

## Lockdown decision: health vs politics vs economy

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The govt will face extreme pressure from coalition partner NZ First not to delay the lifting of level 4 lockdown until after ANZAC Day. However, concerns about the quality of some of the health data available to inform that decision may see the govt err on the side of caution.

## Trust is high, but the mood could turn fast

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The PM's gifts as a communicator and the unlikely emergence of Ashley Bloomfield as her equally loveable sidekick has been a major contributor to higher levels of trust in govt action on covid-19 in NZ than in most G7 economies, according to polling. However, the stress on closed businesses is extreme and many will not be able to hold off large-scale layoffs if they cannot start operating again very soon. The public debate on lockdown suggests support is already fraying quickly.

## Budget decisions revealing coalition fractures

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There is no argument around the Cabinet table that the May 14 Budget will now be a covid recovery Budget. However, where a \$20b to \$40b of further fiscal stimulus will be applied is no easy matter. NZ First wants old-style economic interventions to support local manufacturing, the Greens see a Green New Deal opportunity.

## Election date

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If, as seems possible, NZ First uses the Budget policy debate to start marking out differentiated territory from Labour, there is potential for the govt to fracture post-Budget. Labour is more likely to want to keep to the Sept 19 election date if it can, under those circumstances, and to avoid going to the polls in the depths of recession, later this year.

## Kainga Ora to pick up abandoned subdivisions?

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Among possible outcomes of the search for 'shovel-ready' infrastructure projects being prioritised by Crown Infrastructure Partners for consideration by Cabinet in May is the housing ministry picking up subdivision developments abandoned by private sector developers.

## Refinery strategic review

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The Marsden Point oil refinery is to undergo a strategic review, following signs its recent major capital upgrade is unable to pay its way as global refining margins slump. The implications for Northland could be similar to those for Southland if the Tiwai Point smelter were to close.

## Climate change added to RMA

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Despite spirited opposition from the National Party, which argues now is not the time make the RMA more complicated, RMA amendment legislation has been reported back with consideration of climate change effects now added for resource consent approvals. The bill, which will include fast-track powers to assist post-covid recovery infrastructure, is likely to be passed swiftly after the Budget, next month.

## Politics of covid-19

Public trust in the govt's leadership remains high, along with support for the lockdown approach.

Various published and unpublished polling also shows a significant majority favour extending the lockdown if required for health reasons.

We are sceptical as to whether that view would hold if lockdown were to extend beyond ANZAC weekend - the most obvious alternative being mooted other than moving to alert level 3 next Thursday.

Business stress is becoming extreme for the very many SMEs that operate without capital buffers or access to non-bank working capital.

The debate about the balance to be struck between healthcare objectives and the amount of economic harm that should be endured is growing.

The govt is in some cases the victim of its own success, with a strain of criticism emerging that conflates the low covid-19 incidence and death toll in NZ as evidence that perhaps little no action was required.

## The Aussie example

The apparently **similar course of the virus in Australia, where lockdown has been less total, is also politically unhelpful**. There is little appreciation that Australian authorities expect their Level 3-style lockdown to apply for several months.

The hope in NZ is that a short, more severe lockdown will allow a move Level 2 and something like normal economic and social conditions to be achieved in the next six to eight weeks. That should mean NZ suffers less long term economic damage.

That is the theory, anyway. Proving it will be virtually impossible in retrospect and any reversal that requires widespread return to higher alert levels will be more politically challenging than the original lockdown.

## NZ trust levels high vs G7 countries

A Colmar Brunton survey released on April 8 said the public's trust in the govt to deal successfully with national problems rose from 59% to 83%, and 88% trust the govt to make the right decisions on covid-19 compared to the G7 average of 59%. In NZ, 31% say the govt is the most trusted source of information compared to just 13% across the G7. NZers are more likely to feel the govt has got it right (60% vs. 42% in the G7), they are less likely to feel the govt hasn't gone far enough (34% vs. 42%). More than 42% say covid-19 has already impacted their personal income, compared to 29% across the G7. 64% believe it will

take more than six months to get back to normal, notably longer than the G7 average of 37%.

