

## A dangerous but necessary debate

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Every few years, the Treaty of Waitangi relationship throws up potentially divisive questions that NZ society has no option but to deal with. Think the 'fiscal envelope' in the 1990s or the foreshore and seabed imbroglio in the 2000s. Judith Collins's decision to pursue as a potentially 'separatist' agenda the ideas outlined in the He Puapua report suggests another such period is upon us.

## Robertson eyes higher debt target in long run

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Budget 2021 is now set in stone ahead of its delivery next Thursday and will reflect the fiscally cautious approach signalled by Grant Robertson in February. But the tone of the government's comments is shifting towards a higher debt track for the 2022 and 2023 Budgets ahead of the next election, particularly as the majority Labour government starts to flex its muscles with a range of major reforms that would enable big investment in repairing massive infrastructure deficits.

## Migration settings face tightening in new approach

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Kris Faafoi will deliver a major speech late on Monday with a tighter approach to migration settings, both for residency and skilled work visas as the government grapples with infrastructure shortages and a desire to reverse downward pressure on wages at the low end. It sees the covid shock to inward migration as an opportunity for a reset that reduces the pain for employers crying out for workers.

## Housing market yet to slow after March 23 shock

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The March 23 shock on tax deductibility for landlords has yet to be felt in the prices and volumes flying through the housing market. REINZ reported record high house price inflation of 26.8% this week and a five-year high in sales volumes.

## Govt schooled on pay freeze

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The government took its eye off the ball with its public sector pay restraint announcement and a well-organised union movement has exploited the resulting anger with aplomb. Public sector employers go into pay talks with a seriously weakened hand.

## FPAs – coming ready or not

The Fair Pay Agreements legislation will be in place by the end of next year and represent what may be the apogee of the majority Labour administration's willingness to yank economic levers to try and produce desired results. Official advice was unenthusiastic about the reforms, but Labour owes this to its union backers and ministers believe FPAs will be fairer for low-paid workers.

## KiwiSaver shake-up

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The long-awaited KiwiSaver default provider shake-up takes ANZ, ASB and AMP out of the picture and elevates Simplicity, NZX Smartshares to default provider status.

## Revisiting the debt target

Finance Minister **Grant Robertson** will present next week's Budget as 'striking a balance' between debt reduction from the mid-2020s and the need to spend on longer term issues such as housing, climate change and child poverty and infrastructure.

Robertson is nudging the government towards a more expansive approach, particularly in the next two Budgets before the 2023 election.

Robertson began the softening up process this week, calling for a "modern, mature debate" about the appropriate level of government debt needed if NZ is to catch up with its deep infrastructure deficit.

He said he remains committed to NZ having "our debt a bit lower than the rest of the world," but the 20% net debt target used by the previous National government and Labour in its first term no longer applied.

"For the circumstances of that moment, that was our policy. But now looking to the future, given for example the infrastructure deficit we have built up considerably over time, we do need to invest heavily in infrastructure," he said.

His comments coincided with the release this week by the **Infrastructure Commission** of a consultation document on NZ's infrastructure needs over the next 30 years, which suggests as little as a third of the infrastructure investment required is currently planned.

Robertson said he would still target debt reductions from the covid-induced peaks, "but it won't go back to where it was," in part because the low interest rate environment "appears to have a reasonable lifespan still in it."

He reiterated last year's announcement that the Treasury is re-examining whether changes are needed for the benchmark fiscal indicators for the future.

The looser debt ambitions are unlikely to be reflected much in next Thursday's Budget, given Robertson

froze new operational spending allowances at pre-Christmas levels in his February Budget Policy Statement and added just \$7b to the capital spending allowance, despite a \$30b improvement in the debt track between September and February.

He did signal this week there had been a slight increase in operational and capital allowances since February.

