

### Heading off inflation

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The RBNZ is hoping to put a spike into inflation expectations with an unexpectedly aggressive move on the Official Cash Rate this week, now at 1.5% after a 50bps move that was the largest upward move in 22 years. Markets, however, see a dovish medium term outlook and sold off the kiwi dollar accordingly.

### What sending a Hercules to Europe means

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One RNZAF Hercules will make no difference to the outcome of the war in Ukraine, but it is an important sign that NZ's foreign policy is increasingly lining up with traditional allies. The gesture may help the PM secure face-time with key leaders in upcoming foreign travel, but more importantly, helps balance the likely call for NZ to commit more heavily to defence spending.

### Orange Easter

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The govt is gambling a bit with moving to orange settings for Easter. There is still significant omicron incidence in the community, particularly the lower South Island, and dropping mask use in schools may be a decision it comes to regret. However, the politics is in tune with a govt doing whatever it can reasonably do to shore up its sagging popularity. Orange may not last the winter, with flu and covid surges likely.

### More muscular threat on supermarkets

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The govt has changed its tune on how quickly it might act to force a more competitive market for groceries, reflecting a need to respond politically to fast-rising inflation and the impact of higher interest rates on the budgets of indebted households.

### Green ambitions

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There are increasing signs that the Green Party may not head into the next election with James Shaw as one of its two co-leaders. What is not clear yet is whether Shaw is contemplating life after politics anyway, or whether internal party pressure will push him out.

### House prices keep slowing

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The March REINZ house price index shows another fall across all regions, other than Otago, with prices now 4.7% off their peak four months ago and prices in the most overheated market, Wellington, falling fastest at present.

### Nurses pay equity deal hits a snag

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The \$520m p.a. pay equity deal for nurses and other healthcare workers has hit a last minute snag, with the NZ Nurses Organisation reneging on its agreement to put the deal to members in a vote next week. At issue is whether the backpay provisions in the deal affecting 40,000 workers has been correctly interpreted.

## Why we have joined NATO on Ukraine

Over the last four years, we've noted more than once that "politics matters again".

Now, "geo-politics matters again".

The dynamic of **weakening western democracies versus resurgent autocracy** around the globe, led by China but bolstered by Russia and India in particular, has been changing the international relations equation rapidly since the middle of the last decade.

Covid-19 and its impact on global trade and movement of people exacerbated nativist trends that delivered Donald Trump the US presidency and the ongoing turmoil in American and European politics.

**The war in Ukraine has supercharged these trends.**

### Shortcomings in focus

For NZ, both the Ukraine conflict and the **new evidence of Chinese ambitions in the south-west Pacific** (the proposed Solomon Islands pact) create inevitable focus on our military capability and commitments.

**National has quickly shown willing to find the \$1.7b p.a. required to take NZ defence and security spending to 2% of GDP** – a level equivalent to Australia's. This is despite a tougher line on fiscal discipline elsewhere. There is no detail so far on how that might be split between capex and opex, but MIQ has drained trained personnel from the NZDF and there will need to be investment in replenishment.

The wider capital needs of the defence force can only be dealt with over longer time periods, but NZ's operational capabilities are limited. **Inter-operability with Australian forces and cyber-warfare investment in line with Five Eyes membership would be likely priorities.** Decisions must be made on how NZ projects naval presence into the South Pacific as its frigates age and require replacement.

The redeployment of the new supply ship, Endeavour, from a voyage to Antarctica to assist after the Tongan earthquakes, is said to have exposed capabilities to the limit.

### Showing intent

The **Australian Budget** earlier this month demonstrated a level of defence spending commitment that is **unimaginable for a NZ govt.**

However, it is **possible for NZ at least to show intent** and strategic alignment with traditional allies by deploying both existing capability – however limited – and committing sums and equipment as possible.

The Hercules deployment to Europe is such a gesture

and is **notable for occurring without UN backing.**

It comes at a time when **western allies are collectively being shamed by the strength of the Ukrainian resistance** to the Russian invasion, creating moral and political reasons to lend the strongest support possible, short of boots on the ground.