## Bridges's unenviable position

Prior to the Covid-19 lockdown, the National caucus appeared to have settled down with a grudging acceptance that Simon Bridges would lead them through the election. But since the lockdown began, the careful leaking of a number of polls by sources linked to National have sought to convince vulnerable MPs that Labour's poll surge could see them out of Parliament.

The leakers, **who support a Todd Muller/Nikki Kaye leadership**, are not MPs. There is little evidence yet that they are having much of an impact on the caucus, but if public polling in the next month or so shows a similar trend to the leaked polls, with National in the low / mid-30s, then a challenge would to Bridges may emerge.

Bridges is also caught by the fact that, after copping severe criticism from political friends and foes alike for his initial reaction to the govt's initial fiscal support package, he has adopted a more constructive approach.

As chair of the epidemic response select committee, he has been measured and is gaining constant media and public exposure. However, that role has so far tended to see him pushing the govt to go harder in some areas, including border controls.

This effectively co-opts him to the govt's strategy or a tougher version of it at a time when political opportunities may be emerging to urge a faster return to 'normality'.

## NZ First attention-seeking

NZ First Leader, Winston Peters, has clashed publicly with the PM over both the date of the election and post-lockdown priorities.

**This is deliberate.** NZ First know that they have a major challenge getting heard in the current environment where the Prime Minister is crowding everybody out. Their poll ratings are not strong.

In 1999, facing a similar slide in the polls, Peters walked out of the Shipley govt and was forced to resign his Ministerial post in 2008 in the Clark govt.

**The reality is that NZ First has never campaigned for office as a party in govt.**

Thus Peters may now have begun maneuvering to leave govt after the Budget.

The matter has apparently been recently discussed by the NZ First caucus and is on the table.

## Next steps becoming politicised

Grant Robertson's May 14 Budget will outline the next tranches of govt fiscal stimulus to tackle the economic damage wrought by the response to covid-19.

Perhaps inevitably, **that is starting to expose the ideological tensions within the Cabinet.**

For **Labour**, facing very high levels of unemployment and a decimated tourism sector, there is an **opportunity to invest heavily in retraining.**

Grant Robertson will want to use such investment to try and achieve the higher wage, higher productivity economy envisaged by the Future of Work project he undertook in Opposition, and which both business and the union movement would support, albeit with somewhat competing agendas.

For the **Greens**, the prospect of infrastructure spending on a scale not previously available is an **opportunity to press for a Green New Deal**, which would include public transport, climate change resilience, and three waters investment.

**NZ First** sees it as a chance to build roads and more rail, the latter being universally supported by coalition partners if not the former. It also sees **opportunities to direct the creation of new domestic industry and manufacturing.**

This has been given expression in the last fortnight in **Shane Jones's desire both to impose a temporary ban on raw log exports. That alarmed forest owners and appears to be dead in the water.** However, a levy on export logs to incentivise supply to local sawmills remains a live option.

There is considerable tension between forest owners and the smaller parts of the timber processing industry that Jones is courting, and between ministers.

Expect more such dynamics across a range of industry sectors as NZ First seeks differentiation and perhaps to find reasons to abandon the coalition.

## Implications for the election date

**The more the post-covid response becomes a matter for fractured coalition opinion, the more likely it becomes that the govt will seek to maintain the Sept 19 election date.**

Assuming the country can be back to Level 2 by, say, late June or July, there would be capacity to campaign for six weeks through August and the first half of Sept.

Labour may prefer to try to keep that date for several reasons. A key consideration is that **neither NZ First nor National are keen to fight an election in Sept.**

Equally, the **unemployment and GDP impacts of the covid-19 response will only become more acute and politically damaging later in the year.** The very large unemployment impacts are most likely to fall in the Sept quarter, but they will not crystallise in official statistics until six to eight weeks later, when they would be damaging to an incumbent major party of govt.

## Parker floats debt cancellation

Meanwhile, David Parker is understood to have penned and circulated a think-piece that advocates a debt cancellation strategy to deal with ballooning Crown debt. This could involve, for example, issuing very long-dated bonds (say, 90 years), which could be cancelled 30 years in. The details are closely held and it is not clear how much traction these ideas have. However, they indicate that the policy environment is becoming increasingly fluid and open to novel thinking.