The books continue to improve by the month. The Crown accounts for the nine months to the end of March 2021 show the operating balance before gains and losses was \$5.2b better than forecast in Dec. Tax revenue was \$69.9b, \$4b above forecast due to higher than expected corporate and income tax, and GST revenue. Net core Crown debt was 33.3% of GDP, \$6.6b less than forecast.

## Big agenda straining govt

Senior ministers are privately admitting they are concerned at the scale of the reform agenda they are pursuing. On top of planning law, three waters and the public health system, the government in the last fortnight added immigration and local government reviews.

With covid-19 continuing to be a major drain on resource and focus, **gaps in senior ranks of the public service are becoming increasingly apparent** and may slow some of the reform agenda down.

Already, some fundamental **decisions on three waters reform have been pushed from May into late June**, although the explanation there is to keep public announcements on that issue clear of the budget.

## Race relations row – how combustible?

The most difficult tension at the heart of the race relations row over the last fortnight is this: how to express concern about inherently race-related policy initiatives without being branded 'racist'.

In that sense, there is cynicism on both sides of the political divide.

National's Judith Collins is pursuing a classic 'culture wars' rift created by the emergence of the He Puapua report, which discusses in huge detail the extension of concepts of Māori co-governance that have been increasingly common and successful in the last two decades or so.

There is a growing conservative backlash brewing on what is widely seen as 'woke' pandering to Māori interests, even among people willing to accept the case for the Treaty settlement process and the inter-generational impact of colonisation on Māori.

This constituency not only feels unheard, but actively silenced. The more Collins stirs the issue up, the more that attempt at silencing is visible and the more potentially useful it becomes to her politically.

On the left of politics, automatically branding opposition to constitutional reforms and public policy processes that increasingly empower Māori as racist is a convenient way of marginalising

### 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.**

opponents. Being branded as holding socially unacceptable opinions, they can be ignored.

The Māori party's Rawiri Waititi is exploiting this well to build his constituency among Māori voters hungry for faster action and less pussy-footing. That creates the unlikely sight of Crown-Māori relations minister Kelvin Davis positioned closer to where National's deputy leader Shane Reti sits – arguing that there is no monolithic Māori view of these issues and that debate, while difficult, is necessary.

Jacinda Ardern has been staunch in articulating a view reflecting her own generation and an urban liberal view that NZ has moved past debates of the kind Collins is engendering and neither endorsing nor ruling out contentious elements of the He Puapua report that has given the issue oxygen.

Over time, we **expect Ardern to start falling back on her mantra for other hard-to-fix issues:** that the government is **only willing to pursue sustainable change.** Anything that gets too far ahead of the electorate becomes hostage to a change of government. That is the most constructive way to put distance between herself and He Puapua, which is likely to become politically necessary.

## Key elements of Collins's positioning

Judith Collins is making a genuine effort to articulate a nuanced position on Māori/Treaty issues, on paper at least, recognising that she cannot afford to be painted as Don Brash Mark 2.

Her speech to the National Party's lower North Island conference last weekend laid out the following core elements:

- “the Treaty of Waitangi is NZ's founding document and it has an important role in our society today;
- “through the settlement process we must continue to right the wrongs of the past but we must also look forward;
- “enabling NZers to work together will see our inequities addressed and health outcomes improve for all;
- “separate systems of governance is not what the Māori chiefs and Hobson had in mind in 1840, and separate systems is not what will help NZ in 2021;
- “there are times when we, as a nation, need to have hard conversations. The Prime Minister needs to understand this. This is a conversation that needs to be had. People are concerned.”

It is also true that Collins is prosecuting this issue as strongly as she is because it may be her best and only opportunity to shore up her leadership and by

creating a clear differentiation on a highly emotive and politically charged set of issues.

It is a high stakes move. If she can use her legal background to walk the constitutional tightrope successfully, it could be the making of her leadership and unsettle a government struggling to contain a growing array of knotty issues.

If she fails, her fate will almost certainly be sealed and she will not lead National into the 2023 election. However, that appeared to be the case before He Puapua dropped like a godsend into her lap. She will risk racial tension to pursue the opportunity.

