

## Covid-19 - at worst a 'technical' recession

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Economic forecasters expect GDP growth to be much weaker than previously forecast in the first half of 2020 because of the impact of covid-19/coronavirus. If second-round effects are severe, one or even two quarters of negative growth - the latter meeting the definition of a technical recession - could occur. The absence of structural or cyclical elements in such an outcome, however, reduce the gravity of that risk. It would still present a political headache for the govt as the election approaches.

## RBNZ 'looking through' the virus impact

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The expectation of a short, sharp impact from the global virus outbreak is reflected in the RBNZ's hawkish monetary policy stance at its most recent review. That caught many by surprise, but is consistent with a surge in house price inflation and ongoing very tight labour market conditions. An OCR increase is still more than a year away.

## NZ First's donations swamp

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There are deep tensions in NZ First over the handling of the NZ First Foundation issue, and the involvement of Winston Peters 'enforcer' Brian Henry and the reported involvement of self-styled political Svengali Simon Lusk. Labour remains confident that NZ First will be returned to Parliament, but the two publicly available opinion polls taken this year say the party could struggle to reach the 5% party vote threshold.

## Energy minister eyes 'market failure' intervention powers

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Oil and gas producers are concerned by proposals to confer ministerial powers to intervene and allocate gas and electricity in the event of 'market failure'. The proposals should be 'low-impact', a Dec Cabinet paper released last week says. Greater gas market disclosure might be a good first step.

## Referenda heading in different directions

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The binding referendum on euthanasia law reform looks almost certain to pass but support for decriminalisation of cannabis is much more finely balanced, with public opinion possibly starting to swing against the proposition.

## Ihumatao still 'stuck'

NZ First's implacable opposition to recognising the Save Our Unique Landscape movement's claim to represent the legitimate interests of local Maori continues to stall a resolution. However, NZ First's sinking status in the coalition may force the issue open.

## Sustainable NZ on the ropes?

As Hugovision went to press, news reports were emerging that the Sustainable NZ party, launched late last year by former Green candidate Vernon Tava, is in danger of imploding.

## NZ First - internal dissent

Tensions are rising in NZ First over the handling of the allegations that have led to the Serious Fraud Office investigation. There is a concern among some MPs and senior staff that the lawyer, **Brian Henry, and the political consultant, Simon Lusk, have too much influence within the party**, particularly on Winston Peters. Relations between Henry and Shane Jones are bad, and Jones refused to invite him to his annual Waitangi party this year.

Lusk is believed to have been employed by a donor to the party rather than working for the party itself. Both he and Henry have long had a close association with the "Dirty Politics" blogger, Cameron Slater, who is now behind the BFD website on which the photographs of RNZ journalist, Guyon Espiner, meeting with former party president, Lester Grey appeared.

**Party officials believe that shortly after he took over the presidency, Grey surreptitiously downloaded a swag of data off the PC of NZ First Foundation director, Doug Woolerton.** They believe that it is now being drip-fed to Espiner.

**The party, and particularly its leader, are under intense pressure at present** and it couldn't come at a worse time with them languishing in the polls at below 5%.

National have begun their campaign in the Northland seat which Shane Jones looks like needing to win if the party is to come back to Parliament. While Northland MP Matt King has no national profile, the party has been spending up large in Northland local media for months to promote him. Jones can't get cut through when all the media want to talk about is the events surrounding Grey and Espiner and the revelations flowing from them.

Meanwhile, Peters has decided to avoid talking to the media altogether and instead go direct to his followers via social media. Though his caucus is quietly and discretely criticising him, **any attempt to roll him would seem highly unlikely.** The obvious candidate would be Jones, but he tends to stand apart from the caucus and would be unlikely to get their full support at the moment. He has proved a divisive figure politically. A more likely caucus favourite at present would be Fletcher Tabuteau, but he has almost no public profile at all. Tracey Martin, a party stalwart who has impressed as a Cabinet minister able to work with Labour, harbours ambitions.

If Jones can rescue the party in Northland, then that raises a question about Peters' future as party leader. The caucus would be forced to choose between Jones and Peters. The events of the past few days will not

have enhanced Peters' chances of hanging on.

## PM hangs back

The Prime Minister's unwillingness to engage on the NZ First Foundation issue risks making her appear weak or unable to handle Peters. There is an element of fear about his capacity to create sufficient turmoil, if cornered, to force the govt into uncharted waters.