The Hercules **deployment also comes ahead of the PM's first international forays** since covid closed the borders in March 2020.

She is in the US next month and **angling for a White House invitation**, and in Europe in June or July, again seeking the highest possible level engagements in pursuit of an EU FTA.

Demonstrating willingness to engage on the side of the West in what is shaping up as new kind of Cold War is horrifying the NZ left. Early 2000s Alliance disarmament minister Matt Robson's Stuff commentary all but defending Russia's invasion, however, demonstrates how untenable it would be for the govt to adopt such a position both at home or abroad.

Supporting Ukraine puts Labour in the centre of mainstream politics, avoids claims from the right that it is weak on democratic freedom, and mollifies doubting strategic partners without committing substantial funds.

For NZDF morale, being deployed to assist a real war-fighting scenario will be a huge boost after two years of guarding hotel rooms for covid absconders.

## Food prices rattle govt

Supermarket owners who believed the Commerce Commission report on the duopoly's pricing power was a damp squib may need to think again.

Annual food price inflation of 7.6% for the year to March appears to have rattled the govt.

Commerce Minister David Clark issued a far more aggressive statement on supermarket competition in response to the Food Price Index on Wednesday than when the ComCom report was published last month.

"The government is committed to taking action to pave the way for additional players to enter the New Zealand grocery market in order to increase competition," Clark said.

"Given the importance of healthy levels of competition in our retail grocery sector **I have not ruled out going further than the options that the Commission tabled in its final report.**"

This is far stronger language than Clark used in his initial response, in which he said he could pursue more options than the commission had outlined "if

**consumer benefit is not achieved** from the changes recommended in the report”.

The commission recommended an option for further review after three years.

Those comments came **before National began successfully prosecuting its successful “cost of living crisis” campaign.**

Now, Clark is saying that although many of the influences on food prices are international, “lack of competition at the checkout ... is something we can act on”.

He highlighted the commission’s finding that supermarket profits were, in aggregate, more than twice the level that might be expected in a perfectly competitive market.

At the time of the commission’s report, the supermarkets had a significant win, in that the commission substantially reduced its calculation of supermarket sector profits.

The **most obvious measures for a govt to pursue early would be to force equal terms for competing retail outlets to the wholesale supply chain** enjoyed by the duopoly.

This would go beyond the expected creation of a voluntary code of conduct, the creation and role of a sector regulator, and a ban on restrictive land covenants preventing competitors locating near to existing stores.

The **passage of the Commerce Amendment Bill** (*see legislation section*) also increases the commission’s powers under anti-competitive provisions of S36.

## Where to for James Shaw?

Greens co-leader James Shaw will mark what ought to be a career highlight when, as Climate Change Response Minister, he unveils NZ’s first Emissions Reduction Plan, some time after the May 19 Budget.

However, there is a growing view that Shaw’s tenure in the Green Party is under threat and that the technocratic former business consultant may not contest the next election.

The **front-runner to replace Shaw is Auckland Central MP Chloe Swarbrick.**

The Greens’ tradition of having one male and one female co-leader is thought to be substitutable as long as there is ethnic diversity in a party led by two women: Swarbrick and Marama Davidson.

Shaw is increasingly at odds with the further left part of his caucus.

## Covid politics

We suggested earlier this year that Easter would be

decisive for decisions on the removal of key covid restrictions.

Everything hinged on the passage of the omicron outbreak, which is receding largely as expected over an eight to 12 week period. Public hospital ICU capacity has barely been stretched.

Moving to the “orange” traffic light setting gives the hospitality and entertainment sectors something very close to normal operating conditions.

The clamour from other retailers to relax mask-wearing requirements seems likely to be bear fruit, even before a move to “green”, which the govt is unlikely to want to move to over the winter months, when surges in covid infections and coincidence with flu is almost inevitable.

We **expect airlines and airports also to begin to lobby actively for the removal of pre-departure covid testing** for international travel. It is being progressively abandoned around the world and will become an impediment to tourism recovery.

## No sign of a reshuffle

Despite media speculation that Nanaia Mahuta could lose the local govt portfolio and Poto Williams her police responsibilities, there are no signs that the PM will announce a Cabinet reshuffle any time soon.

