

A political turning point?

Page 2

National took the lead in one of the two major polls for the first time since covid. Under a fresh and more disciplined leadership, National has accelerated ahead on a wave of frustration and exhaustion with Labour's handling of covid, omicron, the borders and the cost of living.

A cost of living shock, and an immediate response

Page 2

The poll results couldn't have come at a worse time for the govt, both reflecting its flagging popularity, but also prompting a quick reaction to a petrol price shock. Faced with images of long petrol queues and regular over \$3/litre, the govt cut fuel taxes 25c/litre overnight.

An omicron turning point

Page 4

Omicron case numbers have clearly passed the peak in Auckland and are nearly there in other parts of the country. Hospitalisations are headed for a 1,000 but may also be a week or two from peaking overall. That has freed up the govt to bring forward the border opening dates. Next is likely to see a softening of the traffic light system too.

Bridges rides his yak off into the sunset

Page 2

Simon Bridges chose his moment well to ride off into the sunset at the ripe old age of 45, quitting politics to eye up jobs in the commercial sector. Safe in the knowledge his departure won't destabilise Luxon, Bridges could only see years more in Parliament without the top job.

A juicy ETS windfall

Page 3

Amid the drama of invasions in Europe and petrol tax cuts here, the govt is set for a windfall from its Emissions Trading Scheme as the carbon price topped \$70 this week. It has created a \$4b plus pot to fund big climate spending in this year's Budget, or a carbon dividend for another govt.

Winter is coming

Page 5

Expectations of a bazooka-sized rate hike next month from the Reserve Bank to fend off inflation are cooling in line with the economic weather. GDP growth didn't bounce as much as expected and now both retail spending and the housing market are coming off the boil.

Inflation pain

Page 5

This week's petrol tax cut may take 0.5 of a percentage point off inflation, but it's still expected to near 7% in the first half of this year. It's no wonder National's cost-of-living attack is resonating.

Political turning point?

Last weekend was a politically painful one for the govt. First, there was the TVNZ-Kantar poll on the preceding Thursday showing National ahead of Labour for the first time since the arrival of covid in Feb 2020.

A Reid Research poll had worse news, with National's lead larger. A Taxpayers Union poll from Curia this week still showed Labour ahead, but with National rising strongly.

The polls show voters and consumers are in a highly anxious and febrile state. If an election were held today, the government could not expect to be returned.

Polling trends suggest this will only worsen in coming months and trends, once established, are difficult to reverse. That is all the moreso when the factors behind those trends are material rather than fleeting.

While the omicron outbreak's impact on the national mood may be fleeting, the material factors are that the government is facing covid fatigue, growing disenchantment with the prime minister's previously unassailable political persona, and numerous economic headwinds at home and internationally.

There have been signs of panic in the public and the government.

On the Friday evening of last week, the PM's office felt compelled to send a note to media outlets to reassure the public that that national petrol supplies were not in any danger of running out.

That followed panic queueing of cars for hours on the Friday afternoon after the oil price jumped to US\$139/barrel and growing talk of \$3.50/litre petrol.

In a sense, the Russian invasion of Ukraine has been a godsend for National's prosecution of the "cost of living crisis" line it has adopted as its new primary attack line.

Under pressure from media, the PM was backed into using the word 'crisis', after her refusal to do so became the news. This may come to be seen as a political turning point.

As recently as the Thursday before the release the poll and the ambivalence over crisis talk, Grant Robertson had downplayed fuel tax cuts.

But by Sunday night, there were leaks that Cabinet would consider just that.

At 4pm on Monday, Jacinda Ardern and Robertson announced an unprecedented 25 cent/litre cut in petrol excise for at least three months, with the prospect it could extend into the never-never if oil

prices stayed high or worsened towards the various forecasts of over US\$150/barrel.

This was policymaking on the hoof of a new kind from the government.

Is it an indicator that such immediate responses to future poll-driven indicators will become a feature of the second half of this parliamentary term?

Buying the electorate

The fuel tax cut is expected to cost \$350m for the three months.

The associated halving of public transport fares could cost the govt up to another \$40m.

However, the funds are technically available because of the covid-19 emergency response fund.

The war in Ukraine has caused the current global oil price shock, so using the covid fund to offset its impact is, by definition, poor public policy.

