

## Vaccinations begin today

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The Government's fresh resolve to under-promise and over-deliver has started with at least one success. It begins the vaccine rollout later today with jabs for 100 vaccinators, before beginning the vaccination of about 10,000 border and MIQ staff tomorrow. PM Ardern signalled late last year and in January that the vaccinations would start by the end of the first quarter, sparking complaints of delays and disappointment over NZ's place in the queue. However, the lowered expectations look set to be met. Although keep an eye on how temporary IT systems handle the logistically challenging programme in the coming weeks.

## Vaccine hesitancy – an issue hiding in plain sight?

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While the only public polling available suggests 70% of the population is likely to accept a covid vaccination, unpublished explorations of the public mood suggest there is a much higher level of vaccine 'hesitancy' in the community than that result implies. Perhaps as few as a third of NZers would accept a vaccination if offered one today. A slower than ideal national rollout is implied if the Government and employers have to persuade large numbers of people that the vaccines are desirable and safe.

## Parker's RMA repeal and replace quest begins

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David Parker has laid out the RMA repeal and replace process. However, that could take five years to implement in full. In the meantime, housing affordability, public infrastructure and population growth pressures will continue to build. The National Policy Statement on Urban Development and associated Urban Development Authorities are likely to assume critical importance during the inter-regnum.

## New leverage for NZ over China and America

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NZ's role as the guardian of the CPTPP scroll is turning into a useful bargaining chip as it tries to avoid being squashed by China and America in their strategic jostling. China is now keen to join the CPTPP and wants NZ's help, which means America may need to keep NZ happy with better bilateral trade relations at the least. Diplomats and ministers are quietly seeing whether America could either rejoin the CPTPP or do a bilateral with NZ.

## Is the RBNZ preparing to tighten?

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The Reserve Bank is expected to signal taihoa on further rate cuts or QE when it releases its February Monetary Policy Statement next week. Economists are even talking about rate hikes in 2022. The bank itself is doing its best to cool down a hot housing market, announcing the effective reimposition immediately of a 40% deposit requirement for landlords.

## Bare cupboard for international tourism businesses?

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The Government is signalling to tourism firms they should batten down the hatches for up to another year of nearly no foreign tourists and that taxpayers at large are not going to help them much.

## Thankfully short and sharp

Anxious memories of the lockdowns of April to June and Aug and Sept of 2020 came flooding back this week with the three-day level three lockdown imposed on Auckland from Monday to Wednesday. Conferences and events were cancelled and Auckland's CBD turned into a ghost town again.

Luckily, the community transmission of the lethally infectious British strain appeared at time of publication to have been nipped in the bud within two families in Papatoetoe. But the snap lockdown is expected to have cost close to \$500m in lost or delayed GDP. After stellar Sept and Dec quarters, the March quarter may struggle to generate overall growth as the effects of no international tourism after the end of school holidays drags on spending and employment.

The **Auckland Home Show** at the ASB Showgrounds at Greenlane was scheduled to go ahead next week with over 40,000 visitors expected to spend \$30m with 400 exhibitors, but was instead postponed on Tuesday night to early Sept. Organisers said the level two restriction of not having more than 100 at public gatherings was too difficult. Napier cancelled this weekend's annual **Art Deco festival** on Monday evening. It also was expected to bring in 40,000 visitors over the weekend and generate \$18m for the local economy.

However, the very cautionary approach adopted on Sunday by the Government is widely supported by the public and remains politically popular. A nationally representative survey of 600 adults by Stickybeak for The Spinoff on Tuesday and Wednesday found 78% supported the level three lockdown decision, including 59% who saw it as 'excellent'. That was up from 75% who were positive about the level three lockdowns in place in September. Aucklanders were even more enthusiastic during this week's lockdown with 62% judging it as 'excellent'.

## Vaccinating the vaccinators

Slightly earlier than expected, the first of the initial batch of 60,000 doses of the **Pfizer/BioNtech vaccine** will be given to around 100 vaccinators today, ahead of the formal start of a vaccination programme for border staff starting on Saturday.