Some Beehive insiders suggest she will tough out the next few weeks to allow more clarity to emerge about the SFO inquiry and the extent of the leaks still to come from the records obtained by RNZ and Stuff.

In particular, Labour wants to ensure that it gets its election year Budget delivered before risking any serious coalition instability. No one is actively expecting the govt to collapse or for there to be an early election, but the preconditions for volatility of that kind now exist.

## Latest polls - NZ First's challenge

A Newshub-Reid Research poll put National on 43.3% (down 0.6 of a point), Labour 42.5% (up 0.9), Greens 5.6% (down 0.7), NZ First 3.6% (down 0.4) and ACT 1.8% (up 0.4). All other parties recorded less than 1% support. The poll was between Jan 23 and Feb 1.

A 1 NEWS/Colmar Brunton poll recorded National on 46% support (steady from last poll in Dec), Labour - 41% (up 2 points), Greens 5% (down 2), NZ First 3% (down 1), ACT 2% (steady), Māori Party 1% (steady), New Conservative 1% (steady) with 17% don't know or refused. Asked to name a preferred prime minister, Jacinda Ardern recorded 42% (up 6) and Simon Bridges 11% (up 1). The poll was conducted between Feb 8 and 12.

Both polls imply that NZ First would not make it back to Parliament unless the party wins an electorate seat. The most likely target would be Northland, where Shane Jones will stand. However, Jones is a surprisingly weak campaigner for such a loquacious grandstander and has never won an electorate seat.

By contrast, ACT is starting to look credible for two or three seats, perhaps reflecting leader David Seymour's cut-through by championing euthanasia law reform (and gun rights).

Under most scenarios, based on these poll numbers, a Labour-led coalition would be returned, but with a wafer-thin majority - or there could be a hung Parliament in the event that NZ First were not returned. Labour remains confident that NZ First will

do as it routinely does and campaign well, to achieve the necessary 5% party vote for return to Parliament.

## Energy policy - intervention lurch?

The oil and gas sector is surprised to see that a policy proposal that was thought to have been shelved - to allow ministerial intervention in the event of gas or electricity 'market failure' - showed up in a Dec 10 2019 Cabinet paper released last week.

The paper deals mainly with backstop powers and other measures to implement the recommendations of the Electricity Pricing Review.

However, a single paragraph reference remains to the development of 'low-impact' options that would allow a minister to allocate gas or electricity in event of market failure.

The initiative appears to reflect the experience of the last 18 months, where unplanned gas outages have coincided with limitations on renewable electricity generation and grid capacity.

Large industrial users and small electricity retailers that don't own generation have been knocked around by consequent high and volatile wholesale electricity prices. That has prompted an Electricity Authority complaint covering a far longer alleged period of 'undesirable trading' conditions than previous such complaints. It has also seen intense lobbying by such parties in the Beehive.

At the very least, the consideration of such powers might be expected to lead to greater focus and urgency on improving gas market information transparency - a longstanding bugbear both for electricity generators and major gas users.

## Upton's strong views on emissions-intensive industries

The Parliamentary Commissioner for the Environment, Simon Upton, has expressed remarkably strong opposition to extending carbon emissions subsidies to emissions-intensive businesses, particularly if they are not already operating here.

Upton's view largely rejects the 'carbon leakage' argument that says activity will occur in other parts of the world where emissions would be the same or higher, depending on energy inputs.

In the absence of concerted global action on climate change, Upton argued to a select committee considering the free allocation issue that carbon reduction has become a "bottom-up process" where signatory countries are making unilateral

commitments.

NZ could not both claim it was reducing its own emissions while also offering "to be a haven for efficient emissions-intensive industries if you would like to come here".

"I think that really is stretching things. I think that NZ should focus on getting its emissions down and not helping the path-dependency of emissions-intensive industries that we don't currently have."

## Coronavirus - mild strain on China relations

The Chinese ambassador, Wu Xi, took the unusual step of holding a press conference in Wellington to urge the govt to end its travel restrictions on all foreign nationals travelling to NZ from China.

While local media played the issue as indicating strain in the NZ-China relationship, the degree of tension is not significant. Rather, it reflects Beijing's sensitivity globally to how it has handled the crisis, including the evidence that knowledge of the virus was initially suppressed.

