HUGO*vision*

Assessing the economic and political environment in New Zealand

June 11 2021

Confidential to HUGO members

Text finalised June 11

Contact: hugo@thehugogroup.com.

When will the govt drop 100% renewable electricity?

The fundamental incoherence at the heart of the government's climate change - the need for ongoing use of fossil fuels to ensure electricity stability and security of supply - is made more difficult by the Climate Change Commission's final report.

Not only does the commission continue to advise that the 100% renewable electricity by 2030 goal is an extremely expensive way to decarbonise the last few percentage points - at an estimated $1,280 tonnes per MW abated.

It also **extends the lifespan of the country's biggest gas user, Methanex,** from 2029 in its draft report to 2040 in its final report and **questions whether the loss of domestic steelmaking capability would be in the national interest**, meaning it assumes NZ Steel will continue to be a lower carbon but still major emitter and gas user into the future.

The Methanex recommendation is perhaps the most interesting element of the commission's poorly organised 400-page tome.

As the last issue of HUGO*vision* observed, Methanex's decision in late May to mothball the second of its three production plants and release gas into an extremely stressed wholesale market was **an eye-opener for all participants in the energy sector.**

Without that move, political intervention was on the cards. At the same time, the Gas Industry Company's work on gas and electricity security of supply demonstrated that **without Methanex, further development of existing, ageing gas fields is highly unlikely to provide enough gas for secure electricity production when renewables are insufficient.**

The loss of such a core customer could disincentivise the remaining major gas producers - OMV, Todd Energy and Greymouth - from eking out what remains from a sunset sector.

The commission also warns that both the loss of gas flexibility in the 2030s and pursuing the 100% renewable electricity target risk unintended energy poverty issues that would **undermine the commitment to a "just transition"**.

This all remains unwelcome news to the prime minister, who is also exposed by this week's reports of record coal use which political critics are happy to sheet home to the 2018 oil and gas exploration ban.

In fact, current gas shortages demonstrate the very issues that make Methanex so important to medium term gas supply - the potential for elderly existing gas resources to underperform and require substantial additional investment to extend their lives.

Also unwelcome, given the pressure it would place on available electricity, would be an **extension in the life of the Tiwai Point aluminium smelter** beyond 2024.

The **commission assumes closure in three years, but industry expectations are turning to an extension** as global aluminium prices improve.

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.

More to do, but still easy?

A close look at the commission's final report reveals the **government has an awful lot of political heavy lifting to do** to get anywhere near the 42% emissions reduction required by 2035 if NZ is to be on track for carbon zero by 2050.

It has tip-toed around the more politically explosive landmines, not spelling out the first of those - an end to petrol and diesel car imports within 14 years - until the 60th page.

Its full list of tough prescriptions included:

- ending new natural gas connections and stopping installing appliances within four years, although it now believes the existing gas network infrastructure should be preserved for biofuels and/or hydrogen - a significant change from the draft. It does not support extending the current gas network for natural gas, which it calls 'fossil' gas throughout to distinguish from biofuels,
- reducing commercial and industrial heat demand by 30% within 14 years, although consultations on its draft made it less ambitious about the prospects for cost-effective energy efficiency improvements in the food processing sector (for which, read dairy processing, including coal for process heat in the South Island). It still targets no coal for food processing by 2030,
- reducing housing energy demand by 6% by 2035,
- ending coal use at Huntly by 2025 - a heroic assumption unless gas market pressures can be eased, perhaps by temporary imports of LNG,
- cutting dairy cow numbers by 8% by 2030, cutting sheep and beef cattle numbers a further 5% by 2030 - with larger production cuts from animal farming required than in the draft report following further examination of the potential improvements in on-farm practices,

- no net increase in the total size of pine planting four years, with most new forestry being permanent native forest sinks, with a quintupling of native forest planting to 25,000 hectares a year,
- increasing petrol costs 30c a litre with a $250/tonne carbon cost by 2050,
- greater potential to capture gas from landfill and to divert more organic waste from landfill.

The commission also prescribed large increases in cycling, walking and public transport use, along with suggesting (without specifying how) this would need to be supported with government subsidies to create a just transition.

The first three of the five-year carbon budgets propose cutting carbon emissions by about two million tonnes of carbon dioxide-equivalent more per year than originally proposed. In the first budget period, ending in 2025, emissions would drop to 72.4MtCO2e annually from the newly calculated, higher total of 78Mt in 2019.

Six months of intense policy activity is now required to produce the first formal emissions reduction plan under the Zero Carbon Act.

By the end of 2022, an equivalent national adaptation plan will also be required by law.

Sunday will see the announcement of detail on the low emissions transport fuel initiative outlined in the budget and an update on **nationally mandated levels of biofuel in transport fuel.**

A mixed reaction, at best

The commission was at pains to reiterate the targets are achievable and affordable with existing technology.

It slightly increased its projected cost to GDP to 1.2% by 2050 from 1.0% in its January draft. It also projected that doing nothing would mean GDP would be 2.3% lower because businesses and consumers would not be able to take advantage of lower costs of transport and heating.

In response, National left its options open with its response and expressed scepticism about a potential car ban or tax, and challenged the advice for farmers. But spokesman Stuart Smith did not dismiss it out of hand.

ACT, which voted against the Zero Carbon Act, called for a carbon price linked to overseas competitors and nothing more, suggesting the ETS was all that was required - a line strongly taken by the **the NZ Initiative.**

It accuses the commission of failing to understand or use the ETS, and failing to analyse the potential costs and benefits of such big changes to the economy.

"The Climate Change Commission has no right to talk about the wellbeing of future generations if it cannot take the time to check whether its policies cut emissions or their effects on people living on low-incomes," wrote NZ Initiative senior economist **Matt Burgess**, a former adviser to then finance minister **Bill English**.

NZ should simply rely on the beefed up ETS scheme and accused the Commission of not doing any cost-benefit analysis.

The Initiative's views have become much more stridently opposed to the government's policies over the last year, reflecting Labour's own more muscular programmes of substantial reform of three waters infrastructure, the RMA, DHBs, local government finances, labour market law, and climate policy.

The **risk for the Initiative and the business community behind it** is that it loses influence and access to the government's direction in the same way it did in the early years of the Clark-Cullen government.

The housing vs roads tradeoff

What is either a cost blowout or some very inaccurate initial guesstimates saw the government forced to cut back road and other transport infrastructure commitments made in Jan last year.

The $6.8b 'NZ Upgrade' programme became a $12.8b on closer inspection, so cuts had to be made, particularly if nearly $700m was to be committed to a cycle and walking bridge across Auckland harbour.

The biggest casualty was the planned $1.3b widening of roads into highways alongside Auckland's Southern Motorway around Drury and a new wider arterial route around the back of Tauranga to its western bays at Omokoroa. It also planned to build a four-lane highway from Whangarei to Marsden Pt., now canned in favour of a rail spur to the port.

It cited construction and labour cost increases, but also huge increases in land acquisition costs.

The conundrum for the government is that the roads were designed to prompt tens of thousands of new suburban homes around Drury and the Western Bays of Tauranga. This was part of the strategy to improve housing affordability by increasing land supply, but the very lack of buildable land because of infrastructure under-investment is stopping that

Coming up

June 12 - Damien O'Connor leaves Saturday for FTA talks with EU and UK in Europe

June 16 - Joe Biden meets Vladimir Putin in Vienna

June 22 - Parliament resumes

July 12 - submissions due on IRD discussion paper on tax deductibility of interest on residential rental property

July 14 - RBNZ OCR review

supply increase.

Robertson could not say how many fewer houses would be built because of the changes, but developers say they had plans for over 40,000 houses based on the roads being there within a decade.

Retirement sector angst

The angst in the retirement village sector since the publication late last year of the Commissioner for Financial Capability, may be subsiding just as the issue hits public consciousness.

Polling for the commissioner, Jane Wrightson, shows village owners and residents diametrically - if unsurprisingly - opposed on two key issues: whether capital gains on the sale of units should be shared with (usually) the estate of a former resident; and whether operators should be compulsorily required to buy back units rather than waiting for sale to a new occupant.

However, indications are that the relevant minister, Poto Williams, is increasingly willing to treat the issue as one where housing affordability is the most important consideration. Anything that discourages the construction of affordable living options for the elderly is unlikely to find favour at a time when containing house price inflation is among the government's biggest headaches and policy aims.

Plenty of cash on hand

Robertson used the fiscal restraint argument in dialling back on the roads (and therefore future housing supply), but in the short term at least, the Crown is not short of cash.

The **Reserve Bank highlighted the flush state of the government's cash balance** in its Crown Settlement Account (CSA) in a speech about its balance sheet, in which it said it was considering using its ability to create money to buy assets to address climate change.

"The government's CSA balance has also expanded from around $3b to around $40b. This is due to the government issuing new debt faster than it has spent the proceeds," Yuong Ha, Head of Economics and Chief Economist, said in a speech to bond investors.

The government is slowing its borrowing as tax receipts keep flooding in and as it starts to draw down on this $40b cash pile.

There remains massive demand for government paper and the RBNZ is still buying at a pace of $250m a week.

A syndication of $2.25b of 10 year bonds was nearly three times oversubscribed and was priced at 1.87%.

Pressure on Goodfellow to go

The surprise and messy departure this week of veteran and now-list MP **Nick Smith** has only reinforced the drive within the National Party for party president Peter Goodfellow to step down when National holds its AGM in Auckland on Aug 7.

Smith's resignation came after he was apparently informed by **Judith Collins** that an angry exchange Smith had with a staffer last year was about to be exposed in the media. The report never came, although the existence of an employment dispute was confirmed.

Smith's resignation was quickly followed by further embarrassment relating to its failed candidate for Upper Harbour, Jake Bezzant, and his use of fake online profiles for cybersex.

He resigned from the party shortly afterwards, but the incident highlighted that concerns were raised about Bezzant's history before the election, but were ignored by the Party and not uncovered in due diligence by Goodfellow.

Goodfellow has effectively been in charge of candidate selection and due diligence since being elected as President in 2009.

His period in charge included the selection of now-departed list and electorate MPs **Todd Barclay, Jian Yang, Andrew Falloon, Hamish Walker, Jami-lee Ross, and Sarah Dowie**. They resigned after politically damaging clashes with staff or other MPs and personal problems, or in Jian Yang's case, security agency concerns about his history training military intelligence officers in China.

Will it include the frills?

The Budget's announcement of a tripartite push for an unemployment insurance scheme may prove to be one of the more substantial centrepieces of this government, if it is passed into law and set up before the election.

BusinessNZ's Kirk Hope, CTU President Richard Wagstaff and Robertson are working on the details of the scheme, which could include health and disability protection and a myriad of retraining and support mechanisms.

The pressure points are shaping up to be the health and disability protections, which BusinessNZ does not want and the CTU does.

The other hot buttons will be the length of support for unemployed workers and whether contractors are required to be in the scheme, as they are with ACC.

A temporary inflation spike?

The question on everyone's lips around financial markets and boardrooms globally right now is: will the inflation spike rippling through economies because of shortages and disruptions to labour, key components and shipping become permanent, and **force interest rates higher in a way that hammers asset values**?

The jury is still out for central banks, who have mostly pledged to keep short term interest rates at or near zero and keep doing quantitative easing to press down on longer-term interest rates until they see a more permanent rise in inflation and fuller employment. Despite a sharp rise in bond yields and growing talk of inflation in March and April that would force the hands of central banks, financial markets have calmed down through May and June on reassurances from those central banks.

The US 10 year Treasury bond yield jumped from 0.91% at the beginning of 2021 to 1.75% by the end of March. It had dropped back to 1.46% earlier today, despite news overnight of a jump in America's annual consumer price inflation rate to 5.0% in May. Core inflation rose at an annual rate of 3.8%, which was above expectations for a 3.5% result and took the core annual inflation rate to a 29-year high.

The cognitive dissonance of spiking inflation at the same time as long-term interest rates fall is only sustainable while central banks hold their nerve and wait to see whether the spike is permanent, and hold off pulling the rate hike trigger until they see the 'whites of the eyes of inflation.'

The Reserve Bank here is so far the only developed country central bank to formally forecast interest rate hikes next year, even though it also sees the inflation spike as temporary.

It forecast in its last monetary policy decision that CPI inflation would jump to 2.6% in the year to June, before easing back to 1.5% in June 2022. It saw it nudging back over the 2.0% midpoint by mid-2023.

Financial markets and economists here see the RBNZ having to start increasing the Official Cash Rate from midway through next year, which is in line with the central bank's own forecasts.

The cost pressure is on

However, **some economists see inflation pressures building quickly for businesses as they look to pass on the higher costs of key components and some labour costs.**

Employment and job advertisement indicators for April and May showed strong growth in employment and increasing pockets of shortages of skilled workers, particularly in agriculture, horticulture, hospitality and aged care.

Filled jobs rose more than 6,000 in April from March to a fresh high of 2.221m, which was the first month above pre-covid levels of 2.220m. Gross earnings in April were up $800m from a year ago to $11.9b.

The ANZ Business Outlook surveys for May and early June showed record high percentages of businesses reporting higher costs and expecting to push through higher prices for their goods and services.

In early June a net 62.9% of ANZ survey respondents expected to increase prices over the next year. The previous high was in 2000 when 47.4% expected to raise prices.

But until now, businesses have not been able to pass on those price increases, and workers have not been able to generate wage inflation.

"Shipping disruptions, rising global commodity prices, the higher minimum wage, labour shortages due to both the closed border and uneven sector growth are creating a perfect storm for the supply side of the economy at the same time as demand is holding up much more than firms (or economists!) had anticipated," ANZ's Chief Economist **Sharon Zollner** said with the release of the business survey.

Cash floods into Crown accounts

Along with the jobs and income growth, consumers are confident and waving their electronic cards regularly at terminals in shops, bars, restaurants and cafes.

Seasonally adjusted electronic card transactions for retail spending rose 2.3% or $189m in May from April.

This was the **first month since June 1 lifting of the first lockdown that spending rose in all categories** and the first time there were three consecutive months of rises since July last year.

That spending is powering stronger than forecast growth in GST and PAYE revenues, along with higher corporate profits.

Treasury reported **Crown accounts** for the ten months to the end of April 2021 showed the operating balance before gains and losses was a deficit of $5b, $3.6b better than forecast in May's budget. Tax revenue was $79.1b, $2b above forecast due to higher than expected tax receipts. Net core Crown debt was 33.9% of GDP, $2.6b less than forecast.

CORPORATE ROUND-UP

Banks, insurers and fund managers

ANZ Bank NZ's new lending more than halved to $2.14 billion in the year ended March, partly due to its sale of UDC, **Reserve Bank** data showed. ANZ's total lending rose 1.6% to $137.49b.

Kiwibank, which is less than a sixth the size of ANZ, grew total lending by $2.64b, or 12%, to $24.64b.

Laybuy increased its revenue by 138% to $32.6m on $589m of sales, but reported a $41.3m loss, widening from the previous year's $16.1m loss.

The **Earthquake Commission** secured a record-high reinsurance cover of nearly $7b on the international reinsurance market for the 2021/22 financial year with a 12.5% increase in cover for an 11% increase in total premiums.

Energy and resources

Mercury NZ cut its earnings guidance from $520m to $460m owing to dry weather in the Taupo catchment and high wholesale prices. The unplanned outage of its Kawerau geothermal power station on June accounted for about 20% of the earnings downgrade and is expected to last for several months.

Exxon Mobil NZ made an operating loss after tax of $157m in 2020, turning around a profit of $70m in the prior year. **BP NZ** lost $105m compared to a profit of $135m in 2019.

Energy sector analysts predict the **Tiwai Point** aluminium smelter will continue operating past 2024 when its current power deal expires. **Forsyth Barr** said the smelter's operations are highly profitable at the moment and despite the likelihood of higher power prices, believes a power deal will be extended. Efforts by Meridian and Contact to find alternative uses for the smelter's load are seen as being as much for negotiating purposes as likely development.

Manufacturing and construction

Norske Skog announced the closure of its Tasman paper mill in Kawerau on June 30 with a loss of cost 160 jobs. It cited lower demand for newsprint. It is trying to sell the assets.

The new owners of the **Whakatāne Mill** intend to invest new capital and drop liquids packaging from its product range. It may consider an initial public offering for the mill on either the **NZX or ASX**. The consortium includes London's **Dermot Smurfit,** Swiss-based investor **Raymond Dargan** and Hobart-based **Ian Halliday** and a group of NZ high net worth investors. The foreign participants are experienced in the sector.

Primary sector, food and beverages

Fonterra batted away concerns NZ could face trade tensions with China and the dairy cooperative needs to diversify its export markets, saying it order book was "nicely balanced."

The most immediate challenge facing Fonterra in the final quarter of the year is further pressure on margins with increasing raw milk prices flowing through to input costs, it told its farmer council.

Strong Chinese demand spurred **Synlait** to lift its 2020-21 forecast base milk price to $7.55 per kilogram of milk solids, from $7.20 kgMS, and an opening forecast for the 2021-2022 season of $8 kgMS.

The **Global Dairy Trade** price index fell 0.9% in the latest auction though overall, prices remained at healthy levels, with an average price of $US4,128/tonne. Whole milk powder prices declined 0.5% to $US4,062/tonne - higher than recent years when prices were hovering around $US3,000/tonne.

Zespri's revenue jumped to $3.89b, from $3.36b, on the back of a 10% increase in global kiwifruit sales volumes to 181.5m trays. Returns to NZ growers rose 15% to $2.25b.

Below average rainfall across many regions was a factor in an average 3% drop in yields for the six main arable crops in the 2020/21 season. **Federated Farmers** reported hectares harvested was down 3% (-3,183ha), with a 6% decrease in tonnage compared to the previous season. Marked drops were in feed wheat (down 9%) and malting barley (down 21%) while milling oats and feed oats tonnages jumped 31% and 60% respectively.

NZ King Salmon said trading in the six months to July 31 has been problematic as fish in the warmer Pelorus Sound were smaller. However, the company said it believed this was temporary and steps had been taken to rectify the issue.

The government will allow up to 250 farm managers and vets into the country to help ease skilled labour shortages in the agricultural sector.

Livestock Improvement Corporation has entered into an agreement to divest its automation business to a NZ based division of **Merck & Co** for $38.1m.

Property

Precinct Properties celebrated the first year of operation of its **Commercial Bay** shopping and restaurant development at the bottom of Queen St in Auckland. Pre-covid-19, it budgeted to have 10m people go through the $1b project in its first year. Even with covid-19, some 9m were recorded, with a 25% increase reported in the last two months since the end of construction and roadworks around the complex in April.

Precinct booked a revaluation gain of $284m, a 9.4%

increase in book value, across its 15-building portfolio. The valuation, which included a $148.5m gain during the six months ended Dec 31, sees Precinct's overall portfolio across the Auckland and Wellington CBDs, increase to $3.3b at June 30. That reflects a second half revaluation gain of $135.5m, pushing net asset value up 7%, or 10 cents a share, to $1.50.

Retail and wholesale

NZ Post's annual e-commerce report said online spending rose to more than $5.8b in 2020, up from $4.6b in 2019, with transactions up 17% to 53m. More than 306,000 people shopped online for the first time, with 71% of online customers using local retailers. Online spending rose by 16% year-on-year in the first three months of 2020 and by 45% in the second quarter as the coronavirus pandemic took hold.

Service industries and healthcare

Radius Care reported underlying earnings of $23.4m in the year to March, its first annual result as a listed company. It has resource consent to build a new village. It had revenue of $126m, up $12.2m on the prior year. Net profit was $1.7m, from a loss of $2.8m a year earlier, bolstered by a $2.9m gain in its property portfolio.

Diagnostics laboratory operator **Asia Pacific Healthcare Group** won a health ministry tender to provide saliva testing for covid-19. The ministry's RFP sought services by mid-April, but they are now slated to start in July or early August. Rival provider **Rako Science** believes the ministry stonewalled consideration of its highly accurate, low-cost test.

Tech, telcos, IT, media and entertainment

MediaWorks recorded a $4.8m loss, mainly due to a one-off $12m charge on its outdoor division. It reported operating earnings of $34.6m on revenue of $184.1m with net debt down to 24.2% to $85.45m.

Google NZ posted revenue of $43.8m for the year ended Dec 31 2020, a 21% increase from $36.2m in the year prior. The local unit paid a $517m service fee to parent company **Alphabet,** up from $511m in 2019.

Twitter has taken its first steps into NZ by forming a local limited company. Twitter said it had recently hired a group of Wellington-based engineers through the recent acquisition of Israeli startup **Reshuffle**.

Sky TV announced its new broadband offering will include a bundled 12-month **Disney+** subscription.

Eroad reported 13% improvement in earnings to $30.7m for the year to March on revenue of $91.6m.

PaySauce bought Palmerston North-based rival **SmoothPay** for almost $400,000 of new shares. The acquisition will add 1,500 customers, taking its customer base to more than 5,000 subscribers, including new customers from Australia and several Pacific Island nations.

EzyVet - the Auckland maker of veterinary practices and hospitals software - was bought by Nasdaq-listed **IDEXX Laboratories** for an undisclosed price. It is subject to OIO approval - meaning it is above the agency's $100m threshold.

Corporate actions

ACC disclosed it had a 5% stake in the **NZX** after buying 720,000 shares since Feb.

Courts, legal and regulation

AUSTRAC identified potential serious non-compliance with anti-money laundering and counter-terrorism laws in **SkyCity Entertainment's** Adelaide casino. Its shares fell 6% on the news.

Three South Auckland stores operating as superettes were ordered by the Employment Relations Authority to pay $57,000 in penalties for employment law breaches

Michael Robinson, a former Simpson Grierson partner now at Mills Lane Chambers, has been appointed to the High Court bench in Auckland.

People moves

Former PM **Bill English** joined the board of **Todd Corp,** replacing **Paul Baines.**

Rob Fyfe will take over as chair at **Michael Hill International** from **Emma Hill** on June 28.

ANZ Bank NZ cfo Stewart Taylor will become acting MD of funds management from the end of June. **Craig Mulholland**, MD of wealth and private banking, announced his departure from the bank in April. ANZ's head of finance, **Amanda Owen**, will become acting CFO while Taylor holds his new role. ANZ was one of five **KiwiSaver** default providers to lose that status from Dec 1.

Former National minister **Ian Shearer** died aged 79.

Juliet Gerrard was reappointed as the **PM's Chief Science Advisor** for another three years to June 2024.

Stephen Tindall retired from the **Emirates Team NZ board**, which he chaired for the past six years.

NZ Apples and Pears ceo **Alan Pollard** will step down later this year after nine years in the role.

Rocket Lab appointed **Merline Saintil** and **Jon A Olson** to its board. Saintil is an executive formerly with **Yahoo, PayPal, and Intuit**. Olson is a director for **Xilinx**.

Construction contract changes

Use of urgency and truncated committees rises.

- *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*

Bills introduced

Construction Contracts (Retention Money) Amendment Bill - *Introduced on June 1. Changes the retention money regime including; clarifying retention money held on trust must be kept separate from other money or assets and introducing offences and penalties for non-compliant companies and directors.*

COVID-19 Public Health Response (Validation of Managed Isolated and Quarantine Charges) Amendment Bill - *Introduced on May 20. Validates the imposition and collection of MIQ following questions over charges on Australians. Passed through all stages under Urgency opposed by National and ACT.*

Education and Training (Grants—Budget Measures) Amendment Bill - *Introduced on May 20. Allows for pay parity in privately owned early childhood education centres in which the state is not the employer. First reading completed on May 20 with all parties in support and sent to the Education and Workforce Committee to be reported back by July 1.*

Intelligence and Security (Review) Amendment Bill - *Introduced on May 24. Brings forward a planned review of the Intelligence and Security Act 2017 and security agencies. First reading on June 3 with all parties in agreement and sent to the Foreign Affairs, Defence and Trade Committee, to be reported back by June 17.*

Maritime Transport (MARPOL Annex VI) Amendment Bill - *Introduced on May 19. Gives ministerial powers to make marine protection rules in relation to Annex VI of the international marine transport treaty – MARPOL. These relate to vessel fuels and pollution standards. First reading on June 1 with the support of all parties. Sent to the transport and infrastructure committee to be reported back by Sept 16. The shortened time frame was so NZ can accede to the latest annex and take part in talks on maritime greenhouse gas emissions.*

Medicines Amendment Bill - *Introduced on May 19. Follows a court ruling questioning the power to fast track medicines and vaccines. Clarifies the law and validates historic decisions. Passed through all stage under Urgency on May 19 with all parties in support.*

Plant Variety Rights Bill - *Introduced on May 11. Replaces the Plant Variety Rights Act 1987, reforming the regime and implementing the Crown's obligations under the Treaty of Waitangi in relation to the plant variety rights regime and obligations under the CPTPP. First reading completed on May 19 with the Greens opposed and sent to the Economic Development, Science and Innovation Committee.*

Taxation (Budget 2021 and Remedial Matters) Bill - *Introduced on May 20. Increases the Minimum Family Tax Credit threshold as a consequence of increases to benefits, and corrects a drafting error made in the Child Support Amendment Act. Passed through all stages under Urgency with ACT opposed and the Greens abstaining.*

Bills in progress

Drug and Substance Checking Legislation Bill (No 2) - Introduced on May 11. Permanently allows drug and substance checking services to operate legally. *First reading on May 18 opposed by National. Referred to the health committee to be reported back by Oct 29.*

Fair Trading Amendment Bill - Introduced on Dec 17 2019. Amends the Fair Trading Act to create a new offence of unconscionable conduct in trade. First reading on Feb 12 2020 opposed by National and ACT saying they were unhappy with the lack of definition around unconscionable conduct. Sent to the Economic Development, Science and Innovation Committee. *It was discharged from the select committee as it was not reported back in time, meaning its reinstatement from the last Parliament lapsed after the report back date was not met. As a result there was no select committee report. Second reading on June 2 with the government saying it would make a number of changes in the committee stage to take into account the select committee's consideration. Opposed by National and ACT who said the bill should be sent back to select committee for a full report.*

Maori Commercial Aquaculture Claims Settlement Amendment Bill - Introduced on Aug 6, 2020. *Reported back from select committee on June 4 with only minor amendments.*

Regional Comprehensive Economic Partnership (RCEP) Legislation Bill - *Introduced on May 4. Implements RCEP including the issue of certificates of origin on goods, preferential tariff rates and transitional safeguard measures. First reading on May 18, opposed by the Greens and Māori Party. Sent to the Foreign Affairs, Defence and Trade Committee for reporting back Sept 19.*

Bills passed

Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill - *Third reading on June 3 with all parties in favour.*

Holidays (Increasing Sick Leave) Amendment Bill - Introduced on Dec 1, 2020 under Urgency. The Committee stage May 18 and third reading on May 29. National and ACT opposed throughout.

Overseas Investment Amendment Bill (No 3) - Introduced May 14 2020. *Third reading May 19 with ACT and Māori Party opposed.*