Having promised to begin vaccinations by the end of March, the Government looks set to under-promise and over-deliver on a key project. The Government's conservatism with its level three decision and its project promises reflects the political pain it feels for over-promising and under-delivering on **Kiwibuild** and **Auckland Light Rail** in its first term.

## Saliva tests – why so slow?

However, the Government faced tough questions this week over the speed of the Ministry of Health's adoption and use of saliva testing at the border. It's now widely used overseas, but the Ministry is still doing tests on the tests. The Opposition wants mandatory daily testing for border workers.

Covid-19 response Minister **Chris Hipkins** wouldn't rule it out this week and PM **Jacinda Ardern** looked behind the curve in question time, saying the tests weren't as accurate as nasal swabs and didn't save time, which is not what the studies overseas and the local private versions show.

In a polite but pointed initiative, **Auckland International Airport** has had a highly accurate and swift saliva test, developed by the University of Illinois, deployed for border-facing staff. This cannot replace the MoH-mandated 'brain scrape' nasal swabs, which are the only officially accepted tests. However, the airport is doing saliva tests every two days vs the nasal swabs every two weeks.

Meanwhile, the MoH/ESR validation process for an alternative saliva test, using a Yale University process, is some distance from completion.

It is noteworthy that one of the backers of the Illinois test in NZ, **Leon Grice**, was deeply involved in the early covid response last year, involving **Rob Fyfe**.

It was during that period that deep problems with the efficiency and competence of the ministry became clear, and which the subsequent **Roche-Simpson** report highlighted. The latest developments suggest the ministry remains comparatively flat-footed.

## A 'Novopay' for vaccination?

The Government will also have to be wary of a vaccination 'Novopay' situation. The vaccination programme will start before the launch of a new \$23m cloud-based software system being built to run it called the NIS, or National Immunisation Solution. This is being built using **Salesforce** on **Amazon Web Services**.

The Ministry of Health was reported this week as saying NIS is not expected to be working for months and the rollout would begin on an interim system called the 'National Immunisation Register.'

**NIR** was built in 2005 and was designed for early childhood vaccination programmes. It will be used as the vaccinations of border staff start this weekend.

## Vaccine hesitancy and job tenure

With the vaccination programme about to start, employers remain without official advice from MBIE

on how employers should deal with vaccination and staff. Employers can't force employees to vaccinate under the law, forcing many into difficult situations around staff, customer and supplier safety. MBIE said the guidance would come "soon."

There are signs that while some 70% of the population may ultimately be willing to be vaccinated – a bare minimum for herd immunity – the number who are enthusiastic about the job are far smaller. Major communications efforts are in planning by government and are likely to need to be backed with employer and, potentially, union, Māori and migrant community initiatives.

## Urgent lockdown support

The three-day lockdown wasn't long enough to trigger a fresh round of wage subsidies or small business grants, but the Government was forced to use urgency this week to ensure legislation was there if it had been extended, or we have to go back up the levels again.

Parliament passed legislation under urgency on Wednesday allowing firms able to show a 30% revenue drop over a seven day period due to a level change to claim a grant of \$1500 plus \$400 per employee up to a total of 50 full time staff up to a maximum of \$21,500.

This is a loosening of the previous rules. Now businesses can claim at level two, rather than at level three, and can claim with evidence of an impact after seven days, rather than 14 days. Finance Minister **Grant Robertson** said businesses could apply for the support from next Tuesday.

## RMA repeal clock ticking

Environment Minister **David Parker** unveiled more detail on the Government's plans to repeal and replace the **Resource Management Act (RMA)** last week. The ambition is to pass all three new acts -- the **Natural and Built Environments Act (NBA)**, the **Strategic Planning Act (SPA)** and the **Climate Change Adaptation Act (CCA)** - in the current term of Parliament.