Former RBNZ governor and Infrastructure Commission chair Alan Bollard is reportedly alarmed by this and concerned it will cost NZ credibility with ratings agencies and in global debt markets.

The counter argument is that the major western economies are all heading in this direction and NZ should too.

## Level 3

The construction, general manufacturing, forestry and wood processing industries will be able to join the rest of the primary sector and return to work when the country moves to alert level 3, **still most likely next Thursday.**

In anticipation of this, some wood processors were cleared to resume limited operations this week in order to ensure supplies of key products during the current lockdown or to avoid costly damage to plant. MPI is overseeing a phased increase in activity by sawmills producing essential goods such as timber for pallets and crates. Harvesting will not resume and mills will be supplied with felled logs already stockpiled.

**MPI is also emerging as a primary source of advice for MBIE** on effective ways to implement 'safe' working environments for the covid environment.

In other parts of the economy, **any office worker who has been able to work successfully from home can expect to stay there until Level 2 or 2+ (i.e., semi-**

## Maori Party

The Maori Party has taken the most risky possible path to returning to Parliament by making maverick former Labour MP and Auckland mayoral candidate John Tamihere co-leader along with relative unknown Debbie Ngawera-Packer, who is standing in Te Tai Hauauru.

While Tamihere has deep urban Maori connections that may help in Tamaki Makaurau, his polarising style is a major source of political risk for the party.



normal life within NZ but with strict border controls) is declared.

Public servants in back office were told this week to expect to be working from home for several more months.

To recap, the detailed Level 3 guidelines, stipulate with respect to workplaces that employees are “required to work from home unless that is not possible.”

## Mark Binns’s ‘shovel-ready’ project list

Crown Infrastructure Partners chair Mark Binns will present a list of so-called ‘shovel-ready’ projects to the Cabinet in the first week of May.

His criteria are that projects should either be underway and unable to continue without Crown support, or be funded and nearly ready to start but for resource consent or other easily cleared regulatory hurdles.

Among possibilities is that the **housing ministry, Kainga Ora, could pick up and complete abandoned commercial subdivision projects.**

Binns is warning that the process will inevitably leave some applicants ‘pissed off’. His team is sifting literally thousands of projects and there will be plenty of marginal calls. Big, new, unconsented or unfunded ideas will not get a look in.

Meanwhile, the **Provincial Development Unit** is working through applications and projects to see where Provincial Growth Fund money can be repurposed for initiatives deemed more critical to fighting the economic impacts of the covid-19 pandemic.

## RMA reform – passage next month?

Environment Minister David Parker is planning to have Parliament pass Resource Management Act amendment legislation under urgency with the Budget legislation in mid-May. The legislation will build on Section 330 of the current Act, which provides for other provisions in the Act to be over-ridden in the event of an emergency that requires urgent preventative or remedial action.

That **definition is likely to need enlargement to accommodate the huge infrastructure push** that is being planned by Mark Binns (*see above*).

The Ministry for the Environment has deployed extra staff to assist with the drafting of the legislation, but Binns has made it clear he regards it as urgent to enable work to begin on “shovel-ready” projects

within weeks of the Budget.

## Treasury’s post-covid recovery guesstimates

A four-year path back to low unemployment and pre-coronavirus levels of economic growth are possible under scenarios published by the Treasury. However, to get there, the govt would need to spend between \$20b and \$40b more than the \$20b it has already committed to try and save as many jobs and businesses as possible. The scenarios were prepared against the backdrop of “extremely uncertain” global economic conditions and do not constitute either predictions or forecasts.

All scenarios assume a huge leap in unemployment in the three months to June this year with a worst case of 26%, but under 10% with additional govt assistance.

Treasury says there will be a large economic contraction in the year to June 2021, followed by economic recovery with the pace influenced by how much money the govt chooses to throw at the problem and how long lockdown restrictions remain in place.

The broad thrust of these expectations is reflected in the latest global economic forecasts released by the IMF, which will have been informed by economic agencies in each of the countries surveyed.

The IMF expects NZ’s contraction to be more severe than Australia’s, but that its recovery will be swifter.