The excise cut may shave 0.5 percentage points from annual CPI inflation, which is headed above 6% and possibly even 7% in the March and/or June quarters, before subsiding over the next two years.

The haste with which the decision was taken was evident in the absence of detail on how the cut would be administered for Road User Charges (RUCs).

Robertson also acknowledged the bulk pre-purchase of RUCs could, in theory, allow buyers to load up for RUCs well beyond the period of the cut.

The public transport fare changes also threw a spotlight on the creaky nature of funding for road building and maintenance.

Transport Minister **Michael Woods** is reviewing the funding mechanisms for the National Land Transport Fund, which was set up to cordon off petrol taxes for spending on roads, but has over time morphed into a fund that pays the govt's half share of bus and train subsidies with Councils, along with funding for KiwiRail.

In a mis-step indicative that he is still learning politics, National leader **Chris Luxon** expressed a wish that public transport not be subsidised, unaware apparently that all public transport includes a central or local government funding component.

Why Bridges moved on

Simon Bridges's decision to quit politics had been a long time coming - ever since he was ousted by Todd Muller in mid-2020, in fact.

There is a strong suspicion, unconfirmed, that it was precipitated by a firm job offer in the commercial sphere.

We believe it is simpler than that.

Even if he had a job offer pending, the decisive factor was the Luxon has bedded in successfully as National Party leader.

The party looks competitive for the next election under Luxon's leadership and, if National wins, Luxon could be PM for six to nine years.

At 45 years of age and with only the leadership remaining as a goal for him, Bridges could see a lifetime in Parliament that would be less satisfying than a mid-career change that will benefit his bank balance and his family life.

He may not have gelled with Nicola Willis and Chris Bishop, his colleagues at the top of the caucus list, but not too much can be made of that. Willis and Bishop backed Muller and paid a price.

While most politicians have long memories, they are generally adept at creating alliances of convenience that overcome old scores.

Willis, at finance, will be stretched to the limits of her experience and capacity.

National now has a leader with comparatively little political experience and a deputy holding the key economic policy portfolio who has only ever been a backbencher, albeit one who also worked as a political adviser to PM John Key.

Bishop will be disappointed - he had chaired the finance and expenditure select committee and acquitted himself well on covid-19 response, which is coming to an end.

We see the hand of both Key and Willis's near neighbour in Wellington, Bill English, in the choice of Willis over Bishop.

Meanwhile, one of the NZ Herald's most experienced and aggressive business journalists, Hamish Rutherford, has taken the long-vacant job of press secretary with Luxon. It is thought that Rutherford may have political ambitions of his own.

The case for Bridges having somewhere else to go is heightened by the fact that he has chosen to force a costly by-election in Tauranga. While National should retain the seat easily, it may be a tempting place for minor parties to show their wares.

Recently appointed TOP leader Raf Manji is pondering a tilt in Tauranga because it will give a national platform for the party's cerebral centrism.

ETS windfall even juicier ...

The petrol price spikes have also ramped up calls to use the likely windfall of at least \$3.5b from Emissions Trading Scheme (ETS) revenues to help

soften the cost-of-living blow.

The Greens floated the idea of a carbon dividend of \$500 per person per year, while ACT proposed a \$749 dividend to every family.

However, the government wants to use those funds as the centrepiece for climate change resilience funding to be announced in the Budget on May 19.

The halving of public transport fares may be an

There may be an even bigger pot for Robertson to dip in the Budget. Treasury used an ETS auction price of \$64.50/unit in its Dec estimate of \$3.5b. This week's first auction of the year saw the release of new units triggered at a price of \$70/unit.

Polling details ...

1News Kantar: National, 39% (up 7 points), Labour 37% (down 3), Green Party 9% (steady), ACT: 8% (down 3) and Te Pāti Māori: 2% (steady). Asked to name their preferred PM Ardern was on 34% (down 1), Luxon 25% (up 8), David Seymour 5% (down 1), Winston Peters: 2% (up 1). 1,000 people polled between March 5-8.

Roy Morgan: National, 38% (+3), Act, 11.5% (down 2), Labour, 32% (down 1), Greens, 11% (up 0.5%). 963 polled throughout Feb.

Taxpayers Union/ Curia: National, 38.4% (up 5.4), Labour, 42.3% (up 1.1), Greens, 6.3% (down 4.4), Act, 6.6%, (down 4.9).