However, that looks a heroic timetable and there are no promises.

The NBA is first cab off the rank and will follow a complex dual process through this year in which a multi-minister Cabinet committee will be settling the detail at the same time as the legislation is out for consultation with the public and at select committee.

Official papers warn that there could be five years of uncertainty and promise the Ministry for the Environment will give guidance. Meantime, the best

guidance for the future is likely to be the NPS on Urban Development – promoting 'up' and 'out' for new urban housing – and the use of fast-tracking by Urban Development Authorities.

The SPA, which will be a vital tool used to short-circuit today's tendency for development to be blocked at the consent application stage, is unlikely to be in law much before the 2023 election. The SPA will entrench spatial planning, meaning that predetermined land uses will prevent much of the argument in RMA consenting processes.

Initiatives to improve public infrastructure funding by local councils, including new debt instruments and central government funding through the '3-waters' and similar policies will hopefully provide momentum. However, there is much complexity on the road ahead.

Revenue-to-debt ratios remain a crucial concern for local councils. **Auckland Council** is wary of expanding its debt and potentially suffering a downgrade to its AA rating, given each notch of downgrade would increase rates by 1% and the Council itself fears it may trigger a sovereign downgrade. Other councils are also dependent on Auckland's outlook, given it sets the base for all **Local Government Financing Agency** debt issues.

The Government passed the **Infrastructure Funding and Financing Act** last year to help create new debt vehicles funded through targeted rates on new residents in greenfields areas, but councils still see this as inadequate to fund very fast growth.

## \$60b debt reduction

The other restraint to fixing an infrastructure deficit measured variously at anything from \$50b to \$150b is the current Government's preference not to borrow to previously signalled limits if the economy continues to perform better than initially feared during the covid period.

Robertson reinforced this with the covid-delayed release of the Budget Policy Statement outlining the 2021 Budget's operational and capital spending parameters.

He left the new operating spending allowances unchanged from the December Half Yearly Fiscal and Economic Update (HYEFU) at \$2.625b for each of the next four years, and up only \$225m per year up from the Pre-Election Fiscal Update (PREFU).

### Repeal + replace

The timetable for replacing the RMA will take all of the current parliamentary term, possibly more.

The legislative timeline:

- NBA exposure draft to select committee by Sept
- NBA introduced to Parliament by end of 2021, enacted by late 2022
- SPA introduced 2022 for passage before 2023 election
- CAA in law by 2023 election, if possible.

Since then the economy has generated much higher than expected tax revenues and unemployment has been lower than expected, reducing forecast Government spending.

Robertson detailed this week how the Crown accounts for the six months to the end of Dec showed the deficit on the operating balance before gains and losses was just \$4.0b and \$1.1b better than forecast in the Dec HEFU.

He pointed to Treasury's fresh 2021 forecasts of debt out to 2035 showing net debt falling to 36.5% of GDP by 2034/35. The HYEPU had debt at 48% by 2034 and Robertson highlighted the \$60b reduction in implied debt issuance because of the improved economic and fiscal outlook.

He rejected accusations the Government had chosen to reduce debt ahead of investing more in infrastructure and social welfare spending.

He left open the potential for the May budget to contain new spending beyond the limits outlined in the BPS, but it is clear that Robertson remains persuaded that being seen to maintain Crown debt headroom is good economics and politics.

The Cabinet and key officials remain highly attuned to the need to be able to respond to new, unforeseen economic shocks, given the regularity with which they have struck in the last 15 years.

investment pact to ring-fence China in the region.

Donald Trump's decision to pull out the CPTPP scuttled that ambition and left it as a somewhat neutered vehicle for western trading partners.

NZ could help bring both America and China into the CPTPP, or leverage the Chinese bid to secure a friendly bilateral deal with America in return for holding China at bay.

The discussions are yet to take place formally, but it does give NZ some leverage with both China and America that it may not have had in the immediate aftermath of Biden's election and before China expressed interest in reaching out to him through the CPTPP.