These are all, at best, guesses. We are particularly cautious about the view that NZ will return to full employment (under 5% measured unemployment) by 2024. The experience from previous economic shocks suggests this is a very short adjustment back to ‘normality’. There are also likely to be permanent changes in workforce composition as a result of this crisis, particularly by firms that accelerate restructuring that may already have been contemplated.

## Tax measures to assist pre-covid profitable businesses

Previously profitable companies facing losses because of covid-19 will be allowed to claim forecast losses against previously declared profits. Also included in measures to help SMEs are new rules that: allow companies to retain their past tax losses even if majority control changes hands; and extend deadlines for tenants and landlords to meet financial obligations.

**There is likely to be ongoing pressure for more substantive commercial rent relief.** ■

## Labour market

10,700 Jobseeker benefits were approved between March 30 and April 3, the first full week of the lockdown. This will have been the tip of the iceberg, with many firms retaining staff with the assistance of the wage subsidy scheme. MSD has already added 200 staff to its call centres is recruiting as many as 300 more in anticipation of future demand.

On the jobs front, Trade Me jobs listings fell 50% after the covid-19 lockdown and the number of listings withdrawn jumped by 40%. Listings were down across the board, with hospitality and tourism very hard-hit. Prior to the lockdown, Trade Me job listings were showing some signs of softening in Q1. New job listings dropped by 6.5% year-on-year with a 1% increase in average pay.

Seek's NZ job listings dropped dramatically in comparison to the same time last year as the impact of covid-19 grew. New national job ads posted declined by 2.4% in the week ended March 8 and then dropped rapidly reaching 75.7% below last year in the week ended April 5.

## Wage subsidy scheme

Grant Robertson is clearly **signalling an altered version of the wage subsidy scheme will continue after the initial 12 week period.**

It appears less likely to involve a lump-sum, up-front payment and may instead be backward-looking, with greater requirement to demonstrate covid-19 impact than the first iteration, which involved very little due diligence.

As of Wednesday, \$9.67b in subsidy claims have been paid for 1,564,054 employees and self-employed people, meaning more than four out of 10 NZ workers are being supported with wage subsidies.

Applications for KiwiSaver hardship withdrawals are also rising, with 2,032 such withdrawals in March, up 14% from last year. MSD applications for food grants rose 23% in March over March 2019, to total 112,290.

## Real estate

Home sales during March foreshadow the larger shock to come in the housing market as a result of the covid-19 shut down, with sales down 5% on the comparable numbers for March 2019. On a seasonally adjusted basis, month on month sales were 14% lower - largely attributed to the six days of March NZ was in lock down. The latest Real Estate Institute data said house inflation was up by 9.3% year-on-year to a record house price index level of 3,034. Excluding Auckland, which was up by 8.2%, the index jumped 10.3% yoy.

**We expect a reversal in house prices now**, although price discovery is difficult for while it is difficult to market properties and physically transact ownership changes.

**House prices are primarily determined by three key factors: population growth, income growth, and confidence.** Clearly, the immediate outlook for all three is far weaker today than it was even three months ago. A **10-15% correction in residential real estate values is imaginable**, but this is not a forecast.

Commercial rent payments are falling well behind average collection times and are at about half of normal payment cycles, according to commercial property management company Re-Leased. They said by April 13 only 50.5% of rent due from industrial, office and retail tenants had been paid. On a sector by sector breakdown, about a third, or 36.9%, of retail leasing rent had been received compared to an expected 88.6%.

## Migration - Kiwis coming home

Years of strong net immigration has effectively ground to a halt as a result of the country's borders closing.

However, the recent trends in NZ citizens returning does make interesting reading.

In the year to Aug 2019, a net 5,100 NZers are estimated to have left the country. In the year to Feb 2020, a net 800 more NZers are estimated to have arrived than to have left.

If correct, the Feb 2020 year will be the **first time on record annual net migration of NZ citizens has been positive**, surpassing the previous 'peak' of about -300 in late 1983.

## Commodity prices

The ANZ World Commodity Price index dropped 2.1% in March and has now fallen 8.3% in the past four months. In local currency terms the index lifted 3.3% due to a sharp fall in the NZ dollar. Dairy, meat and fibre, forestry and aluminium all fell, but horticulture was unchanged.

