

## **NZ First – a party in transition**

Page 2

Winston Peters appears almost certain to contest the 2020 election, but will be 78 by the time of the 2023 election, so the question of NZ First's transition to a party without Winston is starting to take shape. That was clear at the party's 25th anniversary conference in Tauranga.

## **Can Simon Bridges last?**

Page 3

Simon Bridges's capacity to score political own-goals – the latest over his handling of MP Jami-Lee Ross's departure on 'sick leave' – is adding to a growing expectation that he will not last as leader of the National Party. The question is only how long it will be before a challenge is mounted, particularly in the absence of obvious successors.

## **Jones on Chinese forestry investment**

Page 3

Forestry and Regional Development Shane Jones found Chinese officials highly receptive to his ministerial visit to promote foreign investment in NZ's forestry sector. However, they told him if the govt wants Chinese investment in timber processing, it will need to make processing a condition of investment. Japanese reaction to this will be interesting to watch.

## **Diary juggling act to get PM to China before Xmas**

Page 3

Hopes the Prime Minister would make it to Beijing this month have been abandoned. Finding mutually acceptable dates for Jacinda Ardern's first official visit as PM to China has proven challenging, but both sides are keen to find a window before Christmas. Ardern is likely to attend the APEC Leaders' Meeting in Port Moresby, in mid-Nov, but probably for only one day.

## **KiwiBuild consortia forming**

Page 5

A range of collaborations and consortia are starting to form ahead of the Nov 12 deadline for responses to the govt's invitation to participate in the KiwiBuild programme, with emphasis on prefabricated construction. Key to participation will be access to land. Would-be participants also want to see a more commercial approach to Housing NZ procurement processes.

## **Zero Carbon Bill submissions**

Page 5

MfE received some 3,000 unique submissions on the proposed Zero Carbon legislation with broad support for an all sectors, all gases approach and the establishment of an independent Climate Change Commission. However, submissions weighed in favour of legislating emissions reduction targets immediately rather than leaving that to the commission to determine.

## **Trade agreements – an increasingly tangled skein**

Page 4

The revamped NAFTA agreement, now called USMCA, appears to prevent Canada and Mexico entering FTAs with 'non-market' economies. This will complicate any desire China has to enter the CPTPP. Meanwhile, Australia and NZ appear to be irritating the more protectionist and less developed economies in the ASEAN-led RCEP negotiations because of their insistence on a 'high quality' agreement.

## NZ First in govt – looking beyond Winston Peters

Being in govt always changes NZ First, but as its leader approaches the twilight of his career and finds himself under new constraints, the party's experience in this govt is distinctive from previous stints.

Not only is it unable ride on waves of off-the-cuff populist sloganeering, but it is beginning to be required to have views on a much wider range of policy matters than in the past.

It is also showing signs of wider influences than Winston Peters alone, in part because Peters is being forced – a little unwillingly – to accept that his time is nearly up.

Peters is extremely prickly about questions on succession planning and **will almost certainly stand again at the next election, but that should be his last. He will be 78 in 2023.**

That realisation has spurred a **subtle contest to replace him**. There are three candidates – **Shane Jones, Tracey Martin and Fletcher Tabuteau**.

For party insiders, 44 year-old **Tabuteau may be the favourite**. He has been a member since he was 18 and his uncle is Tommy Gear, one of Peters' closest confidantes. His chapter on campaigning in the 2017 election in recently published "Stardust and Substance" gives a flavour of his deep experience of and commitment to the party from his roots in Rotorua. However, while presentable and articulate, he has shown little flair with the media limelight.

**Martin has strong party connections** as well. Her mother is Anne Martin, the party's longtime president, who is currently treasurer. Martin was rolled by **Ron Mark** as the party's deputy leader in 2015. Mark held ambitions to replace Peters but has fallen out of contention since.

