

Curve bending the right way

While the daily case numbers are still volatile, the ongoing trend in new covid infections will be allowing the government to hope it will win the PR war over its approach to covid-19 management. Failure by the level 4 lockdown would expose it not only to far greater domestic criticism for the multiple, wider shortcomings of its covid response, but also tarnish the global halo effect the covid response continues to deliver for Jacinda Ardern.

Looking for extra doses, or fewer bookings

Page 3

The last fortnight's lockdowns have accelerated vaccinations to record highs of almost 90,000 a day, but that demand is now churning through a limited stock of Pfizer doses. The government is expected to announce a purchase of over 1m new doses in coming days to tide the programme over through a lean supply month in Sept. Another option is dialling back on bookings.

Three waters reforms in trouble?

Page 3

The ministerial charm offensive at the mid-July Local Government NZ conference to gain support for its '3 waters' reform agenda appears to have had the opposite effect. Opposition to the proposals appears to be hardening, particularly as new analysis pinpoints questionable presumptions about both the costs of infrastructure renewal and potential for efficiency gains.

Robertson eyes more support for SMEs

Page 4

Big businesses have steered clear of applying for all available wage subsidy support in the first two weeks of lockdown, but smaller businesses are increasingly strained, with calls from small business groups to increase the cash non-wage support levels. Grant Robertson is looking at it and has reassured Parliament there is \$8b left in the government's covid recovery fund and elsewhere.

Auld Mug in Auckland? Don't dream it's over

Page 2

From the outside, Mark Dunphy's late bid to keep The America's Cup 37th regatta in Auckland looks a long shot - and it still is. However, Dunphy says he's good for the \$80m required and would overcome government worries about Team NZ's loose governance if his plan were to fly.

RBNZ tightens lending for home owners

Page 5

Responding to surprising strength in house price inflation, even since the beginning of lockdown, the Reserve Bank is halving the amount of high LVR lending allowed for home owners. It steered clear of the politically sensitive area of restricting first home buyers more.

'Make vaccination mandatory in more workplaces'

Page 2

Healthcare providers and some large workplaces are set to call on the government to make vaccination mandatory in more large and vulnerable workplaces to help nudge the hesitant into the vaccination centres and take the adult vaccination rate well over 90%.

Lockdown politics

As the level 4 lockdown enters its third week in Auckland and eases only slightly across the rest of the country, the government is being rewarded with what appears to be the much-desired downward trend in daily case numbers.

This lockdown, while encouraging vaccination uptake, has **tested the electorate's patience far more than the long lockdown from March to May last year.**

Failure would spell **huge domestic political difficulty for the government, and a loss of international standing** which is in itself important to the government's and the PM's standing at home.

Pride and competitiveness to do better than other parts of the world is a bit part of the psychology of lockdown compliance.

Our **best estimate for Auckland returning to Level 1 is in the first week of October**, with an **enhanced type of Level 2 signalled today** by Grant Robertson. This appears to reflect the extent to which compliance is seen to slip with each lockdown towards to the level below that which is in place. Level 3 compliance, for example, is demonstrably looser than last year with many previously banned sports being undertaken with impunity.

Whether there could be another L4 lockdown without significant political downside and non-compliance, however, **must be debatable.** The **Delta variant has changed the course of the pandemic** and must have shortened the shelf life for the elimination strategy. That is particularly so, given that vaccines are not proving efficacious at stopping Delta infection spread even though they reduce the impacts of the illness.

For that reason, expect tough border restrictions and **no resumption of the trans-Tasman bubble** until the government decides as many NZers as want to be vaccinated have been.

A **NZ Herald/Kantar poll** this week found 46% believed NZ should pursue elimination regardless of the vaccination rate achieved, while 39% supported elimination up until a 70% vaccination rate.

A **Sticky Beak/The Spinoff** poll published last week found seven out of 10 voters supported the current elimination strategy and 59% supported the current level of border closures.

Make it mandatory?

The government does not to make vaccinations compulsory, for fear of driving the hesitant into the arms of the anti-science anti-vax lobby.

However, **support is growing in parts of the business community to make vaccination mandatory in certain higher risk sectors**, beyond just the current rule that workers at ports and the airports must be vaccinated by the end of next month.

Aged care providers such as **Oceania Healthcare** have called on the government to make vaccination mandatory in healthcare.