The Roy Morgan Government Confidence Rating dropped by 11.5 points in Feb to 95, its lowest level since Ardern was elected in October 2017 and down 54.5pts from Feb 2021 (149.5). 42.5% (down 6% points) said NZ was 'heading in the right direction' compared to 47.5% (up 5.5% points) who said NZ was 'heading in the wrong direction'. The latest ANZ-Roy Morgan Consumer Confidence Rating for NZ dropped 16 points to a new record low of 81.7.

Three waters still under water

Nanaia Mahuta's attempts to soften the opposition of councillors and mayors to her Three Waters proposal remain well under water. The tweak offered of giving councils shares in their own assets to block privatisations by others has done little to win over most councils, including the biggest one in Auckland.

Mahuta's group of governance advisors handed back a report that left the basic structure of the reforms and was not allowed to touch the core element of

Coming up

April 13 - Australians able to travel to NZ without having to isolate

April 13 - Offshore temp visa holders and students can return from overseas

May 2 - Tourists from visa-waiver countries such as US, UK, EU, Japan and Korea can travel here isolation-free

May 19 - Budget 2022

Oct 1 - Border open to all

co-governance with iwi, which remains a trigger for many conservative voters, particularly in rural and provincial areas.

Mahuta may find the whole process kicked into the long grass by mid-year if Labour stays behind National in the polls as the local body elections in Sept/Oct approach.

Bounced into Russian sanctions

The govt looked behind the curve over the last fortnight on NZ's response to Russia's invasion of Ukraine. With draft legislation for an autonomous sanctions regime parked for almost a decade, NZ was among the last to sanction Russia.

Eventually, Parliament passed a bill under urgency and unanimously enabling stronger sanctions against Russia. The new legislation focuses on punishing Russian president Vladimir Putin's regime over its invasion of Ukraine and cannot be applied to other jurisdictions. There is great sensitivity about the potential for China to be easily sanctioned in the future.

The new law will work with a public sanctions register, listing every individual, entity, asset or service being sanctioned. An initial tranche would focus on expanding travel bans, immediate asset freezes and sanctions on Russian banks. A second tranche would be focused on a more forensic analysis of Russian investment in NZ, with ties to the invasion.

There are international obligations and conventions that must be considered before the ambassador could be expelled, foreign minister Mahuta said.

Elsewhere, NZ is in an awkward position as the United States, the EU, UK and Australia edge closer to secondary sanctions against China for helping Russia avoid the sanctions. This could become acute if China supplies Russia with weaponry, as requested.

NZ exporters could be hit by fallout from a disagreement between the two nations, which may explain some of the gloom in the agricultural sector, despite very high dairy prices.

For now, the govt is avoiding taking a stance while China's own position remains opaque. The war was not of China's choosing and it is the more economically - if not militarily - powerful partner in increasingly close Sino-Russian relations.

Just briefly ...

A new Special Ukraine visa will be open for one year enabling an estimated 1,600 Ukrainian-born NZ citizens and residents in NZ to sponsor parents, grandparents, adult siblings or adult children and their immediate family who are ordinarily resident in

Ukraine to shelter in NZ. The work/study visa will apply for two years.

The govt eased changes to the Credit Contracts and Consumer Finance Act, which caused banks to clamp down much harder on lending than intended.

The government intends to block those with annual incomes above \$180,000 to divert income to entities taxed at a lower rate to avoid the top 39% tax rate. The Inland Revenue department has issued a discussion document that focuses on "dividend integrity and income attribution measures" and is the first of three such documents planned.

People news

National leader Chris Luxon tested positive for covid shortly after a state of the nation speech in which he highlighted rising living costs and promised a National-led government would raise income tax thresholds.

Luxon poached the NZ Herald's Wellington business editor Hamish Rutherford to be his chief press secretary.

The Tauranga City Council commission under Anne Tolley will stay in place until July 2024, another 21 months longer than originally intended.

Heart of the City chief executive Viv Beck is standing as an independent candidate for the Auckland mayoralty at this year's local government elections.

On Thursday, five wards at Middlemore Hospital were dedicated to covid-19 patients, with one-third of hospital admissions clearly having covid as their reason for admission.