While he's the party's highest-profile minister after Peters, Jones suffers both from being new to the party and open to accusations of carpet-bagging. His penchant for impenetrably baroque rhetorical flourishes makes him an even looser cannon than Peters, whose combative style may be infuriating, but is generally intelligible.

Jones's championship of the regions and attacks on large corporate interests, along with promoting an unashamedly interventionist, even mercantilist, style of govt plainly strikes a chord with both Peters and the hardcore membership.

He would not, however, have been a fan of the remits calling for refugees and migrants to pledge allegiance to "NZ values" – an issue that seemed to get away on the leadership at last week's 25th anniversary

conference.

Interestingly, **Peters glossed over Jones' contribution to the party in his conference speech whereas he paid effusive tributes to Martin, Tabuteau and Mark**. Jones himself felt obliged to defend his outspoken criticism of **Air New Zealand CEO Christopher Luxon** and **Fonterra** by saying that he said nothing without the full approval of the caucus.

## Managing coalition dynamics

One easily overlooked aspect of coalition dynamics is the role that caucuses play. Portfolio spokespeople in both the NZ First and Greens caucuses have to be routinely consulted on Cabinet decisions to allow the parties to form their own views.'

This was inevitably a far simpler process for National with the United Future, Act and Maori Party caucuses consisting of a total of four MPs.

In the current govt, the degree of consultation is considerably more complex, with backbench MPs holding portfolio responsibilities having to formulate and shepherd views within each party caucus.

**Each NZ First MP, for example, has up to 12 portfolios. If the party does not have a policy on an issue before Cabinet, then that must be taken to the caucus for a decision.**

This is cumbersome process, is slowing the govt down, and undoubtedly contributing to tensions within the coalition. However, it is also giving the NZ First caucus a crash course in the realities of govt.

**There are some big issues that are going to be difficult for the party.**

The most immediate will be the outcome of the **Dairy Industry Restructuring Act** review, where Peters and Jones favour a breakup of Fonterra whereas the party's agriculture spokesman, **Mark Patterson**, is opposed.

To counter the expected pressure from Peters and Jones, **Patterson is organising a series of meetings with dairy farmers** to "get their opinion" which he then intends to take back to the caucus. Farmer support for break-up is unlikely.

## A party in transition

This, then, is a **party in transition from a personality cult into a sustainable populist provincial party** with a hint of Muldoonism in its policy preferences.

The party received a lot of media attention over its xenophobic "**values**" debate about immigrants.

But **there was opposition to the remit** calling for a compulsory values test for migrants, particularly from the large number of Maori delegates present.

Martin, who is Minister of Internal Affairs and therefore in charge of citizenship issues, clearly hopes to channel this conference remit into a more acceptable **civics-based citizenship test such as Canada applies**.

It's all part of the party's challenge now which is how to survive as a junior partner in govt.

The party's Parliamentary Chief of Staff, the former politics professor **Jon Johansson**, has been addressing this and has been studying polling and also the performance and failure of the Alliance in govt.

He has briefed the caucus on this research, which was a course in how to be different without splitting the govt. Essentially, it boiled down to emulating Jones but less provocatively.

## Behind the scenes, how Ardern contributed to Peters's flare-up

It is now clear that the **Prime Minister's irritation with NZ First over its unexpected opposition to the reinstatement of Multi-Employer Contract Agreement (MECA) bargaining was the catalyst for the recent bout of coalition discord**.

NZ First insists that its support for employment law reform did not extend to supporting legislation signed off by Cabinet all the way through the select committee process. It claims it always intended to reserve judgement and seek changes if it wished.

However, that level of detail was never written into the coalition agreement, leading Labour to believe it had NZ First's full support for the Employment Relations Reform Bill.

When it transpired that Labour didn't have that support, Jacinda Ardern took that ill and made her feelings known to Winston Peters.

Cue Peters acting up on the refugee quota. From a public perspective, the refugee issue seemed to arise first, but the employment law spat had already occurred by then.

