

## Can the govt maintain the early level 1 mood?

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This week's move to alert level 1 is as early and as optimistic an outcome as the govt's elimination strategy allowed. The flip to public sentiment is palpable as the country returns to something like normal life. For Labour, the question is how much of that buoyancy - and associated very high levels of public approval - will still be there by the time early voting starts on Sept 5 for the Sept 19 election?

## National - a house divided

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Things have not got much better for National under Todd Muller than they were under Simon Bridges. Muller has initially stumbled, then disappeared briefly in recent days for minor surgery. He has appointed an able enforcer, Janet Wilson, as his chief press secretary, and the campaign team is back in place. The fact that it includes Matthew Hooton and controversial meme-makers Topham Guerin could be a two-edged sword. The National caucus and party faithful are nervous that National's expected poll bounce will be too small to stave off a large defeat.

## Shovel-ready tussle

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Coalition politics have delayed the RMA fast-track legislation to allow so-called 'shovel-ready' projects to be announced. Progress is expected next week.

## NZ First's SFO headache

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NZ First is deeply worried about the potential for charges to be laid before the election by the Serious Fraud Office in relation to the party fundraising activities of the NZ First Foundation. Even if the SFO does not act in that timeframe, the issue is still ripe for National to undermine NZ First during the election campaign.

## 18 sitting days left

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As of today, there are 99 days to election day, but only 18 sitting days of Parliament before the House is due to rise for the election.

## Hugo Group CEO Retreat 2020

Regrettably, **we have had to cancel this year's Hugo Group CEO Retreat**. With both domestic and global travel uncertainties, we were unable during the lockdown period to plan with confidence for our usual August event. Even with NZ out of lockdown, international guests are still unable to enter without quarantine or make travel commitments. Instead, we plan to hold one seminar session a month through to September on topics that would otherwise have been sessions at the Retreat to whet your appetite for next year. You will receive an invitation to join these at the end of June.

## National - a house divided assembles its campaign team

Todd Muller has appointed Hawkes Bay-based former broadcaster **Janet Wilson** as his head of communications.

The partner of fellow former broadcaster **Bill Ralston**, Wilson's primary task is to bring discipline to the new party line-up's stumbling public utterances.

It is very clear that although Muller and Nikki Kaye had been preparing for some time to challenge Simon Bridges's leadership, the exact timing was never clear.

As a result, they were **far from fully prepared when the toppling occurred**, and they have inherited a party machine that is relatively disorganised and lightly funded by comparison with the norm for the National Party.

**Gerry Brownlee** has replaced Paula Bennett as head of the party's campaign team. Muller has taken the significant risk of appointing Auckland PR and gadfly of the right, Matthew Hooton, to lead campaign communications strategy.

Also in the tent is **Tim Hurdle**, who was in the PM's Office with John Key and worked closely with Brownlee through the response to the Canterbury earthquakes. A political junkie, Hurdle worked briefly for Downer before establishing a NZ office for **Crosby Textor**, the Australian PR firm closely linked to the Conservative Party in the UK.

Also said to be back on-board is **Topham Guerin**, the social media firm whose efforts were pivotal in the success of the pro-Brexit campaign and for the re-election of Boris Johnson and Scott Morrison.

Topham Guerin had not been working for National under Simon Bridges, claiming earlier in the year to have been seeking to expand more into corporate and away from political work.

They worked briefly on the gov't's covid-19 response campaign and were labelled by Bridges as "traitors" for doing so.

## Muller's urgent task

The **nightmare scenario for Muller is that he fails to see a lift in National's dire polling numbers.**

A UMR poll taken the week after Muller took over had National on 30% – just 1 point higher than the 29% in the last UMR poll under Simon Bridges' leadership at the end of April. The latest UMR poll put Labour on 54%, NZ First 5% and the Green Party on 4%. Muller's 13% support as preferred PM was higher than Bridges was when he was replaced,

Jacinda Ardern was on 65% support.

Conventional wisdom at the time he replaced Bridges was that Muller would help National recover into the high 30s in pre-election polling, **simply by virtue of the economic harm the gov't would be presiding over. However, that narrative is no longer so assured.**

There are still 12 weeks to go before early voting starts from Sept 5. Large-scale job losses and business failures will continue through that time.