With the Budget due for delivery on May 19 and travel to Singapore and Japan later this month, she is unlikely to move before the Budget unless changes are very minor. She is then in the US May 20 to 30.

That might put any rejig into early June before she sets off for Europe in late June/early July.

## Polling

**Roy Morgan’s latest poll** put National on 38% support unchanged from the last poll in the series. Labour was on also unchanged on 32%, Support for Act fell 2.5 points and the Greens dropped 0.5 to 10.5%. NZ First was up 2 points to 4% – its highest since Feb 2020. Support for the Māori Party was unchanged at 2%. The poll was of 944 voters through March.

Roy Morgan’s **Govt Confidence Rating** dropped by 7.5pts in March to 87.5, its lowest level since PM Jacinda Ardern was elected in Oct 2017. The confidence rating was down 66pts from just a year ago in Jan 2021 (153.5) and down 37.5pts from Sept 2021 (125). In March, 39% (down 3.5% points) of

### Tauranga by-election

There is almost no chance of National losing the June 18 Tauranga by-election.

But who will the party choose to contest the seat when it meets to make a selection on May 17?

High quality candidates are reportedly volunteering at national level, but the local party makes the selection.

electors said NZ was 'heading in the right direction' compared to 51.5% (up 4% points) who said NZ was 'heading in the wrong direction'.

**Business owners also appear to be switching** from earlier support for the gov't's covid response to a negative view of the current administration. A **Kantar survey** of MYOB SME customers found 60% were dissatisfied with the gov't's performance over the last 12 months.

### Time for GM rethink?

The gov't is **putting distance again between itself and the Greens by suggesting a rethink of NZ's approach to genetic modification is warranted.**

The technology has moved on significantly since the first debate two decades ago and the gov't is accepting a Productivity Commission recommendation to review GM regulation.

### EU FTA hopes fading for this year

Trade Minister Damien O'Connor said NZ's FTA negotiations with the European Union are well-advanced and making good overall progress to a conclusion. However, he said NZ following Australia's lead and **signing a trade deal was not a realistic short-term prospect.**

### Light rail costings

For the \$14.6b estimated cost of light rail in Auckland, **other countries could deliver up to as much eight times as much track**, Ross Copland, CEO of the Infrastructure Commission, said.

### Anti-slavery

The gov't is considering new regulations to require business to report slavery or worker exploitation in their supply chain. Medium-to-large businesses would also have to declare what they were doing to remedy modern slavery and worker exploitation – and large businesses would have to undertake due diligence, to prevent and mitigate it.

### Burnout

A survey of 1,012 workers by workplace management platform,

Employment Hero, showed **53% of respondents are struggling with burnout** – with 18-to-35-year-olds feeling the biggest brunt – and a further 18% undecided on whether they'd reached the end of their tether. Just 29% said they were sure they hadn't burned out.

### Stats bill in trouble, census delay possible

Statistics NZ must decide in the next few weeks **whether or not it can go ahead with the 2023 Census** as planned.

After a botched job in 2018, the agency is particularly sensitive to ensuring the next census does as good a job as possible of measuring "heard to reach" populations. These are typically low income and migrant communities who may be either reluctant to engage with gov't agencies or are overwhelmed by gov't agency interactions already.

The omicron outbreak has significantly hampered StatsNZ's ability to conduct dummy run data collection trials face-to-face with such populations. The methodology is sufficiently sensitive to be affected by seasonality.

A delay to 2024 is possible, although no decision has yet been made.

Meanwhile, the **Privacy Commissioner has joined the Office of the Ombudsman** in raising concerns about the **overriding of privacy protections in the Statistics and Data Bill** currently before select committee. The Privacy Commissioner's submission came late but is expected to have some impact on a bill that is **due for report back on May 9.**

### Nurses pay deal in doubt

Health Minister Andrew Little's fractious relationship with the health workforce unions has deepened with the Nurses Organisation overturning a previous agreement to put a long-awaited pay equity settlement to its members.

In the works since 2018, the settlement details were announced late last year, with support from the NZNO, but that support was withdrawn late this week ahead of a vote that had been scheduled for next week.