**Preventing future public flare-ups of the sort described above is now a priority in the Beehive and has focused attention on the quality of coalition management.**

That is understood to have led to Helen Clark's formidable former right-hand woman, **Heather Simpson**, being asked to run the rule over Labour's Beehive staff. Simpson assisted in the govt transition.

## Jones on Chinese forestry investment

Forestry Minister Shane Jones returned from a trip

to China and Japan to promote foreign investment in NZ wood processing with a message that may prompt more Chinese investment while rattling Japanese interests.

Meeting with officials in Beijing, Jones was told that govt-driven Chinese investment occurred in response to host countries' explicit policies.

In other words, unless NZ govt policy required investment in domestic processing, significant new Chinese investment was unlikely to be forthcoming.

However, China would invest if those were the rules.

That is unlikely to have gone down well at the Japanese embassy, which has been running interference on a Chinese plan to build a \$180m particleboard plant in Kawerau.

Japanese investor Oji has expressed concern over whether there would be sufficient supply of woodchips if the Chinese plant goes ahead, although the concern is likely as much about higher prices for raw inputs. However, Japanese capacity to respond is limited at present in Wellington, where a new ambassador is a few weeks away from starting work.

## Bridges's replacement – a growing conversation

Criticism of Simon Bridges's leadership of the National Party is becoming entrenched.

His handling of Jami-Lee Ross's need to take personal leave from Parliament may not have mattered, were it not for the fact that Ross's departure is being linked in the public mind with Bridges's equally ill-judged inquiry into the leaking of his travel expenses.

The media is convinced the leak was an inside job from a disgruntled caucus member who may also be experiencing mental health difficulties.

The implicit link is all the stronger when taking into account the fact that **Bridges has stripped Ross of his shadow portfolios. Permanent portfolio reassignment is not consistent with giving an MP time out to sort out routine health issues**. For "potentially embarrassing" health issues, however, it appears a different standard is being applied.

**There is speculation that Ross, who has to date been considered a Bridges loyalist and numbers man, may not return to Parliament at all.**

Bridges also scored poorly in the NZ Herald's annual

### PM to China?

Fresh from the domestic political success of her appearance at the UN General Assembly, Jacinda Ardern is turning her sights to her first official visit to Beijing. However, diary difficulties are being blamed for difficulties locking down times. Hopes for a late October visit have been shelved, but a pre-Christmas trip is still in prospect. Heightened tension with the US and Australia make the trip important to the Chinese authorities.



Mood of the Boardroom survey of CEO opinion, rating worse than the string of Labour Party leaders between Helen Clark and Jacinda Ardern.

National's polling has held up well since the election, but if it starts to slip, the blame will be assigned to Bridges rather than a strongly performing coalition govt. Once the chatter starts on a leadership change, it is difficult to turn back.

**Women dominate the most likely top contenders: Paula Bennett, Amy Adams, and Nikki Kaye. Judith Collins** remains a polarising figure but would probably contest the leadership and may even be sufficiently aggressive to be the MP who forces the issue.

## Trade agreements – an east-west split emerging?

**NZ and Australia may come under pressure to exit the 16-country negotiations for RCEP**, the Regional Comprehensive Economic Partnership project led by ASEAN and strongly backed by China.

Reports from an Asia-NZ Foundation 'track two' dialogue trip to China last month by six NZ China-watchers suggest both Australia and NZ are seen as the blockage to a deal that China would like to see concluded sooner rather than later.

The **trans-Tasman neighbours are insisting on a 'high quality' agreement**, consistent with the CPTPP. While China sees CPTPP's final shape as easier to comply with than earlier versions of the then-TPP. But a high quality FTA would represent significant hurdles for protectionist India and less-developed RCEP members such as Laos and Myanmar. **NZ and Australia could be "politely invited to exit"** RCEP, the next round of negotiations for which are in Auckland later this month.

