

Sydney outbreak challenging elimination strategy

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The NSW government is considering abandoning its elimination strategy, which would wreck immediate hopes for a recreation of the trans-Tasman bubble. It also puts the heat on our government's vaccination strategy and its still-nascent blueprint for what a staged re-opening would look like.

Beehive's patience running out over nasal swab go-slow

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The government is expected to make decisions as early as next week to break through the frustratingly slow rollout of nationwide saliva testing. The shape of those announcements is not known, but it appears the Ministry of Health has had its hand forced to accept that emerging saliva testing methods are good enough to replace nasal swabs - a major change in its position.

First steps in 'reconnecting NZ' strategy next week

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The government has called a first meeting involving key border agencies, MBIE and representatives of border-facing private sector industry, including airlines and airports, to begin a conversation about a 'reconnecting NZ' strategy. The move will be portrayed as BAU, but reflects growing ministerial recognition that the rest of the world is opening and NZ risks being left behind.

RBNZ faces local calls to hike much earlier than others

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Historically high skills shortages and rising pressures on prices and wages have pushed economists and markets to bring forward their forecasts for the Reserve Bank's first rate hike to Nov from early to mid-2022. But that would put NZ more than a year ahead of American and Australian rate hike tracks and risks upward pressure on the currency, denting exporters' returns.

Collins' popularity sagging into danger zone

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A UMR poll for corporates has found support for Judith Collins as Prime Minister has fallen below that of David Seymour, an unprecedentedly weak level for a National leader of the Opposition. But the caucus and party remain tied to Collins, who has moved to extend her hold on the caucus and shore up her base on the right of the party and electorate. Alternative leaders and more centrist policies that would make National a contender in 2023 remain elusive.

R&D tax incentive set for tweaks

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The government will soon ask for feedback on tweaks to its 15% tax incentive for research and development spending after a poor takeup for a scheme seen as too complex for smaller businesses and not offering enough up-front cash support to start-ups.

Treasury quietly trials new budgeting approach

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Treasury has started trialing new ways of budgeting, clustering previously siloed departments together for reviews of baseline funding. The trials were revealed in a draft long-term fiscal statement that started talking more about using debt to invest in longer term priorities such as climate change and housing affordability, which all require cross-department approaches.

'Reconnecting NZ' - first steps

The government has called a **meeting next Tuesday** of key players across the public and private sectors to begin charting a 'reconnecting NZ' strategy.

The meeting is understood to include **Customs, Immigration, MBIE, health and other key agencies along with airlines, airports** and representatives of groups seeking both workforce and supply chain improvements.

The initiative has received no publicity and there is anxiety in the Beehive about the potential for bad 'optics', given that it may appear to be a response to Australia's recent outlining its plan for opening up.

Sources close to the process insist this is not the case, but concede that it does reflect the government's unfortunately **slow recognition that NZ is looking flat-footed** in its preparations for return to some emerging 'new normal' where borders will start opening.

Among options back on the table are likely to be **graduated MIQ requirements** for new arrivals. For example, a vaccinated arrival from a highly vaccinated country may not require as much or any time in MIQ, subject to fast testing at the border, whereas arrivals from covid hot spots would continue to quarantine.

The initiative bears a passing resemblance to the kind of plan sought by Auckland International Airport chair Patrick Strange in an open letter in March, which saw him ostracised in the Beehive.

Saliva testing row escalates

Having spent months repeatedly insisting in public and in ministerial briefings that saliva testing is inherently less sensitive and accurate than nasopharyngeal (NP) testing, the **Ministry of Health has conceded this is not so**.

However, it has yet to release the statement that it agreed last week with **Rako Science**, an unsuccessful bidder for the national saliva testing contract let in late May and which has still to be rolled out.

Indications from the Beehive are that **patience is at an end with the slow execution of the contract**, which was awarded to **Asia Pacific Healthcare Group**. A highly reputable chain of diagnostic labs half-owned by the **NZ Super Fund**, APHG has conducted around one-third of all NP testing for covid since the pandemic began, but barely 400 saliva tests since establishing the capability in Jan.

Rako has conducted thousands for private customers including **Air NZ, Auckland International Airport**, and now the **NZ Olympics** team, using a test developed by the **University of Illinois** that shows

98% accuracy for detecting covid-19.

However, MoH has clung to the strongly held belief that NP testing – tolerance for which is declining in heavily tested MIQ, border and airline workforces – is the better test.