### Careful tip-toeing

Meanwhile, PM Ardern and Foreign Minister Nanaia Mahuta are doing their best not to upset the applecart with China. New Zealand has not joined the other Five Eyes partners in recent months in publicly criticising China over repression in Xinxiang and Hong Kong.

The issue blew up again last week when a BBC documentary showed how Chinese authorities were using sexual assaults to repress the local Uighur population.

Ardern said she continued to raise these human rights at a personal leader-to-leader level, rather than with public statements.

"I don't know what could be stronger than raising it face-to-face with the leadership in Beijing," she said.

"I would really push back on the trivialisation of the strong stance NZ has taken on this issue."

However, when it comes to diplomatic strain, the Canberra-Wellington relationship is of more immediate concern.

There had already been strain over the failure to progress the trans-Tasman bubble and the difficulty created by the impracticality of a state-by-state approach to border opening.

Australia's revoking the citizenship of a NZ-born woman who travelled to Syria to support the short-lived ISIS caliphate and had two children while there, poured fuel on the fire. On one hand, NZ is outraged by Australia's practice of sending NZ-born problems back here. Equally, however, there is no enthusiasm for establishing any precedent for radicalised individuals to find ways back to NZ via Australia. The Australian action has effectively removed the NZ Government's options and created just such a signal. ■

### CEO Retreat 2021

The next Hugo Group CEO Retreat is scheduled to run from **dinner on Thursday August 19 to lunch on Saturday August 21**.

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

**Mark your calendar now.**

### NZ's new CPTPP leverage

NZ is assessing its capacity to play a larger broking role in relations in trade and strategic relations between China and America, with Britain as a friendly accomplice and onlooker.

The venue is the Comprehensive and Progressive Trans Pacific Partnership, for which NZ provides the secretariat, as 'Depositary of the CPTPP'. That means it formally receives and circulates requests for changes and additions under the treaty.

That becomes a central role when someone wants to join. Korea and Colombia joined that queue a while ago. More recently, Britain has asked to join from its not-so-near-to-the-Pacific position in the mid-Atlantic, which NZ has welcomed.

China is now also signalling it would like to join the CPTPP. With Joe Biden in the White House, that creates a dynamic that could test the new US president's appetite for reviving the Obama/Biden administration's strategic attempt to use the trade and

## Landlord lending clamp

The Reserve Bank moved last week to clamp down on a frenzy in the housing market, effectively reimposing a 40% deposit requirement immediately for landlords.

Banks had already taken action. The **ASB** joined **ANZ** and **BNZ** in requiring landlords to have a 40% deposit when borrowing to buy more properties the previous week.

“We’re concerned the continued high levels of investor demand are unsustainable. So effective immediately we are increasing the deposit required from investors to 40% from the current 30%,” ASB’s ceo **Vittoria Shortt** said in a statement “We are very focused on being a prudent and responsible lender. We all have to play our part and this decision to immediately increase the deposit required from investors is about ensuring a balanced and sustainable housing market which is in the best interests of all NZers,” Shortt said.

ASB went even further initially this week when it told mortgage brokers that landlords would also require a 40% deposit requirement new builds. That was wound back within a day though.

It told mortgage brokers this week they now needed just 15%. The Reserve Bank’s LVR rules exempt new builds to encourage lending to increase supply.

“We acknowledge that in trying to do the right thing for Kiwis, and for first home buyers in particular, we may not have got the balance quite right,” ASB’s GM of retail banking **Craig Sims** was reported to have told brokers in an email.

## A tighter RBNZ outlook?

Economists are also expecting the Reserve Bank to tone down its outlook for bond buying and remove the prospect of negative interest rates when it releases its Feb Monetary Policy Statement next Wednesday.

## ‘Tourism’s grim outlook’

Amid the relief and celebration through the summer holidays as shop tills rang regularly and housing sales boomed, those regions and businesses relying on international tourism remained hard hit.