Meanwhile, the **revamped and renamed NAFTA** - the US Mexico Canada Agreement - includes dairy access to Canada that resembles the CPTPP, but also appears to carry a major barrier to China's ambitions eventually to join the CPTPP. **It includes clauses that prevent Canada and Mexico from reaching new FTAs with "non-market" economies.**

While **China is recognised as a market economy by most members of the World Trade Organisation** - NZ was the first developed economy to do so - **the US does not.**

The dialogue participants reported that, **in response to hardening US attitudes to China on trade, Beijing is increasingly embracing the WTO structure.** This chimes well with the calls from many leaders at the UN General Assembly to bolster a multi-lateral, rules-based global order after Donald Trump put the US onto an isolationist track.

## Going through the motions on the oil and gas ban

It is too strong to say the govt does not care about the highly critical regulatory impact statement from MBIE on its legislation to ban granting of future offshore oil and gas exploration permits.

In fact, it has almost certainly burnt more political capital on this single decision than it expected and will be wary about such adventurism again.

While the calculations of lost economic opportunity and Crown revenue are almost meaninglessly elastic, there is no argument about the likelihood the measure will not reduce and may increase global greenhouse gas emissions.

By putting the draft legislation to a four week select committee process, **the govt is expecting a flood of supportive submissions.** The fact that the submissions process pushes the 2018 Block Offer process into 2019 is minor collateral damage, from the govt's perspective. **It regards the court challenge from Greymouth Petroleum as grandstanding.**

Likewise, it is counting on PEPANZ, the oil and gas industry lobby group, to continue its lacklustre track record of public engagement on the issue.

Meanwhile, **OMV has quietly signalled its intention to drill two new wells offshore in existing Taranaki permits in the summer of 2019/20.**

## R&D tax credits – criteria will require more definition

The key question for the govt's new r&d tax credit - beyond whether it will have the desired effect of spurring innovation and productivity - is whether its apparently generous parameters are fiscally sustainable. Key features are:

- 15% deductibility on qualifying expenditure, for NZ-based activity, including by foreign-owned entities, in a range of \$50,000-\$120m p.a.;
- from next financial year (2019/20);
- cannot be combined with Callaghan Growth Grants, which wind down through March 2021;
- qualifying expenditure requires scientific or technological advancement of products, processes or knowledge;
- universities, CRIs, govt agencies eligible.

Significant detail, especially on compliance and application pathways, remains unclear. There is also no fix for loss-making companies undertaking eligible r&d - a major shortcoming that minister Megan Woods says was because the govt "ran out of time" to complete that work.

## Zero Carbon Bill submissions – majority favours all gases

Some 3,000 unique submissions have been received on the gov't's Net Zero Carbon Bill, with majority support for an all sectors, all gases approach.

Two-thirds also favoured a legislated target being established immediately rather than leaving target-setting to an independent climate change commission. That was despite broad support for the creation of such a body to oversee and advise on climate change action.

Around 60% said emitters should not have the option of using recognised emissions credits from the international carbon market. However, local gov't submissions were 60% in favour of access to international carbon credits. Businesses were more evenly split on the issue.

Fonterra supported a firm ceiling on carbon while aiming to stabilise methane emissions by 2050.

A net zero target for all gases would likely have "significant negative impacts" on the livestock sector and rural communities, Fonterra said.

Some 58% of submissions backed an all gases approach, although a fifth of submissions favoured a target that was net-zero by 2050 for long-lived gases – like carbon dioxide – but sought only to stabilise shorter-lived gases like methane.

The latter approach has been recommended by a series of recent analyses, most notably from Parliamentary Commissioner for the Environment, Simon Upton.

Meanwhile, documents leaked to international media show that Poland, host to this year's global climate change summit, is highly focused on the rules for the treatment of forestry for carbon sequestration.

That may bode well for NZ, whose short to medium term climate action plan is highly dependent on the use of plantation and permanent forestry to sequester carbon ahead of longer term technological solutions to mitigate and reduce emissions.

## Key questions on KiwiBuild

As the Nov 12 deadline for responses to the gov't's Invitation to Participate in KiwiBuild approaches, consortia are forming and key questions on the shape of the programme are starting emerge.