## Schooled – pay freeze theatrics

Political commentators may argue over whether the government really announced a public sector freeze in the first place, whether there was any meaningful backdown from its original position in response to union anger, and whether it has changed Labour's support levels in any permanent way.

What is very clear is that the government goes into public sector pay talks with its negotiating position severely weakened.

There is no doubt there was widespread anger among PSA members about the poorly handled initial announcement of ministerial ‘expectations’ of public service pay restraint. There is also no doubt that union leadership used the snafu to full political advantage.

Union organisers were active throughout the public sector, stoking the truculent mood, while the CTU was able to assert its moral authority as the peak labour movement body by chairing crisis talks with senior ministers.

The only concrete concession from public services minister Chris Hipkins was to review the ‘expectations’ next year instead of in 2023. However, the repeated insistence by Hipkins, Jacinda Ardern and Grant Robertson that lower-paid public sector workers could expect cost of living pay rises, better access to incremental pay grade increases and that their statements did not erase the requirement for ‘good faith’ bargaining deals a very weak hand to public sector employers.

Noteworthy also is that ministers are also now endorsing the concept of a national collective agreement covering a large swath of the public sector – effectively a Fair Pay Agreement-type arrangement for a far larger and better-paid group than the FPA

### Face time

Australian PM Scott Morrison is due to announce the date of his first face-to-face meeting with Jacinda Ardern imminently. The Aussies are understood to have wanted to get their budget out of the way before doing so. The venue is confirmed as Queenstown and dates very late this month are in prospect. Meanwhile, our PM will lead a trade delegation to Australia in July.



reforms have so far been targeted at.

## Prepare for lower migration

Migration Minister **Kris Faafoi** is set to deliver a speech late on Monday detailing a new approach to migration.

It is expected he will signal lower levels for NZ's residency target, which has not been set since 2017, when it was already stretched at around 45,000 per year.

The speech will come just over a week after the government asked the **Productivity Commission** to hold an inquiry into immigration settings.

## Tensions 'inevitable'

PM Jacinda Ardern acknowledged in a big setpiece speech to the annual China Business summit in Auckland that NZ's relations with China would inevitably face tensions around human rights.

The speech came as the issue flared up in Parliament last week as a motion was passed condemning China's actions in Xinjiang, but pulling out a proposed reference to 'genocide'.

At the summit, the Chinese ambassador to NZ, Wu Xi warned that politicising issues and attempting to impose ideologies would poison international cooperation and may push to confrontation.

## KiwiSaver shake-up

The government has slashed the number of KiwiSaver default providers from nine to six with five of the existing providers being removed from Dec 1, including two of the big banks.

The two new providers are **Simplicity** and NZX's Smartshares while **Bank of NZ**, **Booster**, **Westpac's BT Funds Management** and **Kiwibank's Kiwi Wealth** retain their default status.

The five who will lose their default status are **AMP**, **ANZ Bank**, currently the largest provider, **ASB**, the second-largest provider, **Mercer and Fisher Funds**.

There are about 381,000 KiwiSavers in default funds because they were automatically enrolled when they started a new job but made no active decision about which provider they preferred.

The ministers said those joining the scheme at age 18 could have an extra \$143,000 through lower fees and higher investment returns.

## Briefly

While the mood among many business leaders in NZ has appeared to be souring on the government in recent weeks - there was a palpable frustration at last

week's Institute of Directors' conference - the PM has scored at least one accolade, with **Fortune magazine** nominating her #1 in their newly published list of **Top 50 world leaders**, mainly thanks to the covid-19 response, but also citing climate change and pay equity initiatives.

**Ardern** and French president **Emmanuel Macron** will co-chair a Christchurch Call leaders' summit tomorrow. The Christchurch Call was initiated by Ardern in the wake of the mosque shootings in March 2019 and aims to eliminate terrorist and violent extremist content online. The US announced last weekend it will join the call and attend the summit.