The unreleased statement agreed between senior health ministry officials and Rako last week completely reverses that view. The statement, which HUGOvision has sighted, declares that:

"The Rako Science Saliva test as demonstrated in its diagnostic validation study is at least as accurate as nasopharyngeal swab tests with 98.0% agreement, 96.6% sensitivity and 98.6% specificity. **Due to its equivalent accuracy, the Rako Science Saliva test can be substituted for the Nasopharyngeal Swab for asymptomatic testing**".

While Rako founders **Leon and Stephen Grice** have made no friends in the Beehive or the ministry by their aggressive pursuit of what they have regarded as both misrepresentation by MoH and unwillingness to consider evidence, the pressure they have applied has produced a major breakthrough for the acceptance of certain types of saliva testing as a replacement for NP testing.

We are expecting **movement on this issue from the Beehive next week**.

Meanwhile, the most senior health ministry official reporting to **Ashley Bloomfield** on covid-19 response, **Sue Gordon**, quietly left her post a fortnight ago.

Gordon, ranked third in the ministry's executive leadership team with the title deputy chief executive, covid-19 health system response, departed to a transformation management role at **Capital and Coast Health DHB** a fortnight ago. Soundings suggest this is a genuine case of having decided to move on from one of the toughest roles in the NZ public service after a gruelling 16 months since the pandemic began. She is currently replaced by **Sharon Meyrick**, GM, border and managed isolation while a permanent replacement is sought.

Collins popularity precarious

Judith Collins is now less popular than her junior Opposition partner, ACT Leader **David Seymour**, as measured in a UMR poll for corporates in the last week.

The poll found support for Collins as preferred PM was 10%, below Seymour for the first time. He polled 12%. This is unprecedented for an Opposition leader and any junior partners.

The UMR poll also found support for National at

24%, half that of Labour on 48%. **Jacinda Ardern** was favoured by 55% as preferred PM. ACT was on 11% and ahead of the Greens on 8%.

The poll result emerged on Thursday and put a fresh spotlight on National's problems in caucus, with its leadership and in connecting broadly with voters, especially in the centre where it needs to win votes off Labour and what remains of NZ First.

For now, **ACT is hoovering up the attention** and plenty of National and **NZ First** voters unhappy with Collins and continued dysfunction in National.

Collins emphasised her unwillingness to court those more centrist voters in NZ First by suggesting she would **keep the Bill English-designed policy of extending the retirement age out to 67**, a policy Labour dropped for the 2017 election.

But those wondering whether a leadership change is imminent may have to wait. The caucus and party remain tied to Collins, who has moved to extend her hold on the caucus and her base on the right of the party and electorate.

The party faces an important choice at its annual meeting next month on whether president Peter Goodfellow will stay on, and what the new board will look like.

Green left wing restive

Meanwhile, there is unhappiness too over the on left of politics, with **an announced leadership challenge to Green co-leader James Shaw** by a low-profile-until-now party member **James Cockle**. The Dunedin activist represents the harder left of the party unhappy with a lack of action on climate change and welfare reform during the Green period in partnership with the Labour-led government, especially now in the absence of NZ First.

Nor are all the polls are rosy for the government. A monthly **Roy Morgan** poll released earlier this week found support for **Labour** dropped 6.5 points to 38.5%, National up 1% point to 29.5%, **Greens** up 1.5 points to 12.5%, ACT up 2.5% points to a record high of 11.5% and the Maori Party up 1 point to 2.5%. The poll of 951 people was taken through June with 4.5% (up 0.5 points) not naming a party.

The drop for Labour reflected a wider fall in confidence about the government and the country's direction. The Roy Morgan Govt Confidence Rating dropped by 10pts in June to 124 – the lowest it has been since Oct 2019 prior to the covid-19 pandemic. 57% (down 5.5 points) said NZ was 'heading in the right direction' compared to 33% (up 4.5 points) who said NZ was 'heading in the wrong direction' – the highest since Ardern came to power in Oct 2017.

Dual track on covid threatened

The government's foundational elimination strategy responsible for its entire approach to lockdowns, its vaccination programme and the creation of a trans-Tasman travel bubble is now under threat, or at least pressure to come up with a new plan.

The New South Wales' government is considering on whether to abandon its elimination strategy as its lockdown extends into a third week and pressure to reopens intensifies, along with an unsquashed outbreak of the delta variant of covid-19.