## Retail spending

As covid-19 restrictions cranked up, card spending on travel fell 53% or \$66m in March versus Feb. Spending on food and beverage services fell 27% or \$238m in March after a 2% or \$17m increase in Feb, Stats NZ said.

Accommodation spending fell 32% (\$69m) in March, following a 0.2% increase in Feb. Total retail spending fell almost 4% (\$231m) - the biggest monthly decline ever. ■

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

Meat companies will extend the processing season and add production chains at some plants to ensure they get through current backlogs, as well as possibly shifting stock within in NZ. **Silver Fern Farms** and **Alliance Group** reported a dramatic lift in livestock numbers waiting to be processed with their plants initially down to half capacity under covid-19 rules, though this has improved as methods were adapted.

**Meat Industry Association** ceo **Sirma Karapeeva** said the Chinese market is picking up as the country comes out of covid-19 just when other markets remain in various states of lockdown.

While China has banned wild meat, imports of farmed venison from NZ are now being cleared at the Chinese border, according to **MPI**.

**SFF** posted a net profit of \$70.7m for the year to Dec 2019, up from \$5.8m the year before because of higher red meat exports to China. It reported revenue of \$2.6b for the year, up from up from \$2.4b in 2018. Heightened exports reflected the impact of African swine fever on Chinese pork supply.

Dairy prices are holding up. The **Global Dairy Trade** price index rose 1.2% from the previous auction three weeks ago. The average price was US\$2,969 a tonne, compared with US\$2,980 a tonne three weeks ago. 20,302 tonnes of product was sold, down from 24,209 tonnes three weeks ago.

Covid-19 uncertainty was too big a hurdle for **Livestock Improvement Corp** shareholders as they rejected a deal to buy a 50% stake in Israeli dairy farm management firm **Afimilk Agricultural Cooperative** for \$108.7m. Of the votes received, 27.6% voted in favour and 70.3% against.

**Energy and Resources**

**Refining NZ** is considering breaking up its operations or moving to a fuel import model as part of a strategic review to ensure long-term viability. Observers have likened the announcement's **implications for Northland as being similar to the strategic review and possible closure of the Tiwai Point aluminium smelter for Southland**. It said significant new capacity in Asia had squeezed refining margins and prevented an acceptable return on the new plant it built to stay competitive. Significant increases in power costs have compounded low margins and while covid-19 is impacting operations in the short term, Refining NZ believes the issues are structural.

**OMV** reported gas and liquids in the final well of its recent offshore drilling campaign. Full testing wasn't completed because of the covid-19 lockdown, but

the company said the well showed hydrocarbons in several layers of sandstones and although it was early in the process the discovery had the potential to be significant.

**Todd Energy** was granted a licence for another 105 square-kilometres of onshore Taranaki to explore for oil and gas, almost two years after the govt declared an end to offshore exploration. The permit granted was the only new activity approved under the govt's delayed 2018 block offer.

Rebuilding the economy in the wake of covid-19 could prove an important catalyst for the country's decarbonisation efforts, **Transpower** said in a paper on the electrification of the economy. It argues, while difficult, the rebuild will be an opportunity to reduce emissions and increase generation to meet increased demand from new technology such as electric vehicles.

**Z Energy** cancelled its final dividend, stopped non-essential capital spending and is in talks with its banks for more working capital flexibility as it negotiates the covid-19 lockdown as well as volatile oil and foreign exchange markets. It said earnings will fall to between \$355m and \$365m, compared with the \$350m to \$385m signalled on Dec 13.

**Tilt Renewables** will return A\$260m to shareholders via a pro-rata buyback after it sold its Snowtown 2 wind farm in Dec, for A\$455m. It currently has A\$535m of unrestricted cash, not including commitments for constructing the Dundonnell and Waipipi farms.

**Trans-Tasman Resources'** bid to mine iron sands from offshore Taranaki was referred back to the Environmental Protection Authority after the Court of Appeal found errors of law in the approach of a decision-making committee and the High Court.