BusinessNZ CEO Kirk Hope suggested this week some large employers with workplaces seen as crucial for the economy may need the government to help vaccination efforts by making it mandatory.

Targeting **90% of the adult population for vaccination is gaining some traction as an unofficial target** after which border easing could occur.

Employers can include vaccination clauses in new contracts, but existing workers cannot be fired under a 'no jab, no job' policy. Air NZ proposed vaccination be made mandatory for another 4,100 customer-facing staff beyond those at the border.

America's Cup brinksmanship

Greymouth Petroleum founder chair **Mark Dunphy is deadly serious about seeing the 37th America's Cup sailed in Auckland.**

He is also now making clear that **he is good for the \$50m-\$80m that would need to be raised to fill the gap** left between the \$120k or so that sponsors and government funding would cover and the remaining costs of running the challenge.

The variability in that sum relates to whether his desire to use the Auckland Unlimited Charitable Purposes Fund would allow NZ donations to be tax deductible. However, Dunphy is indicating that the tax issue is not fatal if the same non-deductibility as now applies to Team NZ were applied to the AUCPF.

He has been **reported as saying the challenge could only occur in Auckland if Grant Dalton steps aside.**

However, **that is not quite his position.**

Rather, Dunphy is reflecting the fact that **some would-be donors want Dalton not to be involved in fundraising.** Council and government donors, in particular, also want **better governance** than the schemozzle of Dalton's double-CEO role in AC36.

However, he **regards Dalton as important to Team NZ and would be willing to have him lead the team** as he has - if he will give up on plans to take the Cup offshore.

Sept 17 is D-Day, with a decision on the next host venue due then. Time is very tight, but Dunphy appears very determined.

3 waters reforms in trouble?

Economic consultancy Castalia has produced analysis for several local bodies that throw up serious questions about the quality and the reliability of work undertaken for central government on the three waters reforms.

One of the more devastating is for the Whangarei District Council, which opposes the water services amalgamation plan because it believes it has few or none of the problems that are driving the reform agenda.

In particular, Castalia suggests the government's consultants, the Water Industry Commission of Scotland (WICS), has produced figures that take the most optimistic view of the reforms' impact and the most pessimistic view of the future for councils that opt out of the scheme.

It also questions WICS's assumption that NZ and Scottish population density is similar, when NZ's is more urbanised and differently concentrated.

This makes a large difference to the potential for efficiency gains.

When properly calibrated, Castalia suggests the WDC's capital investment plans are already in line with the level of investment the reforms would be intended to promote.

The Castalia reports follow release of nationally collected NZ 3 waters data and WICS modelling detail after the Local Govt NZ conference in mid-July. Since the conference, it appears that opposition to voluntarily adopting the reforms is hardening in many councils, despite a charm offensive by ministers to local body leaders at the conference.

When demand exceeds supply

Two weeks of lockdowns with the prospect for another three to four weeks more in Auckland has done wonders for vaccination appetites.

Vaccination rates spiked during the first 10 days of lockdown to around 500,000 per week, which was well above the best-case scenarios forecast by the **Ministry of Health** in the official plan for around 350,000 a week.

That's created a supply headache for the government, which is not expecting a huge new chunk of supplies until October.

There were 840,000 doses in the stockpile early this week, implying they could be used up by the end of next week at the current pace.

Supplies are currently expected to match the lower forecast rate through September, before about four

million doses come through in October.

Options for dealing with this include NZ swapping **Janssen** and **AstraZeneca** doses that it has chosen not to use for someone else's Pfizer doses, or outright buys spare Pfizer doses from someone else.

The other option is the politically unpalatable and confidence-sapping idea of slowing future bookings.

MIQ shut to all but most urgent

The government's border strategy of limiting entry of potentially infected returnees by putting them through around 4,000 places in MIQ every fortnight is **cracking under the strain of local transmission**.

Community-acquired cases in Auckland are now occupying almost half of MIQ's specialised quarantine rooms, while various moves to improve safety and set aside 500 rooms for government allocations has reduced capacity by a quarter since March.

MBIE's has stopped issuing new vouchers for the rest of the year beyond an allocation of 400-500 for emergency cases.

Chris Hipkins advised expats that **"now is not a good time to come home for a holiday"**.

This reinforces how hard the next six months will be while we vaccinate as many people as possible before looking at opening up.