Among them is the potential for some tension over the gov't's prioritisation of skills training as a key element in the procurement process.

A posse of ministers led by Building and Housing Minister **Jenny Salesa** announced the latest element

of the gov't's skills policy to meet construction market labour shortages this week. Economic Development Minister David Parker stressed commitment to skills training would be a vital element in successful tenders for KiwiBuild participation.

However, would-be participants in KiwiBuild – particularly those proposing new and pre-fabricated construction methods – want to know whether traditional gov't procurement formats will be flexible enough to deal with a range of competing options. Existing gov't procurement practice is perceived as tending to extract IP from would-be tenders before awarding work to the lowest cost bidder.

Also on ITP respondents' minds is the extent to which successful bids for participation will require access to land. A range of consortia involving existing owners of substantial residential land tracts and would-be housing construction participants is expected.

The treatment of promoters of novel construction methods that may not have well-established NZ businesses is also of concern.

## Economic indicators

The **NZIER September QSBO** confirmed other measures of the decline in business sentiment. A seasonally adjusted net 28% of respondents were pessimistic about the economic outlook, the worst reading in the survey since March 2009. In March, a net 21% of firms were pessimistic. More than half said gov't policy was a major factor, with larger businesses more concerned about policy than smaller businesses. Retailers, manufacturers and builders were more concerned by labour shortages and costs, and declining consumer confidence.

**The ANZ Roy Morgan consumer confidence index** was unchanged at 117.6 in Sept, around its long-run average. The current conditions index was down 3.3 points to 120.2, while the future conditions index rose 2.2 points to 115.9.

**NZ commodity prices** fell in Sept for the fourth consecutive month. Five of the six categories weakened in the ANZ's monthly index. The index fell 1.8% in Sept, down 3% for the year.

Growth in **house prices** slowed for a fifth month, led by declines in Auckland and Christchurch, as measured by **Quotable Value**. Sale prices in Sept averaged \$676,427 nationwide, 4.6% more than a year earlier, or 3.1% after adjusting for inflation.

Sept **new vehicle registrations** of 13,910 vehicles were down 4.0% (597 units) on Sept 2017. Year to date the total is up by 1% (1,161 units). ■

**CORPORATE ROUND-UP****Primary sector**

Dairy prices have now fallen at every **GlobalDairyTrade** auction so far this season, with this week's auction showing a further 1.9% fall in the GDT price index. A combination of strong production volumes early in the season, some easing of global demand, and higher global production supported by low grain prices, are all having an impact. The lower NZ dollar has supported returns to NZ farmers, but not sufficiently to offset the reduction in international prices. **BNZ** has dropped its 2018/19 season price to \$6.30 per kg/MS, down from \$6.60.

**Westland Milk** cut its forecast for the 2019 season to a range of \$6.50 to \$6.90 due to weak global butter prices. It announced a final 2018 farmgate return of \$6.12 per kg/MS, near the bottom end of guidance of \$6.10 to \$6.40.

Some 68% of sheep and beef farmers surveyed in the August 2018 quarter by **Beef and Lamb NZ** were confident about the future, the highest level since the survey began in 2010.

**NZ merino wool** prices are being pushed up as Australian farmers cull stock due to drought. 18-micron merino wool sold at \$28.90/kg at a South Island auction, up from \$22.40/kg at the same time last year and the five-year average of \$16.70/kg for this time of year.

Danish producer **DLF Seeds** says its research capability makes it a strong potential acquirer of **PGG Wrightson's** grains and seeds business. The firm is seeking clearance from the **Commerce Commission** for the \$421m purchase. PGG Wrightson Seeds accounted for almost a third of the Wrightson group's \$1.19b of revenue in the June year and more than half its \$45m operating earnings.