The latest **Roy Morgan** poll recorded support for Labour dropping by four percentage points to 41%, National up 6.5 points to 29.5%, Greens up 1.5 to 13.5%, ACT down 2 points to 9% and the Maori Party up 1.5 points to 2.5%. The poll was taken throughout April and polled 933 electors.

A slightly increased majority of 62.5% (up 1 point) said NZ was 'heading in the right direction' compared to just over a quarter, 26.5% (up 0.5 points) who said it was 'heading in the wrong direction' in the Roy Morgan poll.

Finance Minister Grant Robertson said the **building supplies sector** is likely to be the next market study by the **Commerce Commission** after it finishes its current work on supermarkets.

Ardern says Speaker **Trevor Mallard** retains her confidence, but she was seriously concerned about his conduct. There were angry exchanges in Parliament when National MPs pursued Mallard over his handling of sexual assault allegations against a parliamentary staff member.

National received \$2.8m in donations in 2020 and Labour \$1.5m according to the Electoral Commission's data on large donations. In the last election year in 2017 National had \$4.6m in donations and Labour \$1.6m. The SFO charged six people in relation to donations to Labour in 2017.

The govt will spend \$13.1m for agencies to purchase 422 new **electric vehicles** and charging infrastructure across the state sector. The agencies will spend a similar amount from their budgets towards the purchases.

The government is to introduce a Retail Payments Systems Bill **targeting fees charged on contactless debit and credit cards** by capping interchange fees at 0.8%. The bill will enable the Commerce Commission to regulate retail payment system participants, and introduce a disclosure and reporting requirement to monitor the retail payments system. ■

### House price inflation at 26.8%

The first full month of sales since the government's March 23 landlord tax deductibility shock shows a remarkable resilience in volumes and prices.

REINZ figures for April showed annual inflation in the House Price Index rose to a record high 26.8% in April, while the index for homes outside of Auckland rose 28.6%.

Sales volumes were also robust at 7,218 for April, the highest level in five years for the month, albeit down slight from March.

Real estate agents and mortgage brokers continued to report caution among rental property investors and first home buyers after the March 23 announcements. A shortage of listings was keeping prices high.

### Retail spending also strong

Retail card spending rose to \$6.1b this April, the highest it has been this year, Stats NZ said. Spending was up \$234m (4%) compared with March 2021.

Spending was up across all the core retail industries, apart from the motor vehicles industry, which was down \$0.4m (0.2%) compared with March 2021. The fuel and apparel industries saw the largest increases in spending. Both were up \$26m, rising 5% and 8% respectively.

Imports were the highest ever for a March month despite a fall in crude oil imports, Stats NZ said. The value of crude oil imports fell \$399m. Overall, imports for March 2021 rose \$559m from the previous March, to \$5.6b.

The increase in imports was driven by a range of commodities, with large movements in vehicles, parts, and accessories (up \$190m), mechanical machinery and equipment (up \$127m), textiles and textile articles (up \$125m), and electrical machinery and equipment (up \$115m).

### Jobless rate an amazing 4.7%

A year ago this would have been unthinkable.

The unemployment rate decreased to 4.7% in the March 2021 quarter, continuing to fall from its recent peak of 5.2% in the Sept 2020 quarter, Stats NZ said. Unemployment rates for men and women converged at 4.7%, as the male rate rose from 4.5% last quarter and the female rate fell from 5.3%.