Ardern remarks a day later at Chinese New Year celebration: New Zealand acknowledges the significant and sustained measures being taken by the Chinese Government to contain the virus.

It is my sincere hope that the current precautionary restrictions we have in place can be lifted as soon as possible, and that when they do we work closely to normalise commerce and people to people links. I am confident that through cooperation we can both bounce back quickly.

There is no doubt, however, that the virus outbreak will have knock-on effects to the tourism and international education sectors.

Short-term Chinese visitor arrivals fell 9.2% to 407,141 in calendar 2019 from the year prior. Stats NZ said travel restrictions are expected to sap those numbers further. Monthly arrivals from China typically peak in Jan or Feb, depending on the timing of the Chinese New Year holiday period. In Feb 2019, about 50,000 visitors arrived from China and, in Feb 2018, the figure was about 70,000.

The govt will spend \$10m for tourism marketing in other countries to offset the fall in Chinese travellers and \$1m in domestic marketing to help areas feeling the impact of fewer Chinese tourists. Ministers are still considering what to do for out of work forestry

## Greenpeace and the Greens

The selection of Greenpeace's former head of campaigning, Steve Abel, as the Green Party's candidate for New Lynn is worth watching.

Abel will not win the seat, so will be dependent on a high list ranking to become an MP. If he achieves that, his presence would indicate a less conciliatory style of Green involvement in a future coalition govt.

workers.

Restrictions preventing foreign nationals travelling from, or transiting through, mainland China into NZ were extended for eight days on Feb 16.

Air NZ is reducing capacity on its Shanghai route through April, and Hong Kong route through April and May as a result of the impact of covid-19 on customer demand.

NZ Post is not accepting letter-post, parcel-post and EMS items destined for China, until sufficient transport capacity becomes available. International Express is still able to be sent to specific destinations at this time.

Retail NZ told TVNZ just over a third of its members have been affected by the coronavirus outbreak. Stores that relied on foot traffic, particularly international visitors, have been hit the hardest. PM Jacinda Ardern said several key industries were suffering financial losses due to travel and export restrictions and officials were looking at possible assistance including provisional tax arrangements.

QEX Logistics, which delivers products bought in NZ to Chinese consumers, said its processing agent had only been able to provide half its usual warehouse staffing and couldn't say when it would return to full capacity. QEX said sales were still strong.

Meanwhile, the Treasury expects coronavirus/covid-19 will have a negative, but temporary, impact on GDP with economic activity returning to normal as global growth picks up and supply conditions normalise in the second half of 2020. Treasury now estimates economic growth in 2020 will be between 2% and 2.5% knocking between 0.2% and 0.3% off the economic growth rate this year.

So far, NZ public opinion appears satisfied with govt actions on the outbreak. The latest 1 NEWS Colmar Brunton poll question found 62% of people believe the government has responded appropriately to the covid-19 outbreak, 25% disagreed and 12% did not know.

## Referenda on very different paths

The TVNZ-Colmar Brunton poll suggests that the euthanasia reform referendum will carry easily, with 65% of those polled saying they intend to vote in favour of legislation allowing terminally ill people to choose to end their lives.

The cannabis referendum is quite another matter. Not only is not a binding vote, which the euthanasia vote is, but public opinion is solidifying against decriminalising the substance.

The Colmar Brunton poll found 51% oppose and 39% favour decriminalisation, a sharp change in the balance of opinion since before Christmas, when anti/pro was running 49/43.

As we have previously observed, the referenda can be expected to have some impact on the party political outcomes. ACT's increasing confidence that it can bring two or three MPs to the next Parliament likely reflects leader David Seymour's success on the single issue euthanasia campaign.

The govt is also working to allow polling day enrolment to vote, which has not previously been available. Some 19,000 such voters were turned away at the polls in 2017. They might be expected to skew younger and disengaged and therefore perhaps a source of support for the cannabis referendum.

## APEC 2020 - new convention centre ruled out

The search for alternative options to host APEC 2021 in Auckland are underway after SkyCity confirmed its convention centre will not be ready due to fire damage.

## Conservation land mining ban stalled

The govt's proposed ban on new mining on conservation land looks dead in the water with little prospect the policy's long-delayed discussion document being released ahead of the election due to the lack of agreement between the governing parties.