**At issue is the extent of backpay, which it appears the NZNO had believed would extend to Dec 31, 2019.** Union CEO Paul Goulter has announced a "full legal review" of both the backpay provisions and whether the NZNO was "legally correct in bringing the proposed settlement to members" prior to his appointment.

Affecting some 40,000 nurses and with a **cost of about \$520m p.a.**, Little is billing the settlement as the biggest pay equity deal "in history" and told media today there was "no more money" available to advance it.

Nurses had threatened to strike early in the omicron outbreak over stalled pay talks, which are separate from the pay equity settlement. ■

### CEO Retreat 2022

The next Hugo Group CEO Retreat is scheduled to run from **dinner on Thursday August 25 to lunch on Saturday August 27.**

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

**Mark your calendar now.**

## RBNZ tries a stitch in time

Wednesday's 50 basis point increase in the OCR to 1.5% was the largest single upward move in 22 years, but effectively only brought forward market expectations of where the cash rate would be by the time of next month's full monetary policy statement scheduled for May 25.

BNZ expects another 50bps at that point, but believes the underlying message is that the central bank remains of the view that the OCR will top out at 3.0% in November, a month sooner than previously expected.

That would still be considerably lower than market consensus, which has been projecting a high point of 4.25% and implies 25bps moves at the July, August, October and November OCR review points.

In that sense, this week's interest rate increase can be seen as "dovish" while seeking to more aggressively blunt rising inflation expectations than a 25bps rate rise now would have done.

By failing to meet market expectations of a more aggressive longer term interest rate path, the kiwi dollar has fallen against key currencies since the RBNZ announcement. The contrast with tougher language in the last week from the Reserve Bank of Australia saw the kiwi-Aussie dollar cross fall to its lowest level in 18 months.

At a 3% OCR, we expect significant pressure on domestic economic activity, with rising interest rates already having observable impacts on housing market activity and consumer confidence.

The RBNZ has not altered the "least regrets" strategy it outlined as underpinning its approach last year. However, that stance is becoming difficult to reconcile, given the high degree of ongoing uncertainty in the global economy, where the potential for new covid waves and the war in Ukraine continue to cloud the near to medium term outlook.

One way to look at the central bank's approach is to interpret governor Adrian Orr as neither dove nor hawk, but "activist". While monetary policy decisions are made by the MP committee, not an individual, there are signs of this activist intent in this week's OCR adjustment and short accompanying statement.

Key considerations for the committee ahead of the May MPS include: indicators of economic performance as covid restrictions ease and borders open; business and consumer confidence; the extent of the housing market downturn; the April 21 release of the March quarter CPI; May 4 labour market reporting; and the May 19 Budget.

Less easy to judge is whether our own or other countries' central banks will deal any better with the massive negative supply shock implied by higher interest rates globally and the withdrawal of covid era fiscal stimulus.

Arguably they didn't do so well through the deflationary period associated with positive supply shocks. Will they fare any better on the flip side?

## Retail remains dire

Retailers were the most pessimistic of all sectors surveyed by the NZIER in the **March quarterly survey of business opinion**, with a net 60% of retailers surveyed expecting a deterioration in general economic conditions over the coming months, or 44% on a seasonally adjusted basis. In Dec, a net 4% expected a deterioration.

Credit reporting firm Centrix **shows consumer credit demand was down 9% in the year to March, and mortgage applications down 19%**. Arrears on personal loans increased to 7.8% in Feb, the highest level recorded since March 2020 when the country entered its first covid lockdown.


Retail spending using **electronic cards dipped a seasonally adjusted 1.3% in March**. Core spending, which excludes fuel and vehicle related sales, was down 1.4%, with a marked drop in spending on consumables, such as food and drink, as well as clothing, while sales of durables, such as appliances, were flat. However, non-retail industries (including travel agents recorded a \$124m (1.6%) increase in March 2022 compared to Feb 2022.

## Housing correction continues

One immediate impact of the RBNZ announcement was **a increases in lending rates from the major banks** and warning from the Real Estate Institute that housing demand, already slackening, would now reduce further.