The isolation period for covid-19 cases reduced from 10 days to seven if they have had negative tests. Also recovered cases won't need to self-isolate if they become a household contact within 90 days - an increase from the current 28 days - after having the virus. The change in rules came as case numbers grew and the number of people in isolation escalates putting pressure on a number of businesses and services.

Officials outlined the pressure the health system was under due to omicron. Last week, many GPs were dealing with a 50% increase in workload and more abuse from some of the people they treat. Auckland hospitals are dealing with more covid-19 cases than their worst case scenarios predicted, with daily case numbers as high as 533 across the city's hospitals. In Wellington, frontline care workers are helping the more than 17,000 people who are isolating at home and in need of assistance. Canterbury is close to full patient capacity, three weeks away from an expected peak of covid cases. ■

Economy cooling for winter

Expectations for the next Reserve Bank rate hike and economic growth cooled this week after weaker-than-expected GDP growth figures and signs the real wage shock from high inflation is rippling through into weaker consumer spending.

Financial market views for the Reserve Bank's next decision were dialled back to less than a 50% chance of a 50 basis point rate hike on April 13.

That's after GDP grew 3.0% in the Dec quarter from the Sept quarter, which less than the 3.5% consensus estimate and less than the 3.6% fall during the delta-lockdown-affected Sept quarter.

The growth was more than the 2.2% forecast by the Reserve Bank in late Feb, but came as other signs emerged that chill winds are blowing through the housing market, retail and hospitality.

The CBDs of Auckland and Wellington remained eerily lockdown-like over the last fortnight as office workers stayed home, either working from home or isolating with a case of covid.

Absentee rates across many industries reached 10-20% through the first two weeks of March, prompting the (usually) temporary closure of many hospitality venues and small businesses. Many others went onto reduced hours and reduced service levels.

The bottom ends of Lambton Quay and Queen are ghostly of an evening at the best of times, but the lack of foot traffic has been a painful feature for retailers and cafe operators alike in recent weeks.

That was reflected in the latest figures for spending and services sector activity.

Closed for omicron

The BusinessNZ-BNZ Performance of Services Index for Feb showed the seventh consecutive month of contraction.

"Pain is accumulating. While there were some overs and unders in the components, all remain below their respective long-term averages," BNZ Senior Economist Doug Steel said of the PSI result.

Spending through debit and credit cards in Feb was also weak as omicron swept the streets clean and emptied the staff rooms.

Spending fell 7.6% or \$640m in Feb from Jan, with spending on consumables down 5.7% and apparel down 14.4%.

Hospitality spending fell 10% in Feb from Jan and is expected to be even weaker in March as the omicron surge peaked.

Winter arrives early in housing

Weaker lending growth through Oct, Nov, Dec and Jan continued to filter through into the housing market, where sales activity and prices were weak again for the third month running in Feb.

The Real Estate Institute reported that the national house price index bounced 0.5% in Feb from Jan, but was still down 2.3% from its peak in Nov.

Volumes were also weak, with sales numbers down 33% nationally and 40% in Auckland from a year ago. Auckland's median sale price and its House Price Index fell for the third month running. The index is down 5.5% from its peak in Nov.

Agents also reported higher listings as houses stayed unsold on the market for longer and more sellers looked to list to grab prices at the top of the market.

The Reserve Bank forecasts house prices to fall 9% from its Nov 2021 peak over 2022 and early 2023, while ANZ sees a 10% fall.

Inflation pain

However, inflation pain continues to surge through into lower real disposable incomes, with CPI inflation expected to be closer to 7% in early 2022 than the wage inflation rate of less 3%.

Food prices were 6.8% higher in Feb than a year earlier, the biggest annual increase since July 2011, Stats NZ said. Fruit and vegetable prices rose 17%, year-on-year, grocery food prices 5.4%, restaurant and ready-to-eat food 5.2%, meat and fish 7.1% and non-alcoholic beverages 2.3%.

The real wage shock is translating into extremely low consumer confidence.

The ANZ-Roy Morgan consumer confidence index sank 16 points in Feb to 81.7, its lowest level since the data began in 2004, and well off the long-run average of 120.

A net 18% of the 1,003 respondents to the survey felt worse off now than they did a year ago, and a net 2% expect things to get worse for their own finances in 12 months. 🇳🇿

Coming up...