Debate over elimination fires up

It is dawning on many in business and the wider community that the combination of already stressed emergency care departments, tighter limits on MIQ and the potential for more immediate level four lockdowns is likely to **delay any real opening up until a decision is made on how much vaccination is enough. That may not be until well into next year.**

The lack of clarity on how high a vaccination rate is high enough is also unnerving many, given there is also uncertainty about whether under 12s should be included in the denominator. The PM and officials have steered clear of setting a threshold vaccination rate, even though **Australia's Federal Government and the New South Wales State Government have set adult vaccination rate thresholds of 70% and 80%** as milestones for various relaxations of lockdown measures and border controls.

Opposition Leader **Judith Collins** has called for 70%

Coming up

Oct 6 - RBNZ makes 'in-between' OCR decision without news conference or full quarterly forecasts

Oct 31 - Nov 12 - The UN's COP26 **Climate Change conference** held in Glasgow.

Nov 3 - RBNZ releases six-monthly Financial Stability Report.

to be the threshold.

Overseas experience with delta outbreaks shows no tracking and tracing effort can keep up with delta. **New South Wales quietly stopped trying to contact all those linked to positive cases this week** and is instead relying on automatic notification by phone. **New Zealand's own tracers didn't even turn on the bluetooth notification facility until two weeks after the lockdowns** because of concerns about its effectiveness.

Businesses wanting staff to travel overseas or workers to migrate here, and **businesses wanting students and tourists to spend money here, are all stranded for the foreseeable future.**

There is an exception people to return from Australia to NZ in Sept with the resumption of red flights from several cities in Australia. These will require 14 days of managed isolation, and a negative pre-departure test. MIQ vouchers and flights will be available for travel on a limited number of dates from a select number of locations.

Life after elimination

A NZ study published in The Lancet last week found that **even with a 90% vaccination rate**, including for the most vulnerable groups, opening the borders and having 10 cases a day coming through the border for two years **would produce an estimated 11,400 total hospitalisations and 1,030 total deaths in NZ.**

Ardern was forced this week to plead for patience and a renewed commitment to the strategy after Hipkins admitted in a TV interview delta had changed the landscape under the elimination strategy.

But even the more mainstream voices in the scientific debate are challenging the status quo.

"The border controls and restrictions we have in place just cannot contain it. It would be foolish to think NZ could pursue a long-term strategy of border control, contact tracing & elimination to keep it out."
Malaghan Institute of Medical Health's Director Professor Graham Le Gros

More help on the way?

As of Thursday, the government has spent \$1.37b on wage subsidies and resurgence payments in the latest lockdowns.

That was less than the expected run rate of \$2b a fortnight and reflected the caution of some large businesses in applying again for the subsidy, given negative publicity over last year's \$14b of payments and only \$734m of refunds.

Grant Robertson said this he is open to the idea of providing more business support and said there was a total of \$8b in various unused funds and the government had capacity to borrow more within its existing self-imposed debt limits.

"Agencies are also looking to use their existing baselines, and, in addition to that, if there is a need to top up the CRRF, we can do that without going above forecast net debt figures due to the exceptional performance of the NZ economy, providing significant fiscal headroom to do so," Robertson told Parliament this week.

ANZ reported its August survey of **business confidence** found a fall in confidence after the lockdown, but **not as much as would be feared.**

Going from bad to worse

The National Party continued to make news for the wrong reasons, with a caucus reshuffle, a controversial insistence on Parliament sitting, and patchy performances by leader **Judith Collins.**

Collins demoted former leadership rival Chris Bishop from his role as shadow Leader of the House last weekend after a caucus shouting match over Bishop's opposition to Collins' decision with the majority of the caucus to oppose the Conversion Practices Legislation Bill. Collins supporter Michael Woodhouse got the job.

Collins also surprised many with an ill-tempered performance on TVNZ Breakfast this week, accusing the media of trying to upend the Opposition. The latest polling doesn't help.

The latest **Roy Morgan poll** put Labour's support unchanged on 39.5% with the Greens up 2 percentage points since the last poll in the series to 12% in August. **National was down 4 points to 25%, the lowest since March**, ACT was unchanged on 13% with the Māori Party 2.5%. The poll was of 940 voters taken throughout August.

