2017, with all parties in agreement, but Labour and National expressing doubts about details and impact on employers. Reported back on May 10 after delays due to a lack of agreement. National said existing flexible work arrangements were sufficient to meet the problems the bill was trying to fix. They said small businesses would find the bill challenging as the definition of domestic violence was broad and the new domestic violence leave entitlements significant. Labour supported the bill but with many amendments including removing the definition of friends and families of victims also being victims for the purpose of accessing the bill's entitlements and giving employers the right to ask for

proof. *Second reading completed June 14 with National and ACT opposed. Labour and the Greens indicated they had agreed on amendments and NZ First said they would also be putting up amendments to assist employers in dealing with complaints if they decline a leave request. NZ First also wanted the leave provision to be made tax-deductible for employers.*

Exclusive Economic Zone and Continental Shelf

(Environmental Effects) Amendment Bill: Introduced May 3. Allows recovery from an applicant of the actual and reasonable costs incurred in relation to a board of inquiry appointed under the Act to decide a marine consent. Completed first reading May 8 with support of all parties and sent to the Environment Committee. *Reported back on June 6 with no substantive amendments.*

Friendly Societies and Credit Unions (Regulatory Improvements) Amendment Bill: Member's bill in the name of National MP Stuart Smith drawn from the ballot on April 13. *Committee stage completed June 13.*

Land Transport Management (Regional Fuel Tax)

Amendment Bill: Introduced March 22. Proposes a mechanism for imposing regional fuel taxes to fund transport infrastructure. First reading completed on March 28 with National and ACT opposed, referred to the Finance and Expenditure Committee with 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. Reported back on May 21 with a number of minor amendments mainly around monitoring and the need for more adequate regulations over refunds for non-road fuel use. *Second reading on June 12 with the govt indicating it would look at non-road fuel use issues. National and ACT remained opposed.*

Legislation Bill: Introduced on June 20, the bill rewrites and replaces the Legislation Act 2012. It requires secondary legislation to be published on the Legislation website alongside Acts of Parliament. *Reported back on June 1 with a number of amendments most reflecting the difficulty in publishing all secondary legislation.*

Taxation (Neutralising Base Erosion and Profit

Shifting) Bill: Introduced Dec 6. Seeks to prevent multinationals from using: artificially high interest rates on loans from related parties (interest limitation rules); artificial arrangements to avoid having a taxable presence (a permanent establishment) in NZ; transfer pricing; and hybrid and branch mismatch tax system arbitrage schemes. Reported back on May 15 with a number of changes. *Second reading completed on May 23 and committee stage interrupted on June 12.*

Tribunals Powers and Procedures Legislation Bill

and Courts Matters Bill: Introduced on Aug 1. An omnibus bill to modernise and improve the efficiency of the courts and tribunals system. *Reported back May 25 with technical and other amendments.* 