March 24 - RBNZ data on mortgage lending in Feb

March 31 - RBNZ data on all lending in Feb

April 21 - March qtr CPI

May 4 - RBNZ Financial Stability Report due

May 12 - RBNZ survey of expectations

May 19 - Budget 2022

May 25 - RBNZ MPS due

CORPORATE ROUND-UP

Banks, insurers and fund managers

The **Reserve Bank** proposed introducing compulsory on-site inspection powers for insurers, a major departure from the light-handed regulatory regime governing the industry since 2011.

The regulator said an interim solvency standard for insurance companies would come into force from Jan 1, 2023, with a final solvency standard in force from 2025. The standard determines the minimum amounts of capital that insurers must hold.

Bank lending to farmers fell \$547.3m in the Dec quarter, taking the total shrinkage in 2021 to \$825.3m, according to the Reserve Bank.

Energy and resources

Ampol agreed to sell discount petrol retailer **Gull** to Sydney-based private equity firm **Allegro Funds** for \$572m, clearing an obstacle for its takeover of dominant chain **Z Energy**. The deal includes a five-year supply agreement with Gull, subject to annual price reviews and termination rights. The **Commerce Commission** then granted clearance for Ampol to acquire Z Energy. **Overseas Investment Office** approval is still needed, and Z shareholders formally vote next week.

Manufacturing and construction

The Whakatāne Mill is investing to ramp up paperboard production by about 40% to approximately 210,000 tonnes per year from the current 150,000 tonnes.

Primary sector, food and beverages

Global dairy prices fell for the first time this year but remain near record levels. The average price at the fortnightly global dairy auction fell 0.9% to US\$5,039 a tonne, after rising 5.1% in the previous auction. The price of whole milk powder, which strongly influences the payouts for local farmers, was down 2.1% to US\$4,569 a tonne, as buying demand from the Middle East and Africa eased from recent highs.

Dwindling world milk production looks set to support buoyant global dairy commodity prices over coming months, but with the Russia-Ukraine conflict creating a wave of uncertainty in markets, the longer-term pricing outlook is less clear, Rabobank said. However, it lifted its NZ forecast farmgate milk price for the 2021/22 dairy season to \$9.70/kgMS.

ANZ Bank revised its farmgate milk price forecast for the 2021-22 season up another 40c to \$9.70/kg. milksolid. Its forecast for the 2022-23 season has also lifted significantly from \$8.40/kg to \$9.30/kg MS.

Two domestic brands have been granted infant formula registration approval under new standards

in China, highlighting the regulatory risk facing **A2 Milk**, says analysts Citi. While A2 is expecting to secure its re-registration by the end of 2022, the outcome was not a certainty with the new registration regime expected to lead to further industry consolidation.

Fonterra reported a 7% drop in its first-half net profit but retained its full-year guidance despite the record milk price going to farmers. Net profit was \$364m in the six months to Jan 31.

Fonterra and India's **Future Consumer** agreed to wind down a small joint venture in India after significant challenges caused by covid-19.

Fieldays, which were due to take place from June 15 to June 18, will now be held from Nov 30 to Dec 3 instead due to covid.

Southern Lamb Investments is looking to buy **Blue Sky Meats** for \$3. The shares, which trade on the Unlisted Exchange, last traded in Jan at \$1.30, making the potential offer a 131% premium.

Retail and wholesale

Briscoe Group reported an \$87.9m net profit for the year ended Jan 30 compared with the previous year's \$73.2m, which included an extra week of trading.

Turners Automotive raised its upper end guidance for net profit before tax by \$1m to between \$42m and \$43m, on the strength of a strong retail showing for the second half of the year.

Tech, telcos, media, IT and entertainment

TVNZ and Radio NZ will be combined under a single crown entity with a new state media organisation becoming the parent. The broadcasters will initially become subsidiaries of the organisation, but the two could become one over time.

Vodafone NZ is exploring the potential sale of its mobile towers. Vodafone has the largest tower portfolio in NZ, with 1,487 wholly owned towers spread across NZ, potentially valued at up to \$1.5b.

Repertoire Partners, a newly established Californian investment fund, has taken a 5% stake in **NZME** and has another 7% of exposure through derivative contracts managed by **UBS Group**.