ACC levy consultations

ACC is proposing to changes to levies over the next three years and has begun consultations. Proposals include:

- decreasing the average work levy rate to 63c per \$100 of payroll in 22/23, returning it to 67c over the following two years;
- increasing the earners rate levy frp, \$1.21 now to \$1.27, \$1.33 and \$1.39 per \$100 of wages over the next three years respectively;
- raising the motor vehicle from \$113.94 to \$138.08 by 24/25. 🏠

RBNZ tightens for home owners

The Reserve Bank plans to further tighten Loan To Value Ratio restrictions in another effort to dampen demand for housing.

But it has been careful to focus the restrictions on existing home owners, rather than first home buyers or landlords, who saw their restrictions tightened earlier this year.

The Reserve Bank announced this morning it wanted to **restrict the amount of lending banks can do above an LVR of 80% to 10% of all new loans to owner-occupiers, down from 20% at present.**

“Our analysis indicates that house prices are above their sustainable level, and the risks of a housing market correction are continuing to rise. The proposed tightening of LVR restrictions will over time help reduce the number of highly leveraged borrowers and help to build resilience in the financial system,” Reserve Bank Deputy Governor Geoff Bascand.

He noted house prices had kept rising since government tax announcements in March and despite a slowing of high-risk lending.

“Despite this, house prices have continued to rise and we have seen a significant increase in higher risk loans to owner-occupiers,” Bascand said.

“Although our stress testing indicates that the financial system is well-placed to weather shocks such as a downturn in the housing market, we are concerned about the potential future risks to economic and financial stability of allowing this higher risk borrowing to continue at its current rates.”

Consultations are open until Sept 17 and the Reserve Bank is expected to decide finally in late Sept. **The new restrictions would apply from Oct 1.**

FOMO during lockdown

Just as happened during last year’s lockdown, the housing market is refusing to lie down.

CoreLogic reported that house values rose 1.6% in August, a deceleration from 1.8% in July and down from the peak monthly growth rate of 3.1% in April. But it still represents a double-digit annualised growth rate.

Core Logic’s head of research Nick Goodall noted a **shortage of listings and agent requests for appraisals during the two weeks of lockdown**, which may boost inflation in the short term.

“This further tightening of supply could lead to some temporary renewed upwards price pressure as pent-

up demand competes for limited listings,” he said.

Real estate agents are seeing more first-home buyers and say the fear of missing out is increasing.

A REINZ survey of 325 agents found the lockdown was having little impact on demand, other than the obvious fewer people at open homes and auctions.

A net 11% of agents said they are seeing more first-home buyers compared to last month when a net 4% reported they saw fewer of them.

The shortage of listings and the increased interest from buyers with more time and cash on their hands is making real estate agents happy. **The survey on August 24 (during lockdown) found perceptions of FOMO rising in August from July.**

Briefly ...

New building consents have continued to track up, hitting 45,119 for the 12 months to July. This was a rise of 20% on the comparable period in 2020, Stats NZ said. For the 12 months to July 19,158 consents were issued in Auckland, which was an increase of 29% on the same period in 2020.

Kiwibank data showed a 20% drop in spending in the first nine days of lockdown, compared with the 45% drop in the equivalent period of the 2020 lockdown.

Merchandise terms of trade for the June 2021 quarter rose 3.3% on the previous quarter, as rising global commodity prices contributed to a strong quarterly increase in export prices, Stats NZ said.

Export prices for goods rose 8.3% on the previous quarter, while import prices rose 4.8%.

Both export and import goods prices had previously fallen each quarter since the first half of 2020, including large falls in the Sept 2020 quarter.

Rents spiked by 10% to a national median of \$550 a week in July, the biggest year-on-year increase in at least six years, according to **Trade Me’s rental price index**. This was only a slight increase from the \$545 median in June, which followed a stagnant period from March to May.

The ANZ-Roy Morgan Consumer Confidence Index eased 3 points to 110 in Aug. The four-week sampling period closed on Aug 22, and it’s unlikely more than 15% of the sample was post-lockdown.

House price inflation expectations were little changed at 6.3%. They eased in Auckland and Wellington but rose in the remainder of the North Island to the strongest levels nationwide (7.1%). CPI inflation expectations lifted from 4.9% to 5.1%, high versus a more typical historical reading of around 3.5%. ■

CORPORATE ROUND-UP

Banks, insurers and fund managers

The **Reserve Bank** welcomed the Wellington High Court fining **TSB Bank** \$3.5m for breaching the **Anti-Money Laundering and Countering Financing of Terrorism Act**.