## \$300m homelessness package

The govt announced policy and spending of \$300m to reduce the number of homeless people and those staying in emergency motel accommodation. This includes an extra 1000 transitional housing places by the end of the year. Those staying in motels for more than seven days would have to start making a payment towards costs in line with other forms of accommodation support.

## MP election announcements

Labour MP for Mana **Kris Faafoi** will run as a list candidate only at this year's election.

Three National MPs announced they would not be seeking re-election this year- **David Carter** (List MP), **Nicky Wagner** (List) and **Sarah Dowie** (Invercargill). Amy Adams, Nathan Guy, Maggie Barry and Alastair Scott announced last year they are not running. ■

## Hawkish RBNZ as recession chatter rises

The RBNZ surprised many economy-watchers with the strength of its hawkish signalling in last week's Monetary Policy Statement, clearly focusing more on signs that house price inflation is kicking back into life – along with other inflationary signals – than on the potential impact of covid-19 on the domestic economy.

While the virus is a significant risk to the economy – Grant Robertson used very careful 'too soon to know' language about the potential for it to cause a technical recession in a select committee appearance – the central bank regards those as insufficient to meaningfully influence its monetary policy stance.

In fact, had the virus not arrived, the Bank might have been tempted to shift to a specific tightening bias. Evidence for that is in this statement: "Employment is at or slightly above its maximum sustainable level while consumer price inflation is close to the 2% mid-point of our target range".

Compare this with its November statement: "Employment remains around its maximum sustainable level while inflation remains below the 2% target mid-point".

The RBNZ's interest rate track has also risen slightly, confirming that the bank no longer has an easing bias, with the OCR bottoming out at 1% rather than the previous 0.9%. At face value, the track implies a first rate hike around the September quarter 2021.

## The R word – how likely?

BNZ is now forecasting reduced growth in the first and second quarters of 2020, at 0.2% and 0.4% respectively. This is the period where the risk of a technical recession lurks.

So far, forecasters are only trying to guess the first round effects of the covid-19 outbreak. No account is yet being taken of the potential for significant second-round knocks to global economic activity.

While it is very difficult to judge, it does appear that this outbreak is stoking public fears around the world to a greater extent than in the past, fuelled by the magnifying power of social media. That could translate into exaggerated economic impacts.

If large enough, there is a possibility of negative quarterly economic activity. If that occurs twice, it is technical recession.

However, it is important to note that such an outcome would be more politically than economically significant. There is no cyclical component to global reaction to a virus and a bounceback is almost

inevitable once its impact recedes.

The govt's fiscal stimulus package of infrastructure spending, already planned before the outbreak, and possible hip-pocket boosts in the May Budget will lean against any recessionary impulse.

Note that the duration of the shock is what matters here rather than the magnitude.

From a monetary policy perspective, a big drop followed by a big bounce is no different than a small drop followed by a small bounce. But an extended shock that hits sentiment for an extended time may require some offsetting monetary policy assistance.

## House prices on the move again ...

The REINZ house price index showed Auckland prices increased at an annual pace of 4.4% in Jan, its fastest in almost three years and the third annual increase after 13 months of negative results. The national index rose 7% from a year earlier and was up 9.1% when Auckland was excluded. National sales volumes increased 0.9% to 3,308 - also the highest Jan in four years, against a backdrop of record-low listings, as national housing inventory fell 21.7% to 19,488.

## as are rents ...

The national median weekly rent rose 4% in Jan 2019, to a new high of \$515 per week, according to the Trade Me Rental Price Index. Gisborne and Southland median weekly rents rose 36% and 21% respectively. Wellington was the most expensive region to rent in Jan after the median rent rose \$25 to \$575 per week

## and houses keep getting bigger ...

The average floor area of new homes consented in 2019 was about 21% smaller than the peak of 200 square metres in the Dec 2010 year, Stats NZ reports.

## Productivity rises 0.5%

Labour productivity rose 0.5% in the year ended March 2019, Stats NZ said. Primary industries experienced the strongest labour productivity growth, rising 12% after falls in each of the previous two years.

Labour productivity in the goods-producing and service industries declined 0.5% and 0.4%, respectively.