Online building platform **ArchiPro** raised \$35m in a funding round led by new US investor **Tiger Global**.

Sales of software and services by the information and communication technology sector reached \$13b in 2021, up 39% from 2019, Stats NZ said.

Pushpay narrowed its earnings guidance to be between US\$61.5m and US\$63.5m. This new range cuts US\$1.5m from both the high and low end of its previous underlying earnings guidance.

Juice and health food chain **Tank** hired **Plexure** to build a customer loyalty application and instore transaction management platform for its NZ stores.

Transport and logistics

Mainfreight suspended services in Russia and shut its Ukraine office with immediate effect. It has operations across 282 branches in 26 countries, has had an office in St Petersburg since 2007 with 23 employees and a satellite sales office in Moscow.

Another \$250m of support for the aviation sector was released as borders gradually reopens and passenger numbers increase. The funds are an extension of the **Maintaining International Air-Connectivity** scheme that was due to end on March 31.

The **NZ Transport Agency** said it is confident the **Transmission Gully** motorway is safe and instructed the contractor to open the road before the end of this month. That's despite not all the tests stipulated in the contract being completed and a lack of agreement between the agency and the various parties involved.

Capital Markets

LanzaTech NZ plans to go public on the **Nasdaq** by merging with special purpose acquisition company **AMCI Acquisition Corp II**

The Feb corporate earnings season was one of the strongest in the past couple of years with most NZX-listed companies beating analyst forecasts. Of the 31 companies that had full or half-year results, 21 reported higher earnings per share than forecast. Four were as expected and six reported misses.

However, **Forsyth Barr** warned the outlook was less encouraging. The split between upgrades and downgrades analysts gave to their future earnings forecasts was more evenly split.

Kathmandu Holdings will change its company name to **KMD Brands** to match its stock ticker. The company will continue trading under the **Kathmandu** brand.

Index builders **S&P Dow Jones** said **Spark** and **SkyCity Entertainment** will be dropped from the benchmark Australian 200 index on March 21.

Corporate actions

Morrison & Co is mounting a A\$3.1b (NZ\$3.3b) bid for ASX-listed telecommunications firm **Uniti Group**, although it may have to fight off rivals keen on the growth sector.

Courts, legal and regulation

Tourism Holdings shares fell after the **Commerce Commission** made a statement outlining its concerns about the planned acquisition of **Apollo Tourism**.

Mainzeal's liquidators claimed up to \$58.1m in the supreme court for its directors' breaches and say former **PM Jenny Shipley** should pay more than her fellow board members. The numbers were as the liquidators continued their appeal against former directors **Shipley, Richard Yan, Peter Gomm and Clive Tilby**.

The **Financial Markets Authority** ordered **Simplicity** to remove an advertising campaign that claimed its **KiwiSaver** clients would retire with up to 20% more than the average from its competitors. The ad campaign was run between Aug and Oct last year and was deemed misleading.

NZ's supermarket duopoly, which includes **Foodstuffs** (North Island and South Island) and **Woolworths**, escaped all but the lower end of the potential reforms to force greater competition among food and grocery retailers. The first recommendation in the **Commerce Commission's** final outcome of its inquiry into the grocery sector is aimed at local government planning rules that restrict the construction of competing supermarkets near to one another.

Commerce and consumer affairs minister **David Clark** pledged to implement the supermarket report's recommendations and would consider "other measures" if the behaviour of the supermarkets did not change. He said requiring divestments could be considered but it was something he was "not ruling in or out".

The **US Securities and Exchange Commission** is struggling to find and serve NZ businessman **Eric Watson** in relation to an insider trading case.

The **Commerce Commission** approved **2degrees/Orcon** deal saying the merged entity will continue to face strong competition from existing competitors, including **Spark** and **Vodafone**.

People news

Fonterra's chief financial officer **Marc Rivers** announced his exit from the co-operative later this year.

BNZ appointed **UK PwC** managing partner **Warwick Hunt** as an independent director from Nov 1 this year.

The **Reserve Bank** appointed **Paul Conway** as chief economist and director of economics.

Meredith Connell's David Johnstone is the latest partner to be leaving the firm and joining **Shortland Street's** **Bankside Chambers** as a barrister.