The **REINZ house price index** fell 1.4% seasonally adjusted in March, and is now down 4.7% from its peak four months ago. Prices are falling across most regions, with the exception of Otago, with Wellington prices declining most – down by 7% from the peak.

The proportion of homes being bought by **first-home buyers has hit its lowest point since July 2017**, with only 21% of sales in March going to this group down from 26.4% of all buyers nationwide last year, according to CoreLogic data.

Barfoot & Thompson added 1,994 new listings in March, with stock at 4,816 at month's end – the **highest number on its books in almost three years.** 

## CORPORATE ROUND-UP

### Primary sector

**NZ King Salmon** announced a heavily discounted rights offer to raise working capital and announced plans to mothball three salmon farms in Pelorus Sound as the aquaculture firm continues to battle high mortality rates caused by warmer than average sea temperatures. NZKS appears to be becoming increasingly dependent on a successful outcome of its application for NZ's first open water fish farming operation, in Cook Strait. A decision on resource consents is hoped for by mid-year. In the meantime, annual harvests will be smaller, but output and earnings more predictable because of reduced fish mortality.

**Dairy prices** gained 7.6% month-on-month in March in the ANZ Commodity price index. Prices are now just below the record level achieved in April 2013. Milk powder prices are still off record levels but butter and cheese both hit new records, with cheese gaining 9.4% m/m. Overall, the ANZ World Commodity Price Index hit a new record in March, lifting a further 3.9%.

While the most recent GlobalDairyTrade auction saw prices down 1%, ANZ's **milk price expectations for both the current season and next season are unchanged**. It continues to forecast a milk price of \$9.70/kg MS for the current season which is 10c above the midpoint of Fonterra's forecast range. Looking ahead to the 2022-23 season, ANZ says its milk price forecast of \$9.30/kg MS still looks achievable.

An additional 1,580 experienced workers will be eligible for visa exemptions in the dairy, meat processing, and forestry sectors.

### Energy and resources

**Ampol** will join the **NZX** after clearing the final regulatory hurdle in its \$1.97b purchase of NZ's biggest petrol station chain, **Z Energy**. Ampol now only needs High Court approval, something it expects to wrap up next month.

**NZ will release 483,000 barrels from its emergency oil stocks** as part of action by International Energy Agency member countries in response to the ongoing global impact on energy security after Russia invaded Ukraine. The 31 IEA members agreed to release an additional 120m barrels of global emergency oil stocks, the second such release in a month.

The **Electricity Authority** confirmed it will proceed with reform of how the sector's transmission costs are divided in the latest stage of the long-running and contentious process.

A **Forsyth Barr** report said it believed studies into

the feasibility of a **1GW windfarm off the Taranaki coast** will find it is not cost-effective compared to alternative renewable generation projects. The **NZ Super Fund** is looking at the feasibility of such a proposal with **Copenhagen Investment Partners**.

The Super Fund says it has not talked to the govt about potentially funding the **Lake Onslow** pumped hydro project but has told ministers it is interested in investing in long-term infrastructure projects that can make a commercial return.

Conditions for the sale of **Trustpower's** retail business to **Mercury** for \$441m have been met and settlement is expected in early May.

**Vector** announced a strategic review of its smart metering business, which services more than two million electricity and gas meters throughout NZ and Australia.

### Tourism, transport and logistics

**Air NZ** announced a deeply discounted rights issue that confused both rookie and seasoned investors in the early stages, with the two-for-one issue being accompanied by a one-for-two right. Trading eventually settled down although there remains some evidence that small-scale retail investors continue to bid the share price up somewhat irrationally. The airline does not expect to pay a dividend before FY26.

It is raising \$2.2b – \$1.2b in new equity, \$600m in new corporate debt that will be tradeable from mid-year and \$400m in an ongoing standby facility from the Crown, which will remain 51% shareholder.

The issue is fully underwritten.

**Napier Port** cut its annual earnings outlook due to covid-19 and supply chain disruptions weighing on first-half earnings. The port operator said container volumes were down 16.6% in the six months ended March 31 from a year earlier, while bulk cargo fell 8.7%.