This correspondent saw the effects in Te Anau and Queenstown after the end of the school holidays as the offsetting effects of heavier-than-usual domestic tourism dried up. Shops and cafes were boarded up, car parks were empty and prices for more expensive boat trips and helicopter rides were slashed.

But the Government is reluctant to unveil more

support for the tourism sector, particularly in the wake of a much-criticised initial lolly scramble that is now being investigated by the Auditor General.

Tourism Minister **Stuart Nash** has been not-so-quietly softening up those dependent on foreign tourism to get ready to fend for themselves.

“If you’ve got a business that is solely or predominantly reliant on overseas tourists and you haven’t been able to pivot from an international base to a domestic base, then I’m afraid you’re probably going to have to have some very hard conversations with your bank, your creditors, your directors and your employees,” Nash told Newshub last week.

He said many should accept significant international tourism was now unlikely until 2022. Cabinet ministers appear resigned to not having significant air links open, even with Australia, until well into the second half of this year. Some have talked privately about having 60-70% of the population vaccinated by the end of the Sept quarter as a potential threshold to consider opening up, given it’s a level seen needed for herd immunity.

“It’s Feb now and we’re probably not going to see international tourists in this country in 2021, and that’s probably the shortest period of time. So if you’ve got another 11 months to hold out, how much money, how much taxpayers’ money do we use to subsidise or prop up businesses that are probably not going to be viable for at least another 11 months?”

Arden and Nash told Queenstown District Mayor **Jim Boulton** on Tuesday the Government would not grant a special wage subsidy for tourism businesses. “I am sure it will be a bitter pill for those who may have been holding out for that as a lifeline,” Boulton said.

## ‘Give up on low value tourism’

The news didn’t get any better for tourism firms this week when Parliamentary Commissioner for the Environment **Simon Upton** released his final report and proposals for the future of tourism after a draft investigation released in 2019.

Upton proposed a departure tax to reflect the environmental cost of flying internationally from New Zealand and use the revenues to support the development of low-carbon aviation technologies and provide climate finance for Pacific nations.

Upton also proposed requiring rental car agencies collect freedom camping infringement fees and fines.

He said the Government should “take advantage of the pause in international tourism to transform the sector to one with a substantially smaller environmental footprint.” ■

## CORPORATE ROUND-UP

### Banks, insurers and fund managers

**ANZ NZ** chalked up record home loans during the Dec quarter and supported about 145,000 home loan and commercial customers in Australia and NZ during the early days of the covid-19 pandemic by deferring payments. It said 92% of NZ deferrals had rolled off and 86% were paying on time.

**AMP Wealth Management's NZ** operating earnings fell 19% to \$38m in calendar 2020 due to closing two legacy schemes and softer investment markets.

**Suncorp's NZ** division – which operates the **Vero Insurance**, **AA Insurance** and **AA Life** joint ventures, and **Asteron Life** brands – lifted first-half profit by almost a fifth to a record \$129m, with AA car insurance driving premium growth.

### Energy and resources

A plan for a 45m litre fuel facility at the **Port of Tauranga** was rejected by a planning commissioner who said it would encroach on an existing marae.

**Genesis** is assessing 6,000 GWh of renewable generation options for development after starting a closed RFP process with 11 partners. It is eyeing 2,650 GWh/year of new renewable generation by 2030.

**Contact Energy** will raise \$400m to help fund a 152 megawatt geothermal plant at Tauhara near Taupō and is running the rule over its gas-fired power stations' future. Contact lifted earnings 11% to \$246m in the six months ended Dec 31.

**Refining NZ** agreed terms with **BP** for using the company's proposed import fuel terminal. Refining NZ said it has made good progress on the option to convert the **Marsden Point** refinery to an import terminal to handle about 3b litres a year – 40% of national demand. It could be open by 2022.