Jennifer Kerr is the first woman to chair **NZ Trade & Enterprise – Te Taurapa Tūhono**, replacing **Andrew Ferrier**, who was Chair of **NZTE** from 2012. 🇳🇿

LEGISLATION

Parliament on zoom: not muted

Parliament sat through much of March with a 'hybrid' House as it used Zoom for members and ministers to participate both remotely and in person.

- *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

COVID-19 Response (Courts Safety) Legislation

Bill - Introduced March 8. Gives judges more discretion around how evidence is heard post covid. First reading completed on March 10 with Act opposed, though other opposition parties were unhappy with the Justice committee having to report back the bill by March 31.

Natural Hazards Insurance Bill - Introduced on March 16. Replaces the Earthquake Commission Act 1993 and changes the name of the Earthquake Commission to Toka Tū Ake – Natural Hazards Commission.

Russia Sanctions Bill - Introduced on March 9. Allows the introduction of sanctions against Russia and those who supported the invasion of Ukraine through their actions. Allows for the seizure of assets with most individuals and others to be named in regulation. Passed through all stages with the support of all parties.

Bills in progress

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 must provide biosecurity information in writing and via audio visual recordings. First reading on June 30 with all parties in favour and referred to the Primary Production Committee. Reported back Dec 3 with many changes. Much of the detail proposed in the bill is stripped out and replaced with a general duty to provide information with more detail to be set by regulation. *Second reading completed on March 16 with all parties in favour.*

Commerce Amendment Bill - Introduced on March 10. Amends the Commerce Act to strengthen Section 36 around the misuse of market power, aligning the law with Australia to prohibit explicit conduct by persons with substantial market power that substantially lessens competition in markets. Second reading on Nov 9 supported by all. *Committee stage completed on March 8.*

Incorporated Societies Bill - Introduced on March 17. Reforms the 1908 law governing incorporated societies. *Committee stage completed on March 8 with the govt making further technical changes.*

Maritime Powers Bill - Introduced on June 23. 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. *Second reading completed on March 2, opposed only by the Greens who said the powers being given were too broad and powerful.*

Protected Disclosures (Protection of Whistleblowers) Bill

Bill - Introduced June 24 2020. Clarifies the definition of serious wrongdoing, enables people to report serious wrongdoing directly to an appropriate authority at any time, strengthens protections for disclosers, clarifies the internal procedure requirements for public sector organisations and the potential forms of adverse conduct disclosers may face. It also explicitly includes public money spent by private sector organisations. *Supported by all parties. Committee stage completed on March 8.*

Taxation (Annual Rates for 2021-22, GST, and Remedial Matters)

Bill - Introduced Sept 8. Sets annual rates of income tax for 2021-22 and a wide range of other measures. *Second reading completed on March 8 with the govt indicating further changes rules for interest deductions as a business expense for residential investment. Opposed by National and Act with the Greens abstaining. Committee stage completed on March 17.*

Bills in progress

Land Transport (Clean Vehicles) Amendment Bill

Bill - Introduced on Sept 8. The bill intends to reduce carbon dioxide emissions from imported light vehicles. Committee stage completed Feb 16. *Third reading Feb 17 with National and Act opposed.*

Land Transport (Drug Driving) Amendment Bill

Bill - Introduced on July 30, 2020. Sets up a drug testing for drivers regime. First reading Aug 8, supported by all parties and referred to the Transport and Infrastructure Committee. Reported back on June 17 2021 with many changes, including amendments to satisfy the Attorney-General that the Bill met the Bill of Rights. The Greens and ACT put in minority reports opposing the Bill. Second reading on Aug 11 with all parties supporting except for the Māori Party. ACT and the Greens sought changes in the committee stage. *Third reading completed on March 8 with Greens and Māori Party opposed.*

Sunscreen (Product Safety Standard) Bill

Bill - Member's bill in the name of **Todd Muller** drawn from the ballot on March 11. It requires the Minister of Commerce and Consumer Affairs to recommend the setting of mandatory regulation under section 29 of the Fair Trading Act prescribing a product safety standard for sunscreen products. First reading completed on April 7 with the support of all parties and referred to the Health Committee. Reported back on Oct 4 with a number of changes including a long date to allow the sale of goods in stock which may not comply. Second reading on Nov 10 with the support of all parties. Committee stage completed on Feb 16. *Passed third reading on March 2 with all parties in favour.* 