### Building as fast as

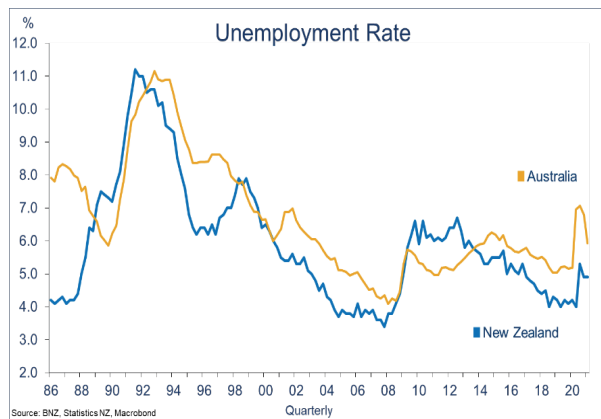
An 18% spike in building consents to 4,218 new dwellings in March helped drive overall residential consents to an all-time high of 41,028 for the year to March, breaking a 47-year record by more than 1,000

builds. The prior building peak, 40,025 for the year to Feb 1974, reflected a build rate of 13.4 homes per 1,000 people. Stats NZ said while the current build rate is lower – closer to 8 residences per 1,000 people – it is still well ahead of the average over the last decades.

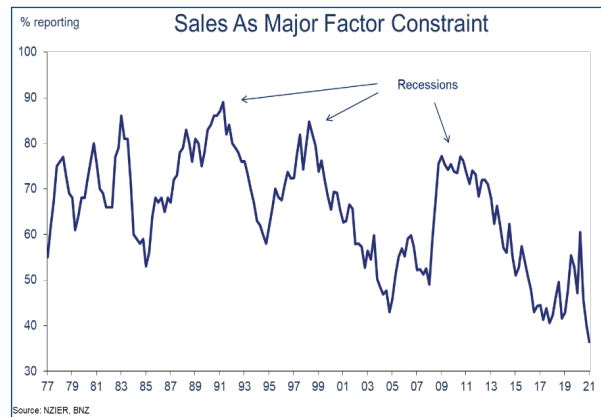
### Inflation no worry for RBNZ

The Consumer Price Index lifted 0.8% in the March quarter and annual inflation was 1.5% on the year, as predicted keeping interest rates near 0% until well into 2022.

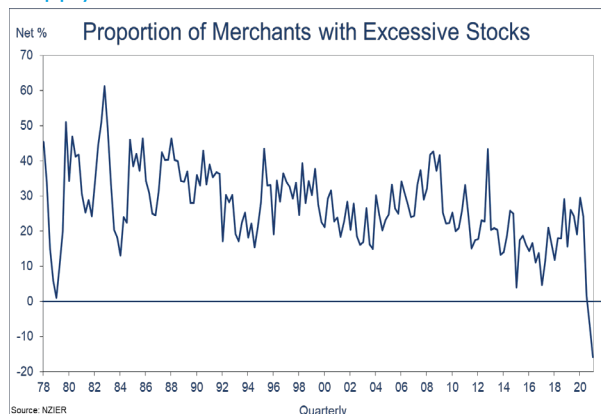
### Competition from Australia



### It is not a demand problem



### Supply is the issue



## CORPORATE ROUND-UP

### Banks, insurers and fund managers

**Westpac NZ** ceo **David McLean** announced his retirement as the bank almost doubled first-half net profit to \$523m. He cited a better-than-expected economy and a reversal in bad debt charges.

**ANZ NZ** lifted first-half net profit 18% to \$930m as it wrote back \$70m out of \$401m of covid charges.

**BNZ** lifted first-half net profit 80% to \$660m as it reversed some covid charges and lifted net interest margins. The bank wrote back \$17m of charges.

**Heartland** now expects full-year net profit will be between \$85m and \$86m, up from its previous guidance of \$83m to \$85m and from the \$72m it reported a year ago. It has not yet decided on a covid provision write back, despite a halving of its bad loan charges to \$4.5m in the first half.

### Energy and resources

**Tilt Renewables** posted a 36% decline in annual earnings to A\$74.9m due to the sale last year of its wind assets. Underlying earnings were up 21%.