Workers produced 137 goods or services for each hour worked in 2019, compared with 100 an hour in 1996. ■

## CORPORATE ROUND-UP

## Primary sector

The **Global Dairy Trade Dairy** index dropped 2.9% in this week's auction, its second decline in a row, triggering analysts to warn that downward revisions in payouts to farmers are in prospect. The average price was US\$3,176 a tonne, compared with US\$3,226 a tonne two weeks ago. Whole milk powder fell 2.6% to US\$2,966 a tonne.

Agriculture Minister Damien O'Connor classified the **drought conditions in Northland** as an adverse event for the primary sector, unlocking \$80,000 in govt support.

**ASB Bank** is reducing its exposure to dairy lending, encouraging borrowers to take advantage of high commodity prices and low interest rates to pay down debt with its dairy book at A\$7.3b as of Dec 31 from A\$7.7b a year earlier.

**Synlait's** first-half profit will fall to between \$26.5m and \$28.5m in the six months ended Jan 31, down from \$37.3m the same six months a year earlier, owing to lower growth in infant formula sales than expected. Annual net profit is forecast at \$70m to \$85m in the year to July 31, (\$82.2m in FY19).

**Livestock Improvement Corp** is buying 50% of Israeli dairy farm management firm **Afimilk Agricultural Cooperative** for \$108.7m. The deal gives LIC access to milk meter and cow wearable technology, and to international herd data.

**Turners & Growers Fresh** has applied to the **Commerce Commission** to buy 100% of **Freshmax**.

**Zespri** was awarded \$15m in civil damages after it found two of its protected varieties were being unlawfully propagated by kiwifruit grower Haoyu Gao and associates in China.

**Pea weevil** has been successfully eradicated from Wairarapa, ending a nearly four-year ban on pea plants and pea straw.

## Energy and resources

**Environment Minister David Parker** is considering legal action against **NZ Aluminium Smelters** over the storage of its hazardous waste at a flood-prone site in Mātaura. The waste was meant to have been processed by a contractor, which went into liquidation. Parker said the smelter's majority owner **Rio Tinto** should resume responsibility.

**Trustpower** cut full-year earnings guidance to \$185m-\$195m for the year to March 31, down from \$222m last year, citing lower wholesale electricity prices and a reduction in expected hydro generation.

**Contact Energy's** first-half operating earnings fell 21% to \$221m in the six months ended Dec 31.

Tight gas supplies and reduced sales volumes to commercial and industrial customers contributed. Outgoing ceo **Dennis Barnes** said the company is also offering increased load to NZAS as part of efforts to maintain the smelter's NZ operations. The NZAS strategic review is due to conclude next month, and electricity industry ceo's are scheduled to meet on the issue.

## Telecommunications, media and entertainment

**Sky TV** reported net profit of \$11.7m in the six months to Dec 31, down 78% from \$53.4m a year earlier. Revenue fell 4.5% to \$384.8m. It lifted customer numbers to 795,000 from 750,000 in the reported period, and reached 925,000 customers with the **Lightbox** acquisition. **Spark** said it sold Lightbox because there was only room for one local streaming content provider, but would continue to invest in sports content. Spark's net profit of \$167m for 1H20 was up from \$153m a year earlier. Ebitda increased 2.2% to \$500m with revenue up 4% at \$1.82b. Mobile connections increased 1.5% to 2.5m with a 5% revenue gain to \$653m. Spark expects larger mobile revenue gains in the current FY, but is less bullish on wireless broadband growth.

**Vocus NZ** lifted fibre broadband customer numbers 45% to 123,000 through the **Slingshot**, **Orcon** and **Flip** brands in 1H20, and a 25% decline in copper customers to 82,000. First-half underlying earnings rose 6% increase to \$32.3m.

## Technology and innovation

**Scott Technology** won a multi-million-dollar contract to design and build **Rio Tinto** an automated mine laboratory in the Pilbara region of Western Australia.

**Plexure** expects revenue between \$24.5m and \$25m for the current financial year, up from \$16.9m the previous year. It did not offer earnings guidance.

## Banking, finance and insurance

**The Reserve Bank** streamlined its external whistleblowing process for those employed by regulated entities.

**ASB Bank's** first-half net profit fell 5% to \$599m for the six months ended Dec, mostly reflecting a \$28m loss on the sale of its funds administration business Aegis and a flat underlying result. This compares with \$630m in the same six months a year earlier. ASB said its owner, **Commonwealth Bank of Australia**, had invested a further \$2.5b in common equity in anticipation of the Reserve Bank's additional capital requirements announced late last year.