**Energy**

**Infratil** raised its full-year earnings guidance on the performance of its US Longroad Energy business. It is expecting underlying operating earnings will lie between \$540m and \$580m in the year to March 31, 2019. The increase reflects a \$34m improvement in the contribution it expects from Longroad.

**Cameron Burrows** will take over as **Electricity Retailers Association** CEO from Oct 29. The economist worked as chief policy advisor to **John Key** and **Bill English**.

**Transport, logistics and tourism**

**Hawke's Bay Regional Council** is recommending to ratepayers the council sell up to 45% of the **Port of Napier** to free up capital and diversify the council's investment base. An **NZX listing** would result from an

IPO that could raise \$181m.

**Ports of Auckland** reported net profit after tax of \$76.8m compared to \$60.3m for the previous year. Revenue lifted from \$222.4m to \$243.2m. Chair **Liz Coutts** said the port faced pressure to increase efficiency as container shipping lines continue to consolidate.

Wellington's **CentrePort** recorded an underlying net profit after tax and before fair value and earthquake impact adjustments of \$11.8m, a 37% increase from \$8.6m the previous year. Strong trade volumes saw revenue increase by 16% from \$63.7m to \$73.8m.

**Air NZ's** jet fuel prices risen in recent weeks above the assumed average for the current financial year of US\$85 a barrel in recent weeks. However, it made no change to its forecast of underlying earnings before tax of \$425m to \$525m for the current financial year. Passenger growth was forecast across all networks.

The **US Navy** has awarded **Air NZ Gas Turbines** a USD\$17m contract to service 12 General Electric LM2500 Power Turbines powering some of the navy's cruisers.

**Construction**

**Steel & Tube Holdings** shares jumped 21% after the board rejected an offer from **Fletcher Building** for \$1.70 a share, saying it significantly undervalued the company. The bid was a 27% premium on its previous closing price, but after the announcement, the stock rose 28 cents to \$1.62.

**Residential building consents** ended two months of declines in Aug. Seasonally adjusted consents rose 7.8% to 2,713, reversing a 11% decline in July. Stats NZ said new house permits also increased for the first time in three months, edging up 0.2% to 1,667.

**Banking, insurance and finance**

The **Reserve Bank** paid a \$430m (last year \$145m) dividend to the Crown after a \$237m gain on foreign exchange revaluations in the year ended June 30, compared to a loss of \$66m in 2017. The bank's surplus increased to \$456m from \$155m.

The **RBNZ** is also proposing to develop a 'dashboard' reporting system for insurance companies and non-bank deposit-takers, following what it says is the success of its bank sector dashboard.

**Capital markets**

**NZX** is facing pressure, instigated by one institutional shareholder, **Evolution Capital**, to concentrate its efforts on improving its record of equity listings and boosting trading activity, while divesting other activities. Evolution is pushing for a



special meeting of shareholders.

The number of trades on the NZX climbed 47% to 279,746 in September from a year earlier, although the value traded shrank 7.7% to \$3.54b. There was a 48% increase in equity transactions to 277,252 with a 5.8% decline in value to \$3.42b. Debt trading dropped 21% to 2,494 with the value down 41% to \$123m. The secondary market had \$187m of new capital raised across 122 events, taking the year-to-date total raised to \$3.63b. Futures trading was up 17% to 24,101 from a year earlier and options lots more than trebled to 9,520.

The **NZ Superannuation Fund** returned 12.43% in the year to June 30. It ended the year at \$39.37b, up \$4b, and has returned 10.4% since inception.

A bid by **Bounty Holdings** bid to buy **Tegel Group** was approved by the Overseas Investment Office. The Philippines poultry company owned 13% of Tegel when it lodged the \$1.23 per share takeover in May. The OIO approval secured it control due to a lock-up arrangement with cornerstone shareholder **Affinity Equity Partners**, which had a 45% stake.

## Commercial property

**Prime office rents** in Auckland's CBD are expected to rise by up to 5% a year until more supply becomes available in 2020. Colliers International said prime office vacancy in Auckland CBD decreased for the first time in almost three years to 3.5%. Secondary vacancy increased to 8.1%, still below the long-term average.