New firm **Lodestone Energy** intends to build NZ's first major industrial-scale solar generation at a cost of \$300m. The five solar farms across the upper North Island would generate about 400 GWh with more than 500,000 solar panels over 500 hectares of land. Shareholders include **Gary Holden, Guy and Susan Haddleton, Gareth Morgan and Stephen Tindall**. Holden was aa cero of minnow retailer Pulse Energy and ceo at TransAlta in the late 1990s.

**Meridian Energy** has asked investment bank Lazard for strategic advice on its Australian business, although ceo Neal Barclay insists this should not be read as a prelude to divestment. The last edition of HUGOvision misreported the Electricity Authority's final decision on an undesirable trading situation as claiming Meridian had "artificially inflated" wholesale prices during the UTS. This was incorrect and we regret the error. An unusual "confluence of factors" created the UTS, the EA found.

**Z Energy** is returning to paying dividends earlier than anticipated and despite a 35% drop in operating earnings in the year to March 31, caused by the covid-19 lockdowns and border closures.

**Trustpower** general manager of markets **Craig Neustroski** is leaving to become the business for **Mercury NZ's** customer general manager. Trustpower promoted **Paul Bacon** to take over his role in an acting capacity. Neustroski is on three months gardening leave.

**Stewart Hamilton**, the ceo of **NZ Aluminium Smelters**, was appointed as the new general manager generation at **Mercury**.

### Primary sector, food and beverages

**Fonterra** has begun consultation on changes that could unwind its NZX-listed Fonterra Shareholders Fund. As its capital needs have reduced with NZ reaching 'peak cow' milk production and a pullback from international plays, the nine year-old FSF may no longer be required. Fonterra farmers would also face lower shareholding requirements under the proposed new structure.

**Foley Wines** reported its harvest was down 28% across the Marlborough, Martinborough and Mt Difficulty wineries, due to poor weather.

Red meat exports topped \$1b in March 2021, with China taking the biggest slice. The **Meat Industry Association** said China was the major destination, taking 45% of total exports of \$1.04b. Exports to the next two largest markets, the UK and Japan, decreased to \$406m and \$374m respectively.

The number of **sheep** fell by 3% to 26m in the year ended June 2020 due to drought, Stats NZ reported. This is down from the peak of 70m sheep in 1982. The **dairy herd** peaked in 2016 and has since dropped 7% (400,000) to 4.8m. Between June 2016 and 2020, the number of beef cattle increased 10% to 3.9m, though there was little change in the last year.

The canopy area of gold kiwifruit increased to 7,800 hectares at June 2020, compared with 7,500 hectares for green kiwifruit, Stats NZ said. The total canopy area of kiwifruit increased to 15,500 hectares at June 2020, up 4% from a year ago. There were more than 4,900 hectares of avocado orchards in 2020, an increase of 8% from the previous year.

**A2 Milk** slashed guidance again due to excess inventory. The board is now looking at a possible share buy-back and is now targeting revenue for FY21 in a range of \$1.2b to \$1.25b.

**NZ Rural Land Co** did its first deal buying 14 Van Leeuwen dairy farms out of receivership for \$114m and leasing them back to the family's other companies.

### Manufacturing and construction

Global private equity firm **KKR** bought the **Natural Pet Food Group** for an undisclosed sum.

The receivership of the 700-home **Ormiston Rise** subdivision was triggered by a breakdown in relations between its funders and contractors, but early signs point to the development being resurrected in coming weeks.

### Property

**Property for Industry** raised its earnings guidance and bought another property at Wiri for \$91.7m. The



property investor said it now expects cash dividends will be at least 7.9 cents per share, up from its Feb guidance of between 7.85c and 7.9c.

**Goodman Property Trust's** cash earnings per unit rose 2.9% to 6.4 cents. Net profit for the year to March was \$648.9m, including \$560m of valuation gains.

**Precinct Properties'** 44 Bowen Street development is fully occupied after **Waka Kotahi NZ Transport Agency** signed up for a 12-year lease.