PM Jacinda Ardern's expression of "anger" at the timing and blaming of covid-19 for restructuring at The Warehouse were an expression of the **gov't's fears about the political impact of endless economic bad news.**

However, the earlier-than-expected exit from lockdown and the sense of optimism that is engendering is so far acting as a counter to that sentiment.

For National, that could mean a far slower rebound than anticipated. And **the slower the rebound, the more the doubts about Muller's replacement of Bridges** will find fertile ground in a caucus and party that is already looking divided.

Voters do not reward open division in political parties. If Muller were to lead National to a sub-35% result, he would be replaced within weeks of the election, most likely by Judith Collins.

## Scenarios for Labour - the SFO factor

If National's attempts at unity and more disciplined messaging were to fail, NZ First would expect to be a beneficiary of disenchanted National voters seeking to put a brake on a Labour/Green second term gov't.

However, NZ First is deeply concerned about the potential either for the Serious Fraud Office to lay charges from its investigation of party funding via the NZ First Foundation or for National and Act to dent its vote by campaigning hard on allegations of sleaze.

**It is tempting to interpret the departure from politics at this election of NZ First Foundation bagman, Clayton Mitchell MP, in this context.**

If NZ First's potential is blunted and the National Party fails to fire because of its internal disunity, it becomes possible to imagine Labour polling comfortably above 40% on election night.

Especially as the wage subsidy scheme and other fiscal stimulus is **effectively 'buying' the election, with widespread public support.**

Under scenarios like this, it is possible to imagine Labour **seeking to form a minority govt without formal coalition partners.**

In this scenario, NZ First would be reduced to the same supplicant status as the Green Party in the current administration - as a confidence and supply partner, with no right to be at the Cabinet table despite perhaps holding some portfolios.

Labour would then be able to play the Greens and NZ First off against one another more evenly than at present.

Long-time election-watcher and professor of politics at Victoria University, Jack Vowles, wrote on this dynamic this week: "The govt has led an outstanding example of social cohesion.

"Provided Labour can continue to project an image of competent command and control over a crisis that has not ended, many of those conservatives may remain with Labour, perhaps for longer than a single election."

It is **far too early to predict such an outcome**, but it is worth considering, especially if fear of the coming recession gives way to a cautious hope that it may be less severe than anticipated.

## 'Shovel-ready' list and law testing coalition

The govt's commitment early in the covid-19 response to preparing a list of **'shovel-ready' infrastructure projects has become a headache.**

For a start, the list of possible projects ran to more than \$170 billion, but only \$3b was made available in the Budget for a mix of so-called 'grey' and 'green' infrastructure.

Then there was the fact that the Greens are not willing to support legislation that largely removes public consultation rights, although it does maintain appeal rights.

The enabling legislation, due in the first week of June, has been stuck in the Parliamentary Counsel Office while Labour, NZ First, and Green ministers wrangle over the fine detail.

Officials suggest this is partly about "getting it right", but there is clearly also tension between the Greens and NZ First on the issue. For its part, Labour wants to avoid having to reach to the National Party for a parliamentary majority.

While National would probably agree, it would extract something in return and the govt does not want to look weak at this stage of the electoral cycle.

The **other negotiable area is the list of projects** to be

covered by the legislation. Unusually, the legislation will include that list.

**One way to bring the Greens on-board would be to weight the list towards infrastructure that has a climate change resilience or environmental benefit.**

There has been considerable argument on the list, which will need to go back to Cabinet, presumably next Monday, for approval.

The bill is still expected to be introduced on Tuesday or Wednesday of next week.

## Forestry bill delayed

Shane Jones's legislation to regulate log traders and other parts of the timber trade has been given an extra week before select committee.

However, there is **nothing to suggest that it will not go ahead**, despite a spirited pushback from the Forest Owners Assn, who have spent serious money on a campaign to try and overturn the regime.

Approached on the issue, Primary Industries Minister Damien O'Connor says the Cabinet is firm in its determination to pass the measure and is cynical about both the funding and extent of the forest owners' campaign to preserve the status quo.

## Carbon nudges \$35 a tonne

Carbon prices nudged **\$35 a tonne in thin trading** following the govt's decisions on ETS reform legislation, which will pass before the election.