## Healthcare

**Orion Health Group** investors signed off plans to split the business and return capital to shareholders. Orion will sell its Rhapsody unit to UK private equity firm Hg for \$205m, dilute its stake in the population health management unit, and retain full ownership of its hospitals division. After capitalising the joint investments, the remainder of the funds will be used to buy back shares at \$1.16 to \$1.26 a share. A review of Orion's listing will occur at that point.

## Retail and wholesale

**Hallenstein Glasson Holdings'** annual profit rose 58% in the year to Aug 1 to \$27.4m. Annual sales rose 16% to \$277.6m. In its largest business, the Glassons womenswear brand, annual profit in NZ rose 31% to \$10.6m as sales lifted 8.1% to \$96.7m. Profit at **Glassons Australia** jumped to \$8m from \$1.4m as sales increased 57% to \$78.4m. Hallenstein Brothers increased profit 19% to \$8.9m as sales lifted 6.4% to \$96.9m.

**Warehouse Group's** annual earnings fell 13% in the year to July 29. Net profit adjusted for one-time items was \$59m and net profit was up 12% to \$22.9m including a number of one-off items, such

as a \$25.6m write-down in the goodwill related to **Torpedo7**. It has appointed **Facebook's** MD for Australia and NZ, **Will Easton**, to its board.

## Telecommunications and media

The **Court of Appeal** rejected an application by **Stuff** and **NZME** to overturn the **Commerce Commission** block of their proposed merger. They argued the commission should have ruled on efficiency grounds only, but the court said it was right to look at media plurality as well as economic considerations.

**Hawaiki Submarine Cable** has contracted with US-based **Ciena Corp** to increase capacity on its 15,000km deep-sea fibre optic cable. The cable started operating in July with a capacity of 43.8 terabits of data a second and plans to upgrade to 67Tb/s.

## Services

**Straker Translations** will use almost two-thirds of the A\$21.2m raised in an IPO to chase further growth. The online translations company will sell 12.2m new shares at A\$1.51 apiece and existing investors **Bailador Technology Investments** and **Milford Asset Management** will sell a further 1.9m existing shares into the offer. Auckland-based Straker is expecting to list on the ASX around Oct 22.

## Govt levies

**ACC** is proposing increasing its petrol levy by 1.9 cents a litre and the average annual car registration levy from \$113.94 to \$127.68 – a 12.1% increase. ACC also wants to increase workers levies by 2.5%, from \$1.21 for every \$100 of liable earnings to \$1.24. Employers levies would decrease, from 72 cents to 67 cents per \$100 of liable earnings.

The govt is considering abolishing annual **vehicle registration fees**.

**Cabinet** approved a new **international tourist levy** of \$35 per visitor. The estimated \$80m a year raised will go to tourism and conservation projects. It will require legislation. Australians are among those exempted.

## Appointments

**Ross Wilson** has been appointed the new chair of the **WorkSafe NZ** board. A former head of the **Council of Trade Unions**, Wilson has been acting chair since **Gregor Coster's** resignation earlier this year.

**Chapman Tripp** has appointed **Sophia Gunn** as its new chief operating officer. She spent 18 years as chief operating officer at **Deloitte**.

**Trevor Edwards**, MD of Superheat, has been elected as president of **The Manufacturers' Network** (formerly NZMEA). ■

## LEGISLATION

## Sitting calendar for 2019

Parliament's business committee has issued a draft sitting calendar for 2019, with the House first sitting a little later than usual in the new year, on Feb 12. This year's experiment with a consistent four weeks on/two weeks off schedule proved unpopular with MPs. Next year will see a three weeks on/two weeks off format. Parliament is currently in a two-week recess after a fractious four weeks in which waka-jumping law, aka the **Electoral (Integrity) Amendment Bill**, was passed after the govt sought extended sitting hours to overcome a National Party filibuster. National has vowed to repeal the law, if re-elected. Employment relations law returned from select committee.