### Telecommunications, media and entertainment

**Spark** hired **Jarden** and **Forsyth Barr** to sell its 1,263 mobile towers, which are being carved out into a separate company. The infrastructure unit is expected to generate annual earnings of about \$35m, less than rival **Vodafone NZ's** \$51m from its 1,500 mobile towers that may reap \$1b in a sale. The Super Fund is understood to be a contender for the Vodafone towers.

**2degrees** reported positive quarterly and annual revenue and earnings results in what may be its last set of numbers published under owners **Trilogy International Partners**. Revenue for the three months

ended Dec 31 was US\$139.8m (NZ\$201.6m), up from US\$131.3m on the previous corresponding period.

The **Commerce Commission** provisionally approved the **News Publishers' Association's** bid to collectively negotiate with **Meta** and **Google** over payment for media stories. **NZME**, which had already broken ranks with the joint NPA bid, also announced it had reached terms with Meta.

About 150 workers at Auckland printing plant **Ovato** will lose their jobs by the end of the month. The sudden closure of the printing company left some of the country's magazines and commercial flyer producers scrambling to find a replacement.

The **Advertising Standards Authority** said advertising revenue across main media reached \$3.2b over the 12 months ended Dec 31 2021.

**Wētā FX** opened a Vancouver office as part of its next phase of growth following the US\$1.6b (NZ\$2.3b) technology deal with Unity late last year.

Auckland advertising agency **The Special Group** is opening in London.

Digital publisher **Newsroom** signed a commercial agreement to provide political coverage to **MediaWorks** radio stations, including Today FM.

## Wholesale and retail

The **Warehouse Group** is considering a return to grocery retailing to compete with the supermarket duopoly. CEO Nick Grayston said The Warehouse was serious, but it would depend on govt policy (*see Politics and Policy section*).

Online grocery retailer **Supie** wants to raise between \$3m and \$5m selling new shares after experiencing "unprecedented" growth. Supie will sell shares to new and existing investors at an undisclosed price.

## Banking, finance and insurance

**Heartland Group** will pay up to A\$154m (NZ\$166m) for Australian livestock financing business StockCo Australia.

## Technology and IT

**Callaghan Innovation** CEO **Victoria Crone** has resigned and will leave the organisation she has led since 2017 in mid-July.

**Scott Technology** posted half-year results showing 13% revenue growth to \$118.4m. Earnings were \$12.2m in the six months to Feb 28 2022, which was up \$11.2m from H1 2021.

NZ's fintech sector appears to be growing faster than its global counterparts, with the 19 biggest firms generating \$1.8b revenue last year. The 2021 Fintech

Insights Report indicates the top 19 companies had revenue growth of 25% or \$358.7m over the year earlier, with Wellington-based **Xero** accounting for more than 46% of the sector's revenue.

The **Reserve Bank** dumped software partner **Accellion**, whose file sharing software was hacked in 2020, compromising the bank's sensitive customer data. It now uses the software of US firm **Box**.

NZ mobile sales software company **Opmetrix** was acquired for an undisclosed sum by **Commerce Vision**, an Australian ecommerce firm. The purchase is backed by **Potentia Capital**, a tech-focused private equity firm which says it is poised to make further moves into the NZ software market.

## Manufacturing and construction

The **seasonally adjusted PMI for March** was 53.8 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 0.2 points higher than February, and above the long-term average of 53.1 for the survey.

## Corporate actions

**Beijing Capital Group** will sell **Waste Management NZ** to Australian-based **Igneo Infrastructure Partners** for \$1.9b, doubling its investment after eight years as owner. Igneo is a part of the **First Sentier Investors** group.

## Capital markets

**NZX chair James Miller** announced he would step down at the April 2023 AGM and that his successor's primary task would be leading the search for CEO **Mark Peterson's** successor. The NZX board also gained shareholder approval for the first increase in the directors' fees pool since 2003 and said it would come back to shareholders for further increases in the next three years if commercial performance justifies it. The exchange operator is concerned its current fees are too far below industry averages to attract top talent.

The **Financial Markets Authority** issued **