### Tech, IT, telcos, media and entertainment

**2degrees** reported service revenue rose 7% to \$545m in calendar 2020, while underlying operating earnings rose 6.5% to \$180m.

**Xero's** annual customer growth slowed to 20% as a result of the covid pandemic, but it said the number of subscribers added in the second half was a record. It reported a \$19.8m net profit for the year ended March, up nearly six-fold on the previous year's \$3.3m, with revenue up 18% to \$848.8m.

**Pushpay's** net profit for the year ended March doubled to US\$31.2m (NZ\$42.9m) as revenue grew faster than costs and margins fattened.

### Transport and logistics

**Air NZ** and **Air China** extended their strategic alliance partnership on services between NZ and China for a further five year.

### Wholesale and retail

Swedish payments company **Klarna** is offering NZ shoppers another buy now, pay later platform.

**Briscoe Group** lifted first-quarter sales to \$173.1m compared with \$97m in the same quarter last year, reflecting the covid lockdown. A more meaningful comparison is with the first quarter of 2019. The latest quarter's sales rose 15% from that quarter.

### Capital markets

**NZX** launched the S&P/NZX 50 Carbon Efficient Index and S&P/NZX 50 Portfolio Carbon Efficient Index. It uses an environmental dataset to weigh companies listed on the NZX according to their carbon intensity and sector impact.

### Corporate actions

**TIL Logistics** placed \$8.2m of mandatory convertible notes to some of TIL's largest shareholders and other wholesale investors to repay bank debt. Together with cash of \$1.8m, TIL will repay \$10m of senior secured debt under its existing facilities

### Courts legal and regulation

The **Commerce Commission** will maintain

regulation for wholesale telecom services on number portability, interconnection with a fixed public switched telephone network, and mobile co-location.

The Commission also received an application from **Dunlop Drymix**, a subsidiary of **Concrete Group**, to acquire the assets and business of **Drymix**.

Class action claimants against carpet maker **Feltex** were dealt a final blow by the supreme court with it denying **Eric Houghton** and 3,600 others a chance to appeal a court of appeal decision, ending the claim the company's prospectus had an untrue statement.

The Commerce Commission issued a warning to **Genesis Energy** about billing errors concerning electricity line charges to business customers. Genesis reported the errors to the Commission. Genesis is crediting or refunding 1,576 customers who overpaid \$1,138,943. It will not seek to recover charges from the 1,356 customers who underpaid more than \$2,400,000.

The commission also filed proceedings against **Hutt and City Taxis**, alleging they agreed with two competing taxi companies to implement a minimum charge of \$25 for pick-ups from the on-demand taxi rank at Wellington Airport.

### People moves

**Port of Tauranga** ceo **Mark Cairns** is adding **Sanford** to his independent directorships after his June retirement. It will be his sixth appointment after accepting directorships with **Freightways**, **Meridian**, **Northport**, **Quality Marshalling**, and **Coda**.

**Pacific Edge** appointed corporate-financier **Mark Green** as an independent director as it pursues growth in the US. Green, who had a 19-year stint with **Goldman Sachs**, is a principal with **Obsidian Capital** and investment committee chair with **Astrolab Venture Capital**.

**KiwiRail** chair **Brian Corban** has died. Past roles included chairing **Genesis**, **Radio NZ**, and he was the foundational chair of **TVNZ**. He held trustee and director roles with community groups and was a member of the **Waitangi Tribunal**. He was a long-time Labour Party fundraiser and supporter. In 2009, Corban was made a Companion of the NZ Order of Merit.

**Arvida** ceo **Bill McDonald** will retire from the end of Sept and be replaced by current cfo **Jeremy Nicoll**.

**Ron Brierley** resigned as a Knight Bachelor after the PM initiated the process to remove his title.

**Air NZ's** outgoing cfo **Jeff McDowall** will become chief operating officer at **MediaWorks**, where he joins ceo and former Air NZer **Cam Wallace**.