### Manufacturing and construction

**Fletcher Building** reported improving market conditions and improvements in operating efficiency delivered a boost in net profit for the six months ended Dec 31 to \$121m from \$82m in the six months a year earlier, while earnings rose 47% to \$323m, just above the company's guidance.

**Skellerup** lifted first-half net profit 61% to \$19.5m for the six months ended Dec 31 and upgraded its guidance for the full year.

### Primary sector, food and beverages

Chinese customs suspended imports of seafood products from a **Sanford** mussel processing site in Havelock and a **Sealord** finfish and fishmeal processor in Nelson. Both sites underwent live video audits by Chinese authorities.

State-owned **Pāmu Farms'** reported first-half earnings were hit by lower meat prices, but expects a better full-year due to rising milk prices. Earnings were \$14m in the six months to Dec 31, versus \$22m in the prior year.

Strong demand from China and others saw whole milk powder prices jump to a near seven-year high in the overnight **Global Dairy Trade** auction, boding well for an even stronger payout this season. The GDT Price Index rose 3% to an average selling price of US\$3,746 a tonne. Whole milk powder prices rose 4.3% to a near seven-year high of US\$3,615 a tonne.

### Property

**Precinct Properties** agreed to sell its 50% share of Auckland's **ANZ Centre** for \$177m. While chief executive **Scott Pritchard** didn't disclose who the buyer was, the deal follows the sale of 50% in the building to a fund controlled by US investment group Invesco in mid-2018 for \$181m.

**Property for Industry** sold its Carlaw Park development in Parnell for \$110m.

### Service industries and healthcare

**Ebos Group** reported net profit lifted 13.7% to \$92.9m in the six months to Dec 31 while revenue was up 6.3% at \$4.7b.

### Tech and IT

**Trade Me** agreed to buy property values site **homes.co.nz** for an undisclosed price and sent the deal to the **Commerce Commission** for approval.

The **BNZ** is **Microsoft's** second major data centre customer in NZ, following **Fonterra**. **Microsoft** expects to open the facility at the end of 2022.

### Telcos, media and entertainment

Broadcasting and Communications Minister **Kris Faafoi** said NZ would not be impressed if **Facebook** tried its ban on Australian publishers in this country. Faafoi said NZ is looking at its own way of addressing financial problems in the media sector.

The govt is to spend \$55m over three years to support 'public interest journalism', which it has yet to define, via **NZ On Air**.

**Broadcast Services NZ** was cleared by the **Commerce Commission** to acquire **Sky Network Television's** outside broadcasting arm **Outside Broadcasting**.

Covid lockdowns and the 2019 fire at the NZ International Convention Centre sliced 76.1% from **SkyCity Entertainment's** net profit after tax for the six months to Dec 2020 to \$78.4m from \$328m for the comparable 2019 period.

## Transport and logistics

**Auckland International Airport** reported a net underlying loss after tax of \$10.5m for the six months to Dec 31, compared to a profit of \$139.9m a year ago. It said it doesn't expect material quarantine-free, two-way Tasman travel before June 30 this year.

**QEX Logistics** was suspended from trading on the NZX after all three independent directors resigned, meaning it is in breach of listing regulations. The company, which freights online purchases to China, failed to meet debt repayments. QEX was hit by a \$4.3m loss from a bonded warehouse in Shanghai, which is unlikely to be covered by insurance.

**Air NZ** ceo **Greg Foran** apologised for the company taking an engine maintenance contract for the Saudi Arabian navy in 2019, which has been accused of war crimes in Yemen. The work was cancelled and a review of the gas turbine unit's contracts over the last 35 years is being undertaken. Air NZ is discussing with the **Ministry of Foreign Affairs and Trade** whether it should have been flagging such work for national security vetting.

The national carrier will announce its 1H earnings next Thursday and may unveil details of its pre-June 30 capital-raising, which **Jarden** estimates will seek \$1.5b. The **govt** confirmed it will participate and maintain its majority shareholding.

Air NZ is also now operating 93% of its pre-covid domestic network capacity and has recovered about a third of its operating revenues but is still burning cash.