## CORPORATE ROUND-UP

**Heartland Group** lifted first-half net profit 20.4%, boosted by accounting changes and fair value gains with the underlying increase closer to 7%. Net profit for the six months ended Dec rose to \$39.9m from \$33.1m a year earlier. The company reiterated guidance for full-year net profit of \$77m to \$80m, a 4.6% and 8.7% increase on the previous year.

**Westpac** will pay customers \$3.7m in reparations after failing to provide to key information issuing new credit cards between May 2017 and March 2018.

KiwiSaver funds operated by **AMP**, NZ's fourth largest provider of the retirement savings plans, have under-performed over a 10-year period relative to their peers, according to the Dec quarter KiwiSaver Survey from research house Morningstar. There is \$63.5b of KiwiSaver funds under management.

**Suncorp Group's** NZ division set aside \$8m for remediation costs as insurers prepare for closer regulatory scrutiny. It reported an 8.7% decline in 1H20 earnings and said it had notified regulators about discounting issues and will ensure remediation. Its life insurance unit posted a 17.6% decline in 1H profit to \$14m.

**Insurance Australia Group's** NZ division reported 1H20 profit of A\$156m, from A\$193m last year. While gross premiums rose 6.3% to A\$1.35b, a major hailstorm in Nov pushed up the value of claims 18% to A\$485m.

Hackers stole information of 26,000 customers off KiwiSaver provider **Generate** Dec 29 and Jan 27, exploiting weaknesses in the online application process. The hackers stole photographic ID for 10,000 of those affected.

Commerce Minister Kris Faafoi said after the passage of financial services conduct legislation his **attention will shift to promoting financial literacy**. Faafoi acknowledged the new rules and licensing system were challenging and the industry needs time to adapt.

Increased regulatory duties could require a 30% increase in staff at the **RBNZ**.

### Transport, tourism and logistics

**Auckland International Airport's** review of two recent runway closures confirmed the safety of the runway and its maintenance programme, but identified ways to improve response times after it was too slow to respond to two closures in Jan and Feb. The airport reported a 2.2% lift in first-half underlying profit and trimmed its full-year guidance by \$5 million due to the covid-19 virus.

**Transmission Gully** will cost more than \$1b after the **NZTA** agreed to pay the contractor Wellington

Gateway Partnership another \$190.6m due to delays. The partnership had been seeking \$352m on top of the \$850m contract. The road is now expected to be completed by Christmas, almost nine months later than the original March 2020 deadline.

### Construction and manufacturing

**Fletcher Building's** first-half net profit fell 8% on Australian restructuring costs and as revenue contracted. Net profit fell to \$82m for 1H20 vs \$89m in 1H19, including \$35m in costs associated with trying to right its Australian operations. It confirmed fire damage at the partially completed national convention centre in Auckland was too extensive to be able to be functioning for the **APEC 2021 Leaders' Week** summit. The company also expressed growing impatience with the unresolved **Ihumatao** land dispute, saying it could not suspend activities indefinitely.

### Capital markets

**NZX** reported a 7% lift in net profit of \$14.6m for the year ended Dec 31 and a 10% increase in operating earnings to \$31.4m in calendar 2019.

### Commercial property

**Property for Industry** reported a net profit of \$176.3m in calendar 2019, up from \$110.1m in 2018 with net rental income up 5.4% to \$83.3m as it moves to being solely an industrial listed property vehicle.

A survey of commercial property professionals shows confidence is at its highest levels since 2017. The share of respondents who saw the market in a downturn phase declining from 44% in Q3 2019 to 23% in Q4 2019. Headline rental and capital values are expected to increase between 2.5 and 3% in the North Island compared to only zero and 1% in the South Island.

### Gaming

**SkyCity's** underlying earnings declined this year, although its reported profit tripled to \$328m for the six months to Dec 31, due to the accounting treatment of insurance from the fire at the convention centre last year and the sale of an Auckland car park.