Westpac NZ appointed three new directors with one departing. **David Havercroft**, who is also a director of **Spark**, **Southern Cross Cable Networks**, **KiwiWealth**, **Kordis Group** and **Connect 8**, joined the board alongside Westpac Group execs **Christine Parker** and **Michael Rowland**. Existing director, **Malcolm Bailey**, steps down after nine years.

Kiwibank's annual profit more than doubled to \$126m, thanks to a \$19m fall in bad debt charges.

The five largest banks lent a net \$7.85b more on mortgages in the June quarter, but only \$1.06b to businesses. The big four banks' net lending to farmers fell by \$144.6m, **Reserve Bank** data shows.

Bonus Bonds manager, **ANZ**, expects to pay domestic holders \$1.10 per bond in Dec, and possibly an extra small payment when scheme is wound up.

Heartland's annual net profit rose 21% to \$87m.

BNZ ceo **Angie Mentis** is returning to its Australian parent and **Dan Huggins**, who has headed **BNZ's** customer products and services operations since March last year, will replace her from Oct 1.

Energy and resources

Genesis Energy's underlying annual profit rose by \$22m to \$75m after it fired up its gas and coal generation due to low hydro lake levels and gas supply shortages. Also, **Genesis' cfo Chris Jewell** is swapping his role for the same job at startup solar power generator, **Lodestone Energy**.

Meridian Energy's annual earnings fell 15% to \$729m, reflecting the third lowest inflows of water into its South Island hydro schemes on record. It called major electricity users' criticism of its profitability a cynical ploy and evidence of poor risk management. **The Major Electricity Users Group** said the renewables-only generator had produced 'super-profits', using analysis that stripped out asset revaluations based on rising electricity prices.

Vector reported higher profits, despite the regulated parts of its distribution business having its allowable revenue cut. Vector's annual adjusted earnings of \$513.5m were up \$23.5m from a year ago.

Australia's **Ampol** made a \$2b takeover bid for **Z Energy**, valuing the shares at \$3.78 each. Ampol expects it would have to sell some or all of its holding cut-price retailer **Gull Petroleum** for the deal to be allowed by the **Commerce Commission**. Australian institutional

investors seemed underwhelmed by the proposal.

Manufacturing and construction

DGL Group reported an annual profit of A\$11.3m in its first result as a listed company, double that of a year ago and beating its own prospectus forecasts.

Steel & Tube reported an annual net profit of \$16.1m, a turnaround from last year's \$60m net loss.

Skellerup will pay \$10m to buy **Talbot Technologies**.

Primary sector, food and beverages

Allied Farmers' annual net profit almost tripled to \$2.48m after sales lifted 8% to \$21.7m.

Rua Bioscience almost doubled its cash burn rate for the year to June, recording a loss before tax of \$6.17m, from a loss of \$3.59m last year.

Sanford reported increased costs and shipping delays ate into first half profits, which were \$16.2m, including a \$13.3m gain on property sales. Revenue fell 5% to \$233.5m. Mussel pricing continues to be a key challenge with covid hurting global demand. But its shares jumped after **Ngai Tahu** said it wanted to buy 20% of the company on-market.

Delegat Group and **Foley Wines** both reported record operating profits in the June 2021 year despite global shipping disruption, but a smaller harvest had them tempering expectations for the coming year.

Delegat reported an operating profit of \$65.5m in the 12 months ended June 30, up 8% from a year earlier, while revenue was flat at \$302.7m. The smaller **Foley Wines** lifted operating profit 3.7% to \$8m on a 3.8% increase in revenue to \$53.3m.

A2 Milk's shares dropped again as investors reacted to its annual results showing a 30% revenue decline, at the low end of its thrice downgraded guidance, and net profit down almost 80% at \$80.7m. It also was not rosy about its short term prospects and was unable to give guidance.

Landcorp Farming, trading as Pāmu, reported earnings of \$61m for the year ended June 30 versus \$65m in the prior year. The company will pay a dividend of \$5m to the government, while focusing most of its surplus cashflow on debt reduction.

Landcorp's ceo **Steven Carden** is leaving to take up a role as managing director of **Delegat Group**.

Comvita reported annual net profit of \$9.5m, a turnaround from a \$9.7m net loss the previous year. Ebitda rose to \$25.5m from \$4.18m in the prior year.

Scales lifted its full-year guidance range off a solid jump in half-year net profit. It raised its underlying profit forecast range by \$5m to \$32m to \$37m.