A newly discovered seismic fault could delay the 2024 start of Auckland's **City Rail Link**. Along with the impacts of ongoing covid issues, this could raise the cost over the current \$4.4b price tag.

## Wholesale and retail

The **Warehouse Group** will pay a special dividend of 5c/share after a strong trading period over Christmas. It has already paid back its wage subsidies.

**Briscoe Group** reported an annual net profit of at least \$70m – a gain of about 12% – after sales rose 18.3% to \$248.1m in the 14 weeks ended Jan 31 from the same period a year earlier. This took annual sales to a record-high \$701.8m. Briscoe's online sales grew almost 80% to be worth 19% of total annual sales.

**Kathmandu** expects earnings of between \$47m and \$49m in the six months ended Jan 31, up from the \$40.5m underlying earnings it reported a year earlier.

## Capital markets

**My Food Bag** will list on the NZX in March at \$1.85

per share, giving the company a market capitalisation of \$449m and an earnings ratio of 22.4 times its 2022 financial year forecast. Much of the stock on offer is likely to be bought in a pre-float institutional bookbuild after a priority allocation to over 10,000 customers and employees. The vast majority of the float proceeds will be paid to existing shareholder and new shareholders will meet the \$16m float costs.

**NZX** beat its own guidance and analyst expectations as it lifted operating earnings 9.7% to \$34.4m in 2020. There was a 42% rise in trading values to \$53.7b, with a record 12.1m trades, thanks partly to **Sharesies**.

**Marlborough Wine Estates** wants to raise up to \$2m from existing shareholders at a steep discount, albeit near the stock's early Dec levels. Eligible shareholders can buy up to \$50,000 of stock at 25 cents, less than half the 59 cent close on Tuesday.

**NZ Automotive Investments** will go public next week in a direct listing on the NZX with a valuation of \$60m. NZAI currently operates two subsidiaries, retailer **2 Cheap Cars** and lender **NZ Motor Finance**.

## Courts and regulation

The govt settled a negligence claim brought by kiwifruit growers for \$40m relating to the **PSA** infestation. The class action, brought in 2014, was against the-then **Ministry for Agriculture and Fisheries** for allowing the kiwifruit vine disease into the country. The growers estimated losses of \$450m. The case was scheduled for a hearing in the Supreme Court this week. While the Government lost the negligence suit in the High Court in 2018, the Court of Appeal said the Government had immunity from tort liability.

The **Civil Aviation Authority** suspended **Pacific Aerospace's** commercial certification after the company advised it was insolvent.

## People moves

**Infratil** ceo **Marko Bogoevski** is stepping down after 12 years to focus on building **Morrison & Co's** reputation as a global asset manager. **Jason Boyes**, Morrison & Co's head of Europe, will take over the role. Bogoevski will remain Morrison & Co's ceo.

The **Financial Markets Authority's** top lawyer, **Nick Kynoch**, is leaving the regulator to become the general counsel at **Generate Kiwisaver**.

**Interpol** issued a global alert for NZer **Paul Robert Mora**, who is wanted by German authorities over allegations of tax evasion. He is suspected of facilitating and concealing fraudulent transactions for an investor during his time as the head of division at a major bank between 2006 and 2008. ■■■

## LEGISLATION

## Covid-support urgently passed

Parliament resumed for the year and almost immediately used urgency to pass covid-19 resurgence payment legislation during the last day of Auckland's level three lockdown.

The first Members' Day of the year planned for Wednesday was postponed by the covid alert and the only legislation to be dealt with was covid-related.