**Banking, insurance and finance**

**Fitch Ratings** downgraded all four major Australian banks and their NZ subsidiaries because it expects the economies in both countries will shrink. All the credit ratings were downgraded to 'A+' from 'AA-' with a negative outlook. It expects only a modest economic recovery starting in the second half of this year, not getting properly underway until the fourth quarter, and extending into 2021 with unemployment remaining very elevated relative to pre-pandemic levels.

**ANZ NZ** has been using a string of unapproved internal models going back years to calculate how much capital it needs, on top of the unapproved operational risk capital model it was censured for last year, according to an independent report requested by the Reserve Bank.



## CORPORATE ROUND-UP

A public inquiry into the **Earthquake Commission** found it was poorly prepared for the Canterbury earthquakes and left people with a deep mistrust of govt that will take years to overcome, with many more traumatised by their dealings with the EQC than the quakes.

### Transport and logistics

The NZ and Australian govts should start planning now for a trans-Tasman travel 'bubble', even if it's months before it can safely be put into action, says **Auckland International Airport** chief executive **Adrian Littlewood**. The two countries have reciprocal healthcare arrangements, similar progress in virus control, and are similarly important to one another as travel markets, he argues. Extension to some Pacific Island nations might later become possible. AIA also held a \$1b fully underwritten placement and a \$200m share purchase plan to reinforce its balance sheet. The placement was underwritten at a floor price of NZ\$4.50 per share, a discount of 10.7% to the close price of NZ\$5.04 per share on April 3.

**Airways NZ** data shows lockdown traffic has dropped 85% from this time last year. It now plans to shut down air traffic services at seven regional airports - Hawke's Bay, Gisborne, New Plymouth, Rotorua and Invercargill airports as well the Kapiti Coast Airport and Milford Sound Piopiotahi Aerodrome.

About 600 NZ-based jobs were lost with **Virgin Australia** shutting down its NZ operations, effective immediately.

All driver licences, WoFs, CoFs, and some vehicle certifications, that expired on or after Jan 1 will be valid for up to six months from April 10.

### Infrastructure and construction

Govt agencies agreed to pay construction contractors early to ensure cash continues to flow, as part of a covid-19 response plan. The **Construction Accord's** steering group said the plan would include accelerating the pipeline of work, ensuring a consistent approach when contractors return to work and cash was flowing through to contractors and sub-contractors. The govt has also agreed contractors could now claim some costs in relation to projects currently on hold.

**Wellington International Airport** is in discussions with its banks on funding and may seek equity support from owners **Infratil** and **Wellington City Council**. The airport is operating on about 5% of its usual domestic capacity and is expecting minimal revenue this year.

### Telecommunications

**Two Degrees Mobile** is to lay off 120 of its 1,200 staff as part of cost cuts offset a revenue decline brought on by covid-19. It's also cutting capital spending, putting off non-essential projects, imposing a hiring freeze, and renegotiating supplier rates and vendor costs.

### Tourism

**Tourism Holdings** agreed to a managed exit from its **Togo** joint venture with **Thor Industries** with Tourism Holdings diluted down to a 26.5% minority shareholder of Togo, a fleet management and booking systems software firm. Thor will pay Tourism Holdings US\$6m, and has a four-year option to buy out the remaining stake for US\$20m. Tourism Holdings is also entitled to an annual dividend of US\$600,000 for four years.

Tourism and restaurant sector representatives warned huge job losses were imminent and appealed for further subsidies to offset rent for struggling firms. **Tourism Industry Association** chief executive **Chris Roberts** said tourism businesses needed to go into "winter hibernation" to survive the downturn.

### Media and entertainment

A short term 'triage' package to assist ailing legacy news media to weather the covid-19 crisis is planned, in part to prevent media service collapses or deep restructuring at a time when they are classed 'essential services' for information provision.

The most severe impact on private media companies **NZME**, **Stuff** and **Mediaworks** has been the collapse in advertising revenues.

Likely govt responses include putting more, but far from all, govt advertising spend behind local media firms instead of using platforms such as **Google** and **Facebook**.

The proposed merger of **NZME** and **Stuff**, rejected by the **Commerce Commission** and the courts, may also be permitted. Reduced fees for **Mediaworks** to broadcast platform, state-owned **Kordia**, may also be announced.

Longer term, **NZonAir** appears likely to be more generously funded to support 'public good' journalism. A conference on the future of the NZ media is also mooted.