Property

Property for Industry reported a \$273.5m first-half net profit as the value of its properties rose amid covid-accelerated demand for warehousing and logistics. That was up from \$15.6m last year.

Retail and wholesale

Michael Hill International's annual profit rose nearly 15-fold to A\$45.3m, but the company is worried the latest lockdowns in Australia and NZ have already dented FY22 earnings by about A\$5m.

Service industries and healthcare

Pacific Edge will apply for a secondary listing on the **Australian Stock Exchange** and expects to begin trading on the ASX in Sept.

Summerset's first-half net profit lifted to \$263.8m because the value of its property soared but its underlying profit was also up 68%. The latest result for the six months ended June compared with just \$1m in the same six months of last year.

Tech, telcos, media, IT and entertainment

Chorus remained optimistic about NZers' buy-in to its fibre broadband network despite the challenge from fixed wireless rivals. It reported flat annual pre-tax and interest earnings of \$649m.

TVNZ's annual net profit of \$59.2m was its best result in 18 years and a turnaround from last year's \$25.8m loss. The result comes just weeks ahead of Cabinet talks on merging TVNZ with **Radio NZ**.

Disgruntled former **Syft Technologies** ceo **Doug Hastie** sold his 12.8% stake in the company.

Vista Group International trimmed its first-half bottom-line loss with a lower-than-expected cash burn, with about 80% of cinemas around the world now open. Vista reported a \$2.6m net loss for the half year, down from a \$43.2m net loss last year.

NZME will resume dividends after years of cost and debt cutting. It also further strengthened its balance sheet by selling **GrabOne** for \$17.5m. NZME reported its first-half net profit almost doubled to \$5.6m after sales rose 9% to \$172.5m.

SkyCity Entertainment's annual net profit fell 33.7% to \$156.1m after revenue fell 15% to \$951.9m.

Transport and logistics

Mainfreight reported an 83% jump in first half pre-tax profit to \$142.3m, led by its American businesses increasing operational profits fourfold to US\$27m. Its share price approached \$100 a share.

Air NZ made an annual trading loss of \$440m, with freight subsidies from the NZ and Australian

governments worth \$333m ensuring it was not worse.

Auckland Transport awarded a \$1.04b contract to a joint Singaporean/ Australian venture to run its passenger rail line. **Auckland One Rail** will be paid \$130m a year for the first eight years, with an option to extend for another five years, replacing **Transdev**. AOR is a joint venture between Singaporean based **ComfortDelGro Transit** and Sydney's **UGL**, owned by Australia's **CIMIC** group.

Ritchies is to be sold to New York-based investment firm, **KKR**, pending OIO approval. The family owned firm has more than 1,600 vehicles and provides bus services around NZ. **Cameron Partners** represented Ritchies for KKR's first NZ acquisition.

Port of Tauranga's profit after tax rose by 15.4% to \$102.4m for the 12 months to June 30, on the strength of a 14% jump in log exports and healthy returns from subsidiaries.

Tourism Holdings reported a net loss of \$14.5m in the 12 months ended June 30, turning around a profit of \$27.4m a year earlier when it slashed costs to cope with the outbreak of covid-19.

Napier Port kept its April guidance for the year to Sept 30 of operating earnings of \$39-42m, despite the impacts of covid. But it wrote off any hopes of seeing cruise ships for the upcoming season.

Freightways increased its provision for the final payment for **Big Chill** by \$24m due to stronger than expected results from the temperature-controlled logistics unit. Big Chill helped Freightways boost annual net profit by 4.8% to \$49.6m.

Corporate actions

Allbirds, which launched its first shoe in 2016, has filed a prospectus to join the **Nasdaq** but warned investors it doesn't expect to be profitable any time soon.

Rocket Lab debuted on the Nasdaq.

Xero founder **Rod Drury** cashed in another A\$300m of stock, leaving him with a 6.7% of the A\$22.3b firm. Drury's family trust sold 2m shares at A\$150 each.

Courts, legal and regulation

Jarden was ordered to pay \$40,000 plus costs for failing to keep tabs on the filters in place for its clients with direct market access.

Sharesies was censured for having weak anti-money laundering procedures by the Financial Markets Authority by failing to collect sufficient information about some 7,815 customers, around 2% of its customer base.