Those decisions include an emissions cap within the ETS of 160m tonnes of CO2 equivalent greenhouse gases between 2021 and 2025 with an overall provisional emission budget for that period of 354m tonnes. This reflects that half of all NZ emissions are agricultural and for the time being remain outside the ETS.

The provisional budget represents 15 Mt CO2e in reductions over the five-year period from previous forecasts. The fixed price option for NZUs will move from \$25 to \$35 even if it overlaps the beginning of auctions. Auctions will initially have a floor price of \$20 and a ceiling of \$50.

## EU-NZ FTA - no time soon

The **European Union's reflexive protectionism** on agricultural products always meant David Parker's claim that the EU-NZ free trade agreement would be

### DHB reform ahead?

The long-awaited final report on the public health system from former Helen Clark chief adviser Heather Simpson will be published imminently.

It is expected to recommend a reduction in the number of DHBs to perhaps eight and the creation of a national funding agency separate from the Ministry of Health.

A stocktake of public hospital assets revealed substantial upgrade investment requirements.

completed by the end of this month was unrealistic.

The risible nature of the EU's opening offer, on which negotiations were held this week, suggests it will not happen anytime soon. The EU is using the EU-Mercosur FTA - which took two decades to negotiate and was only agreed last year - as the basis for its opening bid to NZ.

This would see a 10-year phase-in of 'tariff rate quotas' (TRQs) for dairy exports, the most sensitive products, at levels that Parker described as 'derisory', in part because the allowable quantities ramp up very slowly and in-quota tariffs also remain high for some goods.

The issue of the EU's desire to split current access between the UK and remaining EU states, which NZ opposes on the basis that the EU is committed to take the whole total even if the UK leaves, remains an issue for the future.

Parker expressed his displeasure at the EU's protectionist stance on a proposed free trade deal in a call with European Commissioner for Trade Phil Hogan, saying NZ was insulted the offer came via a media leak. "He was apologetic ... He had no doubt we were pretty cheesed off."

**An EC media briefing in Wellington, however, pushed back at the aggression in Parker's language.**

### Covid responses

- The govt extended the wage subsidy extension by eight weeks from June 10 for firms with a 40% drop in revenue, rather than the 50% slump initially required. Small businesses have also been given an extension of more than a month to apply for the small business cashflow loan scheme.
- A survey of businesses that received the wage subsidy found 94% say it had a positive impact on cashflow with 62% saying it helped manage non-wage costs like rent. 89% said it enabled them to keep operating for the foreseeable future. The wage subsidy at the time of the MSD survey had paid out \$10.99b, covering 1.66m workers.
- A \$40m package to help arbitrate commercial rent disputes as a result of the covid-19 response was announced. A temporary retrospective amendment will facilitate rent reduction where a business has suffered a loss of revenue because of covid-19. Commercial property lobbyists claimed the initiative was too little, too late, since 80% of parties had already negotiated solutions. **This suggests that the case for intervention at all was unclear.**
- The National Transition Period, which came into force on May 13 when the State of National

Emergency expired, ended on the day the govt announced a move to level one restrictions. The transition period gave the govt powers to enforce public health measures and ministers said these were no longer required.

- The govt extended a July 1 deadline for landlords to meet new Healthy Homes Standards to Dec 1.
- A requirement to mount surveillance cameras on fishing boats was delayed by 15 months, in an apparent concession to NZ First sensitivities.
- A review by the Auditor-General's Office found MFAT was wrong to lend NZers funds to expedite their departure from countries affected by covid-19. While the ministry is permitted to advance funds and seek their repayment within 30 days, it is not permitted to enter into lending arrangements. Retrospective legislation is now required.

### Where to for the smelter?

It took 12 years, but the Electricity Authority has finally made final recommendations on how transmission charges should be shared nationally.

For an allegedly regulatory process, **the outcome is undeniably political**. The softened proposals released last year didn't change all that much.

Upper North Island consumers are unhappy and the Tiwai Point aluminium smelter gains less than it had hoped for but can't use the Transmission Pricing Methodology outcome as a sole excuse for closure.

**BusinessNZ's Auckland chapter and major funder, the EMA, railed against the outcome. BusinessNZ's Energy Council welcomed the issue's resolution.**

With respect to whether the smelter stays open or closes, the ball is now in the hands of Rio Tinto and the smelter's electricity suppliers, particularly Mercury Energy.