**Broadcasting Minister Kris Faafoi** is expected to announce first elements of the package next week.

**NZME**, **Stuff** and **Mediaworks** have all sought voluntary pay cuts, redundancies and reduction in leave entitlements to reduce outstanding liabilities. ■

## LEGISLATION

## Parliament restart depends on lockdown lifting

Parliament was recalled on March 25 by the Speaker at the request of PM Jacinda Ardern to deal with the covid-19 crisis. The last time this happened was in 1999 for the deployment of troops to East Timor.

A limited contingent of MPs debated the govt's emergency measures including declaring a state of national emergency and other orders including an epidemic notice. They also passed an Imprest Supply Bill authorising the govt to spend up to \$52b and legislation enacting a number of measures to assist businesses and others. Parliament was then adjourned to at least April 28.

Since then select committee have continued to hold a limited number of meetings held remotely. Notably the Environment Committee reported back Resource Management Act reform legislation. A number of organisations and business expressed disappointment submission periods were not extended or meetings postponed in the current environment. Particularly vocal were those with an interest in vaping regulation, residential tenancy reform and the Infrastructure Funding and Financing Bill.

- *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

**COVID-19 Response (Taxation and Social Assistance Urgent Measures) Bill** - Introduced March 25 and passed through all stages. An economic response package to covid-19. Among measures: reintroduces depreciation deductions for non-residential buildings; lifts provisional tax threshold to \$5,000; temporarily increases low asset value threshold to \$5,000; brings forward application date of broader refundability for the R&D tax credit by one year; loosens rules on IRD's use of money interest remission; doubles the Winter Energy Payment; clarifies the GST rules on the covid-19 wage subsidy. Supported by all parties. (see also Bills Passed/Failed section).

**New Zealand Bill of Rights (Declarations of Inconsistency) Amendment Bill** - Introduced March 18. Provides a mechanism for the Executive and the House to consider and respond to a declaration of inconsistency made under the NZ Bill of Rights Act or the Human Rights Act.

## Bills in progress

### Asia-Pacific Economic Cooperation (APEC 2021)

**Bill** - Introduced Nov 14. Creates temporary security rules for APEC 2021 events. *Reported back March 25 with minor changes such as widening definition of a security officer and the use of technology such as blocking mobile phones.*

### Dairy Industry Restructuring Amendment Bill (No 3)

- Introduced Aug 22. *Reported back on March 20 with a small number of changes. MPs said it was time to remove the open entry requirements for Fonterra to buy milk from any farmer who wishes to return to supplying it, but kept open entry for new farmers.*

### New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill

- Introduced Oct 15. Omnibus bill to modernise and simplify superannuation and the veteran's pension by shifting toward assessment of entitlement on an individual basis. *Reported back March 24 with minor amendments.*

### Regulatory Systems (Transport) Amendment Bill

- Introduced Feb 14, an omnibus bill to update the regulatory system established by transport legislation. *First reading March 19 and sent to the Primary Production Committee with all parties in favour.*

**Resource Management Amendment Bill** - Introduced Sept 23. Reverses various changes made by the last govt in 2017 on notifications and ministerial powers. It also introduces a new process using freshwater commissioners to fast track council's implementation of new freshwater plans, similar to the process used to speed up the Auckland Unitary Plan. *Reported back March 30 with a large number of technical changes. National minority report opposed the bill, particularly inclusion of climate change as an issue councils should take into account.*

## Bills passed/failed

### COVID-19 Response (Urgent Management

**Measures) Legislation Bill** - Introduced March 25 and passed through all stages. Amongst other things enable the Education Secretary to direct education entities to open and close and to provide education in specified ways such as distance learning, added district court judges to those that can alter the rules of the court, enabled local govt and Civil Defence Emergency Management Groups to meet remotely, enacts a rent freeze and restricts termination of tenancies. Supported by all parties.

### Taxation (KiwiSaver, Student Loans, and Remedial Matters) Bill

- Introduced June 27. A tax omnibus bill mainly making administrative changes to KiwiSaver and student loans. *Second reading March 4 and committee stage March 11. Still opposed by National. Third reading on March 17 completed with no party opposing.* ■