The **ETS's** latest **carbon auction** cleared above the \$50 ceiling, releasing another 7m units into the scheme. Gross returns for the Crown were \$632m. ■

LEGISLATION

Jury-rigged Parliament returns

Parliament didn't sit in the first week of level four lockdown, but returned for limited in-person question times this week after National refused online sittings.

- *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*

Bill introduced

Education and Training (Teaching Council Fees and Costs) Amendment Bill - Introduced Aug 10. The bill enables the Teaching Council to fix fees for cost recovery. It would also retrospectively validate fees collected by the Teaching Council since Feb 1 2021 after they were quashed by the High Court. First reading on Aug 12 supported by Labour with all other parties objecting to the retrospective nature of the bill. Referred to Education and Workforce Committee to report back Sept 16

Bills in progress

Births, Deaths, Marriages, and Relationships Registration Bill - Introduced Aug 10 2017. The bill makes a number of administrative changes to the principal law about access to identity certificates. *Second reading on Aug 11 with all parties agreeing to send the bill back to the select committee for public submissions on the changes made in 2018.*

Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill - Introduced on April 12. The bill creates a regime requiring climate-related disclosures by large listed issuers, banks, insurers and fund managers. First reading on April 15 and referred to the Economic Development, Science and Innovation Committee. Opposed by just ACT. *Reported back on Aug 16 with changes defining large listed issuers as those worth over \$60m. Also changes on when parts of the requirements come into law and who can be give third party assurance reports.*

Girl Guides Association (New Zealand Branch) Incorporation Amendment Bill - A private bill sponsored by **Duncan Webb** and introduced on Feb 9, 2021. It allows the **Girl Guides Association of NZ** to sell properties now uneconomic to hold. First reading on March 10, supported by all parties and referred to Social Services Committee. *Report deadline extended from Sept 10 to March 10 2022.*

Hazardous Substances and New Organisms (Hazardous Substances Assessments) Amendment Bill - Introduced Aug 3. The bill enables the EPA to make better use of information from international regulators. *Completed first reading on Aug 10 supported by all parties and sent to the Environment Committee.*

Land Transport (Drug Driving) Amendment Bill -

Introduced July 30, 2020. The bill sets up a drug testing for drivers regime. *Second reading on Aug 11 with all parties supporting except the Māori Party. ACT and the Greens expressed reservations saying they would be seeking changes in the committee stage*

Lawyers and Conveyancers (Employed Lawyers Providing Free Legal Services) Amendment Bill - Introduced on July 28, a member's bill in the name of **Chris Bishop**. The bill amends the **Lawyers and Conveyancers Act** to allow a lawyer who is an employee to do free legal work other than for the lawyer's employer on conditions set by the Law Society. First reading on March 24 and sent to the Justice Committee with the support of all parties. *Report back extended from Sept 24 to Nov 16.*

Māori Commercial Aquaculture Claims Settlement Amendment Bill - Introduced on Aug 6 2020. The bill seeks to improve the allocation and transfer process provided in the **Māori Commercial Aquaculture Claims Settlement Act 2004**. It follows some iwi facing indefinite delays in receiving their aquaculture settlement assets from the trustee, **Te Ohu Kai Moana Trustee Limited**, due to the inability of iwi in those regions to reach agreement. Reported back from select committee on June 4 with small changes. *Second reading on Aug 10 supported by all parties.*

Water Services Bill - Introduced July 28, 2020. The bill reforms the drinking water regulatory system. Supported by all parties and referred to the Health Committee. *Bill reported back on Aug 10 with administrative changes. National and ACT filed a minority report about the impact on small water suppliers and leaving decisions about exclusions to regulation and the new regulator.*

Bills passed/defeated

Fair Trading Amendment Bill - Introduced Dec 17 2019. The bill creates a new offence of unconscionable conduct in trade and 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. *Third reading completed on Aug 10 with National and ACT still opposed.*

Reserve Bank of New Zealand Bill - Introduced on July 28, 2020. The bill is part of the review of the **Reserve Bank of NZ Act** and follows the introduction of maximum sustainable employment as an objective of monetary policy alongside price stability, and the creation of the monetary policy committee. The bill repeals and replaces parts of the 1989 Act covering governance and creates a new governance board. The rest of the 1989 Act on bank supervision remains in force as the **Banking (Prudential Supervision) Act**. Reported back on June 8. Second reading on June 23 opposed by National, ACT and Māori Party opposed. *Committee stage completed on Aug 3 with no change in parties positions.* 