The govt will simply be hoping that Rio has so many complicated covid-induced problems elsewhere in the world that it delays a decision on Tiwai Point closure until after the election.

### Aussie-China relations worsen

China has imposed new travel advisories relating to Australia, including for international students. Since travel is restricted anyway, these are largely symbolic. However, along with minor curbs on commodity exports, they signify the worsening relationship between Beijing and Canberra. They also underline why the NZ govt is being careful not to align too closely with 'Five Eyes' soft aggression towards China, given that country's ongoing significance to NZ's export resilience post-covid.

## Confidence bounce, but ...

The country has emerged from covid-19 lockdowns earlier than official forecasts anticipated, giving both a real and psychological fillip to domestic economic sentiment.

ANZ's business confidence survey for June, which anticipates rather than reflects the alert level 1 decision on Monday, shows a net 33% of early respondents expect the economy to deteriorate in the coming year versus a net 42% who were negative in May.

A net 29% of firms are expecting their own activity to shrink versus 39% in May. The survey continues through the month. A net 37% of firms still expect to cut jobs, which is an improvement of 5 points but largely reflects that many firms have already acted with a net 39% report having fewer staff than a year ago vs 35.5% in May.

While the result is an improvement on sentiment in the depths of lockdown, it carries **signs that the economy is stalling rather than bouncing back.**

Own-activity expectations remain very negative, hiring intentions imply an unemployment spike, and stock-building explains some of the strength in wholesale trade sentiment.

The reducing coverage of firms by the wage subsidy scheme will be an important determinant of labour market conditions in coming weeks. **Some 700,000 of the 1.66m people whose jobs have been covered by the subsidy are expected to roll off this month.**

A building wave of **restructuring announcements bears out the likelihood that many firms will use the covid crisis as an opportunity to seek longer term efficiencies.** Unemployment is likely to remain higher for longer than official forecasts as a result.

## Investor sentiment

For the three months to March 2020, overall investor confidence fell from net +11% to net +4% - the lowest level since the first quarter of 2016, according to the latest ASB Investor Confidence survey. On a monthly basis, confidence fell to net -21 in the month of March as the severity of covid-19 began to sink in.

## Construction sector

Building activity fell 5.7% in the March 2020 quarter, partly due to the covid-19 level 4 lockdown which came into force in the last week of the month, Stats NZ said. This followed a 0.9% fall in the Dec 2019 quarter. Residential building volume fell 5.8% this quarter, and non-residential fell 5.6%.

A Stats NZ survey of the building sector found

almost all were concerned about delays and 20% were concerned about financial problems. Many respondents were still uncertain as to the implications of covid-19, but most are anticipating some negative implications with much depending on the unknown future health of supply chains, the labour force, and various markets.

## Real estate

Data from homes.co.nz, which represents listings from about 40% of the residential market, shows an 8% year-on-year increase in the median house price in Auckland at \$958,000 for June, with Dunedin median prices climbing 22.8% to an average \$512,000.

## Vehicle registrations slump

New car and commercial vehicle registrations were down by almost a third last month as restricted trading conditions reduced sales to 8,313 new vehicles, a year-on-year decline of almost 4,000 vehicles on last May's 12,259 cars. Motor Industry Association sales numbers show commercial sector sales were down 37.2% to 2,912 vehicles.

The number of new homes consented in April 2020 was nearly 17% lower than in April 2019, Stats NZ said. This was the biggest percentage fall in monthly consents compared with the same month in the previous year since July 2011. 2,168 new homes were consented in April, bringing the number of new homes consented in the April 2020 year to 37,180, slightly down from the Feb 2020 year, which produced a 45-year record of 37,882 new homes consented. NZ was in alert level 4 from near the end of March till almost the end of April.

## Job ads volatility

New job ads posted on Seek NZ during the fortnight ended May 31 were up 92.7% compared to the April 2020 average. The consumer services sector showed an increase of 175% in the last two weeks compared to the April average, and made up 22% of the total new jobs advertised on Seek.