## LEGISLATION

### An ugly couple of weeks

Parliament returned for three sitting weeks after the school holidays to some of the most rambunctious scenes in recent years. Speaker Trevor Mallard's extraordinary performance during the Estimates debate, in which he used privilege to discuss alleged sexual assaults at Parliament, was followed a few days later by a haka by Maori Party MP Rawiri Waititi in protest at what he said were days of racist question lines from National Party MPs. Mallard ordered Waititi from the chamber and confirmed that MPs cannot call one another racist in the House.

- *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

**Education and Training Amendment Bill** - Introduced April 21. Clarifies safety checking processes for children's workers and school employees, extends the ban on charging trainees a compulsory student services fee by 1 year, emphasises only persons holding a teaching position are able to use physical restraint, and amends rules on intervention and regulation-making powers relating to licensing service providers. First reading on May 6, supported by all parties and sent to the Education and Workforce Committee

**Regional Comprehensive Economic Partnership (RCEP) Legislation Bill** - Introduced May 4. Implements the trade deal between NZ, Australia, China, Japan, South Korea, and the 10 members of ASEAN. This includes the issue of certificates of origin on goods, preferential tariff rates and transitional safeguard measures.

### Bills in progress

**Electoral (Integrity Repeal) Amendment Bill** - Members bill in the name of **David Carter** drawn from the ballot on July 2 2020. Reverses the changes made by the Electoral (Integrity) Amendment Act 2018, the so-called 'waka jumping' law. First reading on July 29. Opposed by Labour and NZ First, supported by National and the Greens to the anger of NZ First MPs. Sent to the Justice Committee. Reported back on April 20 with Labour indicating it will vote down the bill.

**Holidays (Increasing Sick Leave) Amendment Bill** - Introduced on Dec 1 2020 under Urgency. Increases a qualifying employee's sick leave entitlement from 5 to 10 days' sick leave per 12-month period. Currently, a qualifying employee may carry over up to 15 days' of unused sick leave. Keeps the maximum current entitlement as 20 days. Opposed by National and ACT referred to the Education and Workforce Committee with a report back by April 6 2021. Reported back on March 25 without amendment. National opposed the bill proceeding. The Greens support the bill but raised concerns about

how long an employee had to work before qualifying for sick leave and other issues. The Committee report also notes a number of issues it believes are worth ministerial attention, including the accumulation of sick leave. *Second reading completed on May 5 with National and ACT still opposed.*

**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. 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**. Reported back on May 4 with the bill supported to pass with a number of amendments. Most notably phasing in the move from 10 years to 20 years and softening the blow for the realm nations. The Greens remain opposed.

### Bills passed

**Financial Market Infrastructures Bill** - Introduced on Dec 17. Establishes a new regulatory regime for financial market infrastructures (FMI) including payment systems, securities settlement systems, central securities depositories, central counterparties, and trade repositories.

The **Reserve Bank and Financial Markets Authority** as regulators for designated FMI will monitor performance standards and ensure crisis management systems are in place. First reading on Feb 12 with all parties in support. National expressed some concerns about a lack of detail on the costs and benefits.

Sent to the Finance and Expenditure Committee. Reported back on Aug 20 2020 with minor amendments. *Second reading on March 16 with all parties in agreement. Committee stage completed on April 4. Third reading completed on May 5 with all parties in support.*

**Immigration (COVID-19 Response) Amendment Bill** - Introduced on April 1. Extends the repeal date of the government's temporary powers relating to visa rule variations in response to the covid-19 outbreak by 2 years until May 2023. It also extends the maximum duration of a suspension in the ability of certain offshore persons to make temporary entry class visa applications from 3 months to 6 months. First reading on April 8 and referred to the Education and Workforce Committee to be reported back by April 29. Opposed by National and ACT who objected to the very short time frame for submissions and consideration by the select committee. Reported back from select committee on April 28 with no major changes. *Second reading May 4 and third reading May 6, opposed by National and ACT.* 🇳🇿