## Bills Introduced (and passed)

**Taxation (COVID-19 Resurgence Support Payments and Other Matters) Bill** - Introduced on Feb 16 2021.

*Sets up covid support payments for businesses hit by lockdowns of level 2 or over. As announced in Dec, this includes a grant at a core per business rate of \$1500 plus \$400 per employee up to a total of 50 FTEs (\$21,500) for firms experiencing a 30% revenue drop. This is not tied to wages payments and firms with more than 50 FTEs can apply up to the maximum. It is nationwide, however, it is capped at the amount of revenue lost. One change made since the Dec announcement is eligibility is over 7 days, not 14. This will be calculated by comparing a seven-day period at alert level 2 or higher with the typical weekly revenue in the six weeks before the move from alert level 1. The bill passed through all stages under Urgency and supported by all parties.*

**Climate Change Response (Auction Price)**

**Amendment Bill** - Introduced on Feb 5 2021. *Enables a confidential reserve price to be set for auctions in the Emissions Trading Scheme to ensure NZ Units sold at auction are not sold significantly below the prevailing secondary market price. First reading debate completed on Feb 10 and sent to the Environment Committee with ACT opposed. However, National was opposed to the process with the bill to be reported back from the Environment Committee by March 4 ahead of the first auction on March 17. National said the Government had been aware of the absence of a confidential reserve price for a year and only at the last moment decided to implement one for the first auction.*

**Girl Guides Association (NZ Branch) Incorporation**

**Amendment Bill** - *A private bill sponsored by Duncan Webb and introduced on Feb 9 2021. It allows the Girl Guides Association of NZ to sell properties now uneconomic to hold, despite the constraints of its incorporating legislation.*

**Local Electoral (Māori Wards and Māori**

**Constituencies) Amendment Bill** - Introduced on Feb 5 2021. *Removes mechanisms for binding polls to be held on establishing Māori wards and constituencies, while retaining non-binding polls to gauge public sentiment. Also establishes a transition period ending on May 21 in which a local authority may, regardless of any previous*

*decisions or previous polls, establish Māori wards or Māori constituencies for the 2022 elections. First reading under Urgency on Feb 9, opposed by National and ACT, and referred to the Māori Affairs Committee with submissions closing Feb 11 and reported back by Feb 15.*

## Bills in Progress

**Crown Pastoral Land Reform Bill** - Introduced on July 16 2020. Ends tenure review and reforms the regulatory system covering Crown pastoral land leases. First reading on July 22 opposed by National who said it will effectively end high country farming due to the requirements to gain approval for many farming practices. Sent to the Environment Committee. Report back March 30 2021. *Report back extended to May 25.*

**Films, Videos, and Publications Classification (Urgent Interim Classification of Publications and Prevention of Online Harm) Amendment**

**Bill** - Introduced on May 26 2020. Updates the Films, Videos, and Publications Classification Act to provide regulatory tools to manage harm caused by content that is livestreamed or hosted by online content hosts. The bill mostly relates to online publications, however, one aspect - urgent interim classification assessments - will apply to all publications covered by the Act. *First reading completed on Feb 11 2021. Supported only by Labour with all other parties saying the bill went too far in restricting free speech. Sent to the Governance and Administration Committee with a report back of Aug 11.*

**Food (Continuation of Dietary Supplements Regulations) Amendment Bill**

- Introduced May 12, 2020. The bill extends the expiry date of the Dietary Supplements Regulations 1985 by 5 years to March 1 2026 to maintain consumer access to dietary supplements until a fit-for-purpose regulatory regime is ready to put in place. First reading on May 27 and sent to the Primary Production Committee with all parties in support. Reported back on Dec 17 with no changes. *Second reading on Feb 10 supported by all parties, but with a number of Opposition MPs questioning why it would take another five years to reform the regime.*

**New Zealand Superannuation and Retirement**

**Income (Fair Residency) Amendment Bill** - Bill in the name of NZ First MP Mark Patterson drawn from the ballot and introduced on Oct 18. This bill proposes raising the minimum residency qualification for NZ Superannuation from 10 years to 20 years after age 20. First reading on July 1 and referred to the Finance and Expenditure Committee, opposed by the Greens. *Report back extended from March 23 to May 4. The bill is now in the name of National's Andrew Bayly.*

- *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)*