## Fiscal position

The govt's operating balance before gains and losses was a deficit of \$12.78b in the 10 months ended April 30, \$629m below the Budget forecast in May. That was due in part to consumer spending providing a boost to GST, which was \$1.1b ahead of expectations, and a smaller uptake of the govt-backed business loan scheme for banks. Crown net debt was \$78.76b, or 25.3% of gross domestic product, \$2.3b more than expected due to a bigger cash deficit of \$20.91b, and the timing of unsettled trades. ■

## CORPORATE ROUND-UP

## Primary Sector

**Drought** conditions are easing across much of the country following recent heavy rain. However, winter temperatures are impeding grass growth and feed issues remain in affected regions.

The farm sector and dairy, in particular, is concerned about **labour shortages** over coming months if the govt does not extend **temporary migrant workers'** visas. In the dairy sector, some 3000 visas are due to expire in Sept, with another 2000 in March. While NZers are being encouraged into the industry, training is required. **NZ First** is understood to be blocking any move for extensions.

**Zespri's** net profit rose to \$200.8m in the year to March 31 from \$178.9m a year earlier. Operating revenue was \$3.3b with fruit sales of \$3.14b. Total fruit and service payments, which are returns direct to the NZ industry, increased by 8% to \$1.96b. It expects to pay a dividend of 94c a share, up from 92c the prior year. Ceo Dan Mathieson expressed optimism about FY21, despite the impact of covid-19.

## Energy and resources

**NZ Oil & Gas** said it is seeking acquisitions of a scale that won't require it to raise additional capital. NZOG had \$115m of cash on its books as of March 31.

**Infratil** reported a \$484.2m net profit for the year ended in March - which includes a one-time gain from the sale of Tilt's Snowtown 2 windfarm, as well as a \$154.9m contribution from Vodafone NZ - compared with \$52.4m the year earlier. The company said it was unable to provide earnings guidance for the 2021 full year given the uncertainty due to covid-19.

## Banking, finance and insurance

**Reserve Bank** data shows the mortgage market shrank in April by \$590m, the first monthly decline since it began collecting the data in this form in June 1998. **Kiwibank** cut its variable mortgage interest rate by a percentage point to 3.4%, narrowing the gap between fixed and floating rates in what it believes will be a market-changing move.

**Tower** is laying off 108 staff after reporting a 12.9% drop in underlying earnings to \$16.9m in the six months ended March 31, due largely to the \$4.9m cost of the Timaru hailstorm in Nov. Gross written premiums were up 8.5% to \$153.6m, in part from the acquisition of the Youi NZ portfolio.

Japanese financier **Shinsei Bank is seeking to buy ANZ Bank NZ's UDC Finance unit** almost two-and-a-half years after China's HNA Group was blocked by the Overseas Investment Office. The

\$762m sale price is \$100m more than HNA offered in 2017, although UDC's net assets rose 50% between 2016 and this year to \$637m. The deal is subject to regulatory approval and is expected to be completed this year.

**Southern Cross Travel Insurance** plans to cut half of its 92 remaining staff in the wake of limited travel under covid-19, although the rest of the group remains unscathed.

**The Financial Markets Authority filed High Court proceedings against ANZ Bank NZ** alleging it issued duplicate policies to some customers, charging premiums on those policies which provided no additional cover and failed to cancel policies issued to customers who were ineligible for cover.

## Telecommunications, media and entertainment

**Peter Cullinane**, chair of NZME, announced his resignation minutes before Thursday's AGM, citing a loss of support from Australian institutional shareholders unhappy about the failure of the company's **Stuff** bid. Acting chair **Carol Campbell** told shareholders NZME would still buy Stuff if the opportunity arose. The company announced new credit lines, with conditions including a freeze on dividends for two years.

Conclusion of the sale of the **Bauer NZ** magazine titles, including The Listener, Metro and North & South, appears to have stalled. Announcements expected on June 5 did not materialise. A single bid for all Bauer's Australasian titles may be in the wings.

**Google NZ** reported a pre-tax profit of \$10.6m on revenue of \$36.2m in 2019, compared to a pre-tax loss of \$640,000 on revenue of \$17.5m a year earlier. It also paid \$511.4m in service fees to related parties in 2019.

**Vodafone** announced 100-to-140 job losses, citing impact of covid-19, including reduced roaming and retail revenues, providing unlimited data to customers on limited plans at no cost and the increased risk of bad debt.

The **Commerce Commission** is seeking feedback on its draft review findings the Mobile Access Termination Service remain regulated.

**Vista Group International** wants to cut annualised costs by between \$12m and \$15m through laying off staff as international cinemas are still largely closed.