### Corporate actions

**KordaMentha** said the \$5.70 per share offer by **BGH Capital** and the **Ontario Teachers' Pension Plan Board** to take over **Abano Healthcare** is above the mid-point of its \$5.29 to \$5.92 valuation and the positives of approving the scheme outweigh the negatives. Abano's directors are unanimously recommending the offer, major shareholders have not commented. ■

## LEGISLATION

## May 14 Budget

The House resumed sitting on Feb 11 for the 2020 parliamentary year, with the first day taken up solely with cross-parliamentary tributes for former PM Mike Moore, who died earlier this month. On Feb 12, PM Jacinda Ardern delivered her statement to Parliament and the debate in response began. As is traditional, the govt suspended the debate to make progress on legislation. Select committees returned to a full sitting schedule with many seeking to complete their annual reviews of departments.

In legislation not covered by Hugo, **abortion law reform was reported back from select committee and will be the centre of considerable debate and lobbying in the current five week sitting block.**

Finance Minister Grant Robertson announced his election year Budget will be delivered on Thursday, May 14.

- *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

**Regulatory Systems (Transport) Amendment Bill** - Introduced Feb 14, an omnibus bill to update the regulatory system established by transport legislation.

**Residential Tenancies Amendment Bill** - Introduced Feb 17. Implements housing rental policy announced by the govt in Nov 2019. Removes no cause terminations to end a periodic tenancy agreement, prohibits solicitation of rental bids, limits rent increases to once every 12 months.

**Screen Industry Workers Bill** - Introduced Feb 18. Rolls back some provisions of the so-called 'Hobbit' laws. Introduces a workplace relations framework for employment status of screen production workers. Introduces a duty of good faith and mandatory terms for contract relationships; allows collective bargaining at occupation and enterprise levels; creates processes for resolving disputes arising from contracting relations or collective bargaining.

**Greater Christchurch Regeneration Amendment Bill** - Introduced Feb 19. Amends the Greater Christchurch Regeneration Act 2016 by repealing some extraordinary powers that are no longer required, disestablishing Regenerate Christchurch; extends some land powers.

**Arms (Firearms Prohibition Orders) Amendment Bill (No 2)** - Introduced on Feb 13. A Bill in the name of National MP Brett Hudson, it would empower police to prohibit gun ownership by gang members and allow searches in relation to the arms prohibition orders.

**NZ Public Health and Disability Amendment Bill** - Introduced Feb 13. Repeals exclusion of resident family members from being paid for providing funded family care and support services. Prohibits claims to the Human Rights Commission about family care policies.

## Bills in progress

**Arms Legislation Bill** - Introduced Sept 18, the second tranche of gun law reform, includes a firearm register and tighter licensing regime. Reported back Feb 10 with numerous amendments. National and ACT minority reports opposed, saying the Bill unduly restricts the rights of and imposes costs on lawful gun owners.

**Electoral Amendment Bill** - Introduced July 29. Allows voters to enrol on election day, expands premises for use as voting places and administrative changes. Second reading completed Feb 13, National and ACT opposed.

**Financial Markets (Conduct of Institutions) Amendment Bill** - Introduced Dec 11. Amends the Financial Markets Conduct Act to create a new regulatory regime for financial institutions and their intermediaries with a principle of fair conduct and associated duties and regulations. First reading Feb 12 with National and ACT opposed. National MPs said the Bill was overly complex, granted excessive regulatory powers for a perceived problem, and went too far in removing financial incentives for sales. Sent to the Finance and Expenditure Committee.

**Financial Market Infrastructures Bill** - Introduced Dec 17. First reading Feb 12 with all parties supporting. National expressed some concerns about a lack of detail on the costs and benefits. Sent to the Finance and Expenditure Committee.

**Fair Trading Amendment Bill** - Introduced Dec 17. First reading Feb 12, National and ACT opposed redefinition of unconscionable conduct. Sent to the Economic Development, Science and Innovation Committee.

**Ombudsmen (Protection of Name) Amendment Bill** - Introduced April 30. Committee stage completed Feb 12.

**Smoke-free Environments (Prohibiting Smoking in Motor Vehicles Carrying Children) Amendment Bill** - Introduced on June 17. Second reading completed Feb 13 with all parties in support. National MPs to seek amendments including extending the ban to vehicles that are also homes.

## Bills passed

**Education (Vocational Education and Training Reform) Amendment Bill** - Introduced Aug 26, merges the 16 regional polytechs together and replaces ITOs with workforce development councils. Second reading Feb 13 with National strongly opposed and warning the changes would cause many problems, including financial issues. Committee stage completed Feb 18 and third reading Feb 19 with National and ACT opposed. Govt MPs rejected arguments about the loss of autonomy. ■