An Australian switch to 'living with it' in Sydney would immediately wreck immediate hopes for a recreation of the mostly trans-Tasman bubble. It also puts the heat on the government's vaccination strategy and its still-nascent blueprint for what a staged re-opening would look like.

Australian PM Scott Morrison signaled the potential shift with the announcement on Monday of a four-stage process to reopening, linked to vaccination rate thresholds. Ardern said this was consistent with NZ's still-formative thinking.

However, Morrison's announcement also came with a halving of Australia's flight arrival quota from beyond NZ to 3,000 a week by mid-July. That compares with NZ's arrival limit of around 3,700 per fortnight, or about 370 per million of population per week. Australia's new arrival rate is around 120 per million per week.

Airlines shying away

The Australian decision has put commercial routes that fly on to NZ under more intense pressure. One third of all commercial flights into Australia were given zero passenger allocations on Tuesday, which means most flew to Australia empty, apart from cargo. Almost 18,000 Australians were bumped off flights home they had already booked.

Etihad and Singapore Airlines said they would keep flying to Australia, but Singapore Airlines also stopped selling tickets from Oct. Potential withdrawals of airlines from routes to Australia is also expected to further limit arrivals to NZ, with the resulting flow-on effect for freight services paired with passenger flights.

Direct services to NZ are also being cut. American Airlines postponed direct flights to the US mainland from Auckland and Christchurch that were due

Coming up

July 14 - Statement-only monetary policy decision from Reserve Bank. No change expected.

Aug 3 - Parliament resumes for two weeks after three week winter recess

Aug 18 - Full monetary policy statement and news conference. Some see a possible rate hike signalling.

Oct 31-Nov 12 - UN Climate Change (COP 26) summit to be held in Glasgow.

to begin this summer this week. While the move is unsurprising, since US tourists cannot travel to NZ without time in managed isolation, **Auckland International Airport** chief executive **Adrian Littlewood** fears the postponement risks becoming a permanent cancellation and a harbinger as airlines shift to markets with fewer restrictions.

The news came as Cabinet is set to hike a border processing levy by 200% to \$63 for air passengers. **Tourism Industry Aotearoa** ceo **Chris Roberts** revealed this week an OIA showed Cabinet had already agreed in principle to the increase. MPI processing fees are also rising.

R&D tax credits face revamp

The government's less-than-successful 15% tax incentive for research and development is set for a revamp with ministers putting the **final touches on a discussion paper for consultation**.

The policy introduced in 2018 replaced a National government-created grant system and was designed to boost NZ's woeful R&D share of investment spending from 1.3%, well below the OECD average, to closer to the government's target of 2%.

But businesses large and small have complained about its complexity and usage has been less than expected. Many smaller, start-up businesses argue the cash grants were more useful than the 15% tax rebate, which is only valuable after a company is profitable.

CFOs and tax accountants also report a less-than-enthusiastic adoption by **IRD**, which is aiming to protect its revenue base.

IRD was also less than forthcoming with details on how many **double cab ute owners** claim the fringe benefits tax exemption, which is believed to be widely used.

Briefly ...

Local Govt Minister **Nanaia Mahuta** announced the government intends to create four entities nationwide to control three waters infrastructure. With several key councils objecting, it remains to be seen whether the move will require legislative compulsion

MBIE advice released under the OIA shows **officials are sceptical about the proposed Fair Pay Agreements** for national wage bargaining, expressing concern at their complexity, potential to undermine international labour treaty commitments and the lack of support from employer groups. They suggested adjustments to the existing labour market regulatory framework would work just as well.

Around 130 countries, including NZ, agreed on a **global tax rate of at least 15%** to make multinational digital companies pay a fair share in countries where they earn money. Countries with low tax jurisdictions such as Ireland and Hungary did not join the declaration.

The government set out the dates for **the new Matariki public holiday for the next 30 years** with the first on June 24 next year. The calendar date will shift each year to align with the Māori lunar calendar but will always be on a Friday.

Oceans and fisheries minister **David Parker** announced a ministerial inquiry into the use and allocation of migrant labour in the seafood sector, focusing on the reliance of migrant labour. He also established of a new **Oceans Secretariat** and promised reform to ensure commercial fishing is more "sustainable, productive and inclusive".