**SkyCity** said since it reopened on May 14 revenue from electronic gaming machines recovered to 80% of the daily average preceding the pandemic. In contrast, the casino's table revenue experienced just 50% revenue. SkyCity's occupancy averaged 32%

since reopening, although it has been as high as 90% on weekends when special discounts are running. Average room rates are approximately 35% lower than before the pandemic.

A **jobseekers programme for the creative sector and four new funds** are part of a govt \$175m package set up by the to help the arts and music industry recover from covid-19.

### Wholesale and retail

The **Warehouse Group** said it is looking to close six stores, in addition to three already announced. Up to 1100 jobs will be cut.

Parallel importer **Mighty Ape** said its air freight costs rose three-to-five times what it was before the pandemic. Dwindling inventories mean consumers will soon face higher prices.

Fashion brand **Max** is planning to close 17 of its 40 stores as it seeks a creditor's compromise to keep trading. The company had virtually no income under lockdown and has not paid rent since March.

### Manufacturing and construction

**Fletcher Building** negotiated new bank covenants through to the end of 2021, with a condition it will not pay dividends until it returns to its normal covenants.

Labour hire firm **AWF Madison** won't pay a final dividend this year after posting a 33% jump in net profit from \$2m to \$2.7m for FY20, despite a reduction in group revenue to \$264m.

Imports of galvanised wire from China and Indonesia are to be investigated by **MBIE** following a dumping complaint by **Pacific Steel**.

### Tourism

**Tourism Holdings** shares jumped after its Discover Waitomo business was named as one of the first recipients of the govt's \$400m tourism support fund.

### Transport and logistics

**NZTA** advanced \$14m to help cover the cost of the covid-19 lockdown on construction of the **Transmission Gully** highway, but a longer-term deal is still in negotiation. The relationship between Wellington Gateway Partnership, **CPB Contractors** and **HEB Construction** has reportedly broken down. The issue is hardening political parties across the spectrum against the use of PPPs.

Demand for fresh food products drove a 100% increase in air freighted exports to Singapore despite a covid-19 related drop in cargo capacity, according to **Auckland Airport**. The surge in eggs (+506%),

beef (+274%), concentrated milk (+18802%), salmon (+346%) and lamb (+165%) to Singapore in April came as border restrictions took hold and flight numbers reduced.

NZ joined 56 international port authorities in an initiative for safe and efficient movement of goods and shipping during the covid-19 crisis.

**Air NZ** plans to return to profitability by Aug 2022. It anticipates flying about 13m passengers a year by then, compared with almost 18m pre-covid-19. It also expects to cut its wage bill by a further \$150m over the next two years. The national carrier is **hopeful the trans-Tasman and Pacific routes will be open by Sept**. The airline is suffering significant brand damage over its insistence on offering credits rather than refunds on flights missed because of covid-19. The airline will resume passenger flights to Narita, Tokyo with a once a week service starting on June 25.

### Commercial property

**Investore Property** expects to maintain dividend payments in the coming year, with more than 75% of its portfolio occupied by 'essential' services.

**Property for Industry** collected about 90% of rents due in April and May and has agreed to rental abatements and deferrals with 45 tenants amounting to about 1.2% of its annual rent, or about \$1m.

**AMP Wealth Management** will exit its offices in both Auckland and Wellington CBDs with staff having the option of working from home or from smaller, collaborative and meeting-based satellite offices.

### Healthcare

**AFT Pharmaceuticals** shareholder Capital Royal Group is cashing out for \$58m while the founder's Atkinson Family Trust is selling \$3.5m of shares. "Significant investor interest" was cited for the sales.

**Pacific Edge** reported a net loss of \$18.9m for FY20. Revenue from test sales were up 14% at \$4.4m, but expenses rose 5% to \$24.1m.

**Integral Diagnostics** is buying Auckland-based **Ascot Radiology** for up to \$52.8m in a mix of cash, shares and earnouts.

### Corporate actions

**AJ Park** plans to buy rival **Baldwins Intellectual Property** for \$7.9m, bringing two of NZ's top IP firms under the ownership of Australia's IPH. The deal will need Commerce Commission approval.