- *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](http://www.thehugogroup.com)*

## Bills Introduced

**Crown Minerals (Petroleum) Amendment Bill:**

*Introduced Sept 24. Enacts April's decision to stop issuing new offshore oil and gas exploration permits, allow new onshore Taranaki permits only, until a review in 2020. Onshore petroleum exploration permit holders to access conservation land only for minimum impact activities. Offshore petroleum mining permits only for exploration permitted before the Bill comes into force. First reading Sept 26 with National and ACT opposed. Referred to the Environment Committee for report back Oct 11.*

**Equal Pay Amendment Bill:** *Introduced Sept 19.*

*Establishes a process for pay equity claims and prohibits over pay for work performed mainly by women. Creates a claim and resolution process; permits the courts or the Employment Relations Authority to award an amount of back pay in a pay equity determination.*

**Education Amendment Bill (No 2):** *Introduced Sept 13.*

*To ensure the Education Council makes decisions in the context of govt policy, enables establishment of communities of online learning, ensures children cannot begin school before age 5. First reading on Sept 27 with National and ACT opposed.*

## Bills in progress

**Employment Relations Amendment Bill:** Introduced Jan 29 was read a first time and referred to the Education and Workforce Committee on Feb 1 strongly opposed by National. *Reported back Sept 7 with mainly technical changes. Further changes are likely in the committee stage with negotiations between the govt parties ongoing.*

**Building Amendment Bill:** Introduced Aug 15. The Bill proposes two new sets of powers to improve the system for managing buildings after an emergency and to provide for investigating building failures. *First reading on Sept 11 with all parties in support and referred to the Transport and Infrastructure Committee.*

**Financial Services Legislation Amendment Bill:**

Introduced Aug 3 2017. Creates a new regulatory regime for financial advice. *Second reading completed Sept 12 with all parties in agreement.*

**Telecommunications (New Regulatory Framework) Amendment Bill:**

Introduced Aug 8. Establishes a regulatory framework for fibre fixed-line access services; removes unnecessary copper fixed line access service regulation; streamlines regulatory processes; provides more regulatory oversight of retail service quality. *Second reading completed Sept 18 with all parties in agreement.*

**Commerce Amendment Bill:**

Introduced March 28. Enable Commerce Commission 'market studies', with power to compel information provision. *Reported back Sept 12; minor changes and party positions unchanged.*

**Commerce (Criminalisation of Cartels) Amendment Bill:**

*Reported back Aug 17 with no changes. National still opposed. Second reading interrupted on Sept 27.*

**Tasman District Council (Waimea Water Augmentation Scheme) Bill:**

Introduced Aug 14 2018. A local bill from Nick Smith to enable the Waimea Dam to be built. *After a delay while funding was finalised the Bill received its first reading on Sept 19 with only the Greens opposed. Sent to the Governance and Administration Committee with a shortened time frame. Submissions close Oct 5 with report back due by Nov 7.*

**State Sector and Crown Entities Reform Bill:**

Introduced Feb 12. *Committee stage completed Sept 12, third reading on Sept 13, with all parties in agreement.*

**Tariff (PACER Plus) Amendment Bill:** Introduced April 12. Implements the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). *Second reading completed Sept 4, third reading Sept 6, with the Greens opposed.*

**Earthquake Commission Amendment Bill:**

Introduced March 22. Includes: 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 disaster, and removing EQC insurance cover for contents for effect from 1 July 2019. *Reported back Sept 28 with a small number of changes, including to the time limits for claims.*

**Consumers' Right to Know (Country of Origin of Food) Bill:**

A bill from former Green MP Steffan Browning (now Gareth Hughes) drawn from the ballot on Dec 8, 2016. Sets up mandatory country of origin labelling or single component foods. *Second reading interrupted Sept 19 with all parties indicating support, but National warning that the bill grants excessive ministerial powers.* 