Lawyers for Climate Action filed for a **judicial review of the Climate Change Commission's** advice to the government claiming it does not comply with domestic and international laws.

About **half of NZers have at least one belief based on misinformation** and one in five hold at least three false beliefs according to a survey by the Chief Censor's office. Among the 2,300 people surveyed, false beliefs included scientists lying about the safety of vaccines, believing 5G waves caused covid-19, and climate change was not caused by human activity.


Straws and a host of **single use plastics** will be banned within four years under plans announced by the government.

The **NZ Nurses Organisation** said its 30,000 members working in DHBs had voted in favour of **three more strikes** in support of pay talks. The strikes will be on July 29 for 24 hours, an eight hour strike on Aug 19 and a 24 hour strike on Sept 9.

The **Queensland state government has taken out ads in NZ to entice nurses** to cross the Tasman.

The government will establish a **consumer data right framework** and wants to have policy decisions wrapped up this year.

The spread of covid in Australian states prompted PM Jacinda Ardern to **cancel her planned trade and business trip across the Tasman**.

Medsafe granted provisional approval of the **Janssen covid-19 vaccine** for people 18 years and older. Cabinet will now weigh up the options on the best use of the Janssen vaccine following advice from officials with a 'decision to use' expected sometime in Aug. 

Will RBNZ jump ahead in Nov?

All four major banks and financial markets have now pulled forward their **forecasts for the first rate hike to November from May or later in 2022** after a series of data releases showing the labour market straining at the seams and businesses starting to hike prices.

However, that would put NZ a year ahead of American and Australian rate hike tracks and risks putting upward pressure on the currency just as exporters are seeing strong returns.

The big shift in expectations happened after the NZIER released its June quarter business opinion survey. It found an improvement in confidence across the board, but a notable increase in skills shortages and price pressures.

A net 54% of businesses reported higher costs in the past 3 months, and **50% are expecting higher costs over the third quarter**. Cost pressures remain intense but “firm’s pricing power has improved markedly as strong demand allows firms to pass on increased costs by raising prices,” said NZIER. **A net 52% expect to increase prices** in the third quarter.

But confidence the economy is about to overheat is coming just as that confidence dries up in the rest of the world.

US and European stocks fell as much as 2% on Friday morning and the US 10 year Treasury bond yield fell to another four-month low of 1.24%. The German 10 year bund fell 3 bps to minus 0.323%.

Fresh waves of delta variant covid are now racing through well-vaccinated developed economies, slowing activity again, while China announced this week it may ease monetary policy because of a slowdown in its rebound.

Meanwhile, the **Reserve Bank** is increasingly out of step with the way other central banks are thinking about reacting to inflation. The **European Central Bank** formally adopted a more relaxed stance on inflation on Friday morning, bringing it into line with the **US Federal Reserve** and **Reserve Bank of Australia**.

The Fed and the RBA want to see inflation rise above 2% before they start hiking, so as to be sure they don’t repeat the premature hikes of the last decade. Those early tightenings contributed to inflation being consistently closer to 1% than 2%. Now they’re indicating they’ll let inflation run above 2% for a while to ‘average out’ the inflation under 2% seen over the last decade.

The ECB now also says it will tolerate inflation above 2% and will be ‘symmetric’ about targeting inflation around that level. Previously it saw its role as driving

inflation under 2% and keeping it there. It shows the ECB will wait until it sees the ‘whites of the eyes’ of inflation before acting.

Our Reserve Bank has kept to its target of one-to-three percent with a focus around 2%, but in effect is still looking to hike interest rates before inflation is sustainably above 2%, arguing it needs to act 18 months or so beforehand to ensure it’s not too late.

Its last forecasts in May show the bank hiking more than 100 basis points before inflation had sustainably surpassed 2%.

Quietly shifting longer term

Treasury has started trialing new ways of budgeting that cluster previously siloed departments together for reviews of baseline funding, especially over the longer term.

Previously, the government has focused its spending reviews department by department, and with the emphasis on new spending within allocated operating allowances over the next year to four years.

This new approach would allow cross-department reviews of long term spending, with the potential for changes aimed at longer-term targets, such as for child poverty and carbon emissions.

The trials were revealed in a draft long-term fiscal statement that started talking more about using debt to invest in longer term priorities such as climate change and housing affordability, which all require cross-department approaches.

“In Budget 2022, we are testing this model using two pilot clusters – **Justice and Natural Resources**,” Treasury said.

“The lessons we learn from this experience will help shape a public finance system that can better serve the interests of New Zealanders and manage some of the complex, multi-generational issues that we are facing.”

The move followed a speech from Secretary **Caralee Macleish** floating the idea of borrowing to invest in improving social outcomes, which she described as classic welfare economics.

Government flush with cash

The government’s books are flying into the next financial year in fantastic shape.

The government’s operating balance before gains and losses was \$3.64b in the 11 months ended May, which was almost half the \$9.45b forecast in the May budget less than two months ago.

The government has two budgets’ worth of spending promises left before the election. ■

CORPORATE ROUND-UP**Banks, insurers and fund managers**

The **Reserve Bank** is intensifying its supervision of financial institutions to ensure they are sound, comply with their regulatory obligations, manage risks well and operate with appropriate conduct and culture, it said in its latest statement of intent. It also signalled consultation on creating a **central bank digital currency**.

Westpac's Australian parent has decided against selling or floating the NZ franchise. However, it is selling its NZ life insurance business for \$400m to **Fidelity Life**. **Ngāi Tahu Holdings**, the investment arm of Te Rūnanga o Ngāi Tahu, will take a \$140m, 24.9% stake in Fidelity Life as part of the deal.

Energy and resources

The government's annual review said "proved plus probable" gas reserves increased by 2.6% to 2,074 petajoules at Jan 1, up from 2,021PJ a year earlier, which equates to approximately 10 years of gas supply remaining based on recent demand.

After long delays the government granted two new oil and gas exploration permits in the onshore Taranaki region from the Block Offer 2019 round. The successful bidders were **Greymouth Gas Turangi and Riverside Energy**.

The conversion of the **Marsden Point** oil refinery into just an imported fuel storage facility is being backed by **Refining NZ's** independent directors as a way to turn around its financial fortunes, cut carbon emissions, and return to dividends sooner.

First Gas released a report suggesting that biogas could replace 20% of current natural gas use by 2050 and 4% of gross national carbon emissions.

Manufacturing and construction

Steel & Tube won a contract worth about \$7.1m to supply reinforcing steel to **Meridian Energy's** Harapaki windfarm project.

All of the 10,000 tonnes of aluminium dross by-product stored in Mātaura's old paper mill site next to the Mātaura River has been removed and are now at the Tiwai aluminium smelter.

Primary sector, food and beverages

Zespri's plan to counter unauthorised growing in China of the best-seller Gold3 kiwifruit failed to win over the number of growers needed to action it.

The proposal for a growing and sales trial with Chinese growers needed 75% grower support and it got 70.5%. A secondary proposal to use the Zespri brand label as part of the sales trial also failed to meet the 75% support threshold, getting 64.1%.

Meat Industry Association ceo **Sirma Karapeeva** told the **Primary Production Committee**, which is conducting an inquiry into the future workforce needs of the primary industries, the industry overall was short more than 2000 workers both skilled and unskilled this year, she said.

In particular, the industry needed about 250 halal butchers each season, but NZ had only about 200. Also, within the next year 87 of the 98 migrant butchers on extended migrant visas would need to leave the country, putting at risk \$3.3b of halal-certified exports.

Property

The retirement village sector will struggle to keep up with demand to house the ageing population, placing more pressure on the housing market, according to **Jones Lang LaSalle**. It said there will need to be another 26,000 new units by 2033 on top of the 36,000 already built, a gap current projections will not fill.

Property for Industry refinanced its \$300m syndicated bank facility and increased the size of its bank facilities by \$100m through a two-year loan from **BNZ**.

A survey of residential property investors by economist **Tony Alexander** found 71% are planning on increasing rents in the next six months with the average increase being about 6.5%.

Retail and wholesale

Kathmandu said additional covid-19 restrictions in Australasia, particularly during its flagship brand's key winter season, meant it now expected annual sales would be below its original expectations of about \$930m.

Tech, telcos, media, IT and entertainment

Rocket Lab's founder and chief executive **Peter Beck** will hold shares worth at least US\$492m (NZ\$697m) after his company lists on the Nasdaq. Beck will own at least 12.2% of Rocket Lab shares A SEC filing said Beck's 2020 salary was US\$327,000 (NZ\$462,000).

NZ schools were among those hit by a cyber attack on a California-based software company **Kesaya**.

ViacomCBS will launch its television and movie streaming service Paramount+ in NZ next month.

Southern Cross Cables submarine fibre optic cable was landed in Auckland to carry an additional 72 terabits of data per second, equivalent to a 100% increase in NZ's international connectivity levels.

Morrison & Co is part of a consortium acquiring 49% of Telstra's mobile tower sites in Australia, a transaction valuing Telstra InfraCo Towers at A\$5.9b.

Sky TV said it has received a number of lowball offers while its share price has been below what it thinks is fair value. It has retained Jarden to review any offers, but is focussing on its own strategies to lift customer numbers and revenue.

Transport and logistics

Quoted shipping rates are reported to have increased as 400% since the impact of covid, with spot rates for containers jumping from \$800 to a record of more than \$4,000 for twenty-foot-equivalent units between China and NZ over the last 12 months. Freight forwarders are considering challenging a new \$1000 fee to return containers to Port of Tauranga.

KiwiRail and Korean shipyard Hyundai Mipo Dockyard signed off on the delivery of **two new Cook Strait ferries** for US\$369m. The ferries will now arrive in 2025 and 2026, a year later than originally mooted.

Auckland Airport is preparing for its busiest day since covid-19 clamped down on travel, as people make the most of the school holidays. It is expecting 28,000 people to travel via its domestic terminal today, the highest number since last March. The airport is expecting more than 700,000 arrivals and departures through its domestic terminal in July - a 44% increase on last year.

Capital markets

Craigs Investment Partners is on track to become NZ's largest share broker, as the firm benefits from **Jarden's** increased focus on Australia. Data shows Craigs handled 32.9% of the total value of share transactions in the first five months of 2021, while Jarden had just 27.1%. This is a significant shift from 2019, when Craigs had just 25% of trades compared to Jarden's 36.2%.

The \$30m retail part of **Precinct Properties'** \$250m capital raising closed with applications almost double the number of shares available with no over-subscription available

A **Financial Markets Authority** survey found confidence in capital markets has been steadily increasing over recent years and has hit its highest level since 2013 at 72%, mainly due to the rebound from the covid crash. Investors with term deposits have fallen from 34% in 2019 to 21% in the past 12 months, while investors buying shares themselves climbed from 17% to 21%, mainly due to online trading platforms.

Corporate actions

Me Today shareholders approved the \$36m acquisition of **King Honey** made up of \$21m cash,

\$10m in new shares and \$5m in subordinated notes to King Honey's **Terry Jarvis**.

US private equity firm **KKR** has bought a controlling stake in Dunedin's **Education Perfect**, valuing the company for as much as \$455m if the online education firm hits targets.

Kiwi Property Group is to raise up to \$150m of seven-year green bonds from a sale to retail and institutional investors. The offer expected to close on July 9 is for bonds paying at least 2.85% p.a.

Courts, legal and regulation

Trade Me's proposed acquisition of property values site **homes.co.nz** is up in the air after the **Commerce Commission** said it is concerned it may substantially lessen competition.

Another company has been handed fines for unlawfully saying its steel mesh building products met earthquake safety standards. **Euro Corporation** has been fined \$361,000 after pleading guilty to 14 charges brought by the Commerce Commission.

The **FMA** decided against taking any action **Fonterra** over its accounting treatment of writedowns of Beingmate assets in China after an investigation.

People moves

MYOB founder **Craig Winkler** is stepping down from **Xero's** board after 12 years, the company said. Winkler's decision in 2012 to buy a 20% stake in Xero after selling out of his old business was a major milestone in Xero gaining credibility.

Christchurch Mayor **Lianne Dalziel** will not seek re-election.

Long-standing **Air NZ** directors **Rob Jager** and **Linda Jenkinson** will retire from the Air NZ board at this year's shareholders meeting in the final quarter of the calendar year.

Serko hired **Pushpay's** chief financial officer **Shane Sampson**, who will start work on Oct 11.

Westpac NZ chair **Jan Dawson** will retire on Oct 1 and be replaced by current director **Pip Greenwood**. The appointment is subject to the **Reserve Bank** having no objection.

The **NZX's** markets development and clearing executive director **Benjamin Phillip** has resigned after seven years and will leave on July 31.

A2 Milk appointed former **Danone** executive **Edith Bailey** as its chief marketing officer. Bailey was most recently consumer marketing director for Danone's Australian and NZ specialised nutrition division.

Asia Pacific Healthcare Group appointed Dame Paula Rebstock as its new chair. 

LEGISLATION

Auditor shortage law change

Parliament is being forced to change the law to extend audit periods for Crown entities because of a shortage of auditors, especially those who previously worked temporarily in NZ.

- *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

Annual Reporting and Audit Time Frames Extensions Legislation Bill - Introduced on July 6. Extends statutory audit reporting dates for the 2020/21 and 2021/22 financial years for Crown entities, local authorities and council-controlled organisations due to a shortage of auditors. Passed through all stages on July 7 and 8 with National opposed.

Autonomous Sanctions Bill - Bill in the name of **Gerry Brownlee** drawn from the ballot and introduced on July 1. It establishes a regime enabling a NZ to set autonomous sanctions. Was previously a bill from the last National government which was discharged under Labour.

Crown Minerals (Decommissioning and Other Matters) Amendment Bill - Introduced on June 23. Gives ministers and officials more power to approve and require conditions on oil and gas permits, including when they are transferred to a third party. This includes the prospect of a past holder of a permit being held responsible for decommissioning cost even after passing on ownership.

Freedom Camping (Infringement Offences and Other Matters) Amendment Bill - Bill in the name of National's **Maureen Pugh** drawn from the ballot and introduced on July 1. It would make restrictions on freedom camping around NZ more consistent.

Local Government (Pecuniary Interests Register) Amendment Bill - Bill in the name of Labour's **Tangi Utikere** drawn from the ballot and introduced on July 1. Sets up a pecuniary interest register for councils along the lines of those in place for MPs and ministers.

Maritime Powers Bill - Introduced on June 23. This bill provides powers to board and arrest on ships in international waters where NZ has jurisdiction, and situations where alleged offending is located on vessel in international waters. First reading on July 7 and referred to the Foreign Affairs, Defence and Trade Committee with the support of all parties. To be reported by Nov 11.

Resource Management (Regional Responsibility for Certain Agricultural Matters) Amendment Bill - Bill in the name of ACT MP **Mark Cameron**, drawn from the ballot and introduced on July 1. Proposes devolving certain agriculture regulation powers from central government to

regional councils. First reading on July 7 with the support of all parties and referred to the Economic Development, Science and Innovation Committee, to be reported by Nov 11.

Bills in progress

Education and Training (Grants—Budget Measures) Amendment Bill - Introduced on May 20. Allows for pay parity in 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. Reported back on June 25 with minor amendments. National and the Greens put in minority reports with the latter supporting the bill, but arguing it did not go far enough to bring about pay parity. National said the bill went too far in interfering in private businesses. Second reading on July 1, committee stage July 7 and third reading July 8 with National/ACT opposed.

Gas (Information Disclosure and Penalties) Amendment Bill - Introduced on March 11. Sets up a regime for disclosure of gas supply outages for suppliers and major users. Committee stage completed June 29. Third reading completed July 8. ACT opposed.

Biosecurity (Information for Incoming Passengers) Amendment Bill - Member's bill in the name of **Steph Willis**, introduced on April 8. Amends the Biosecurity Act to require that all craft coming to NZ are required to provide biosecurity information to the persons onboard by means of an audio-visual recording and writing. First reading on June 30 with all parties in favour and referred to the Primary Production Committee.

Fair Trading Amendment Bill - Introduced on Dec 17 2019. Amends the Fair Trading Act to create a new offence of unconscionable conduct in trade. It also extends the Act's existing protections against unfair contract terms in standard form consumer contracts to also apply to small trade contracts of less than \$250,000 in any year. Committee stage completed on June 22.

Holidays (Parent-Teacher Interview Leave) Amendment Bill - Member's bill in the name of Labour's **Terisa Ngobi** drawn from the ballot on March 11. Amends the Holidays Act to allow workers with children to take leave to attend parent-teacher interviews. First reading on June 30 and referred to the Education and Workforce Committee. Opposed by National and ACT who said it was an imposition of costs on employers.

Land Transport (Drug Driving) Amendment Bill - Introduced on July 30, 2020. Sets up drug testing for drivers. First reading Aug 8, supported by all parties and referred to the Transport and Infrastructure Committee. Reported back on June 17.

Reserve Bank of New Zealand Bill - Introduced July 28, 2020. Reported back on June 8 and second reading on June 23 with National, ACT and Maori Party opposed. 