### Capital markets

**Port of Napier** is expected to enter the NZX50 at today's reset, replacing **Gentrack**. 🇳🇿

## LEGISLATION

## Urgency aplenty - 18 days left

With the House adjourned this week, there are now only 18 sitting days left before this Parliament is dissolved ahead of the election, in 99 days' time.

Parliament is due to rise on Aug 12. Writ Day is Sept 16, overseas voting starts Sept 2 and voting in NZ on Sept 5 for a Sept 19 election.

- *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

**Films, Videos, and Publications Classification (Urgent Interim Classification of Publications and Prevention of Online Harm) Amendment Bill** - Introduced May 26. Allows control of harmful livestreamed and hosted content. Mostly relates to online publications. Urgent interim classification assessments will apply to all publications.

**Taxation (Annual Rates for 2020-21, Feasibility Expenditure, and Remedial Matters) Bill** - Introduced June 4. Sets 2020-21 income tax rates. Amends tax treatment of feasibility expenditure and land. Modernises administration, inc. GST, KiwiSaver, social policy rules.

## Bills in progress

**Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill** - Introduced May 12. First reading on May 27 and referred to the Environment Committee with the support of all parties, though National MPs expressed concerns about some issues, including the levy proposed.

**Climate Change Response (Emissions Trading Reform) Amendment Bill** - Introduced Oct 24 2019. Second reading June 2. Govt amendments in committee stage on June 3 included deferring aspects of forestry changes, NZU fixed price options and auction system. National opposed. Argued for for one year deferral because of current economic climate.

**Education and Training Bill** - Introduced Dec 2 2019. Reported back June 8 with numerous changes and National still expressing misgivings.

**Films, Videos, and Publications Classification (Commercial Video on-Demand) Amendment Bill** - Introduced Dec 10 2019. Reported back on June 5 with a large number of amendments including the commencement date from Jan 2021 to July 2021. National noted ongoing concerns.

**Food (Continuation of Dietary Supplements Regulations) Amendment Bill** - Introduced May 12. First reading May 27. Sent to the Primary Production

Committee with all parties in support.

**Gas (Information Disclosure and Penalties) Amendment Bill** - Introduced March 11. First reading May 27 and sent to the Economic Development, Science and Innovation Committee with the support of all parties.

**Greater Christchurch Regeneration Amendment Bill** - Introduced Feb 19. Reported back on June 5 with minor changes.

**Land Transport (NZTA) Legislation Amendment Bill** - Introduced Dec 2 2019. Reported back June 8, changes include a delay in commencement date.

**NZ Bill of Rights (Declarations of Inconsistency) Amendment Bill** - Introduced March 18. First reading May 27. Sent to Privileges Committee, National opposed.

**Privacy Bill** - Introduced March 20, 2018. Reported back on March 13 with a large number of changes including on organisations and businesses requirement to disclose privacy breaches. The committee rejected submissions calling for a 'right to be forgotten'. Second reading completed on Aug 7, 2019 with all parties in support. Committee stage completed June 3.

**Racing Industry Bill** - Introduced Dec 5 2019. Reported back June 8. Amendments include protections for assets of small racing clubs for community use and changes to regulations covering overseas betting agencies.

**Smokefree Environments and Regulated Products (Vaping) Amendment Bill** - Introduced Feb 24. Reported back June 2 with amendments and a report by the Attorney General saying advertising restrictions breach of the Bill of Rights Act.

**Veterans' Support Amendment Bill (No 2)** - Introduced March 20. First reading May 27, referred to the Social Services and Community Committee with July 21 report back. Supported by all parties.

## Bills Passed/Failed

**Overseas Investment (Urgent Measures) Amendment Bill** - Introduced May 14. Amends the Overseas Investment Act to create a new national interest test for strategic assets. Second reading, committee stage and third reading May 26. Opposed by National and ACT who said it would have a chilling effect on investment.

**Smoke-free Environments (Prohibiting Smoking in Motor Vehicles Carrying Children) Amendment Bill** - Introduced June 17. Bans smoking in cars. Third reading on May 26 with all parties in support.

**Social Security (COVID-19 Income Relief Payment to be Income) Amendment Bill** - Introduced on May 26. Ensures a payment received under the COVID-19 Income Relief Payment Programme is treated as the income for the purposes of the Social Security Act. Passed under Urgency through all stages. National and ACT opposed, fearing a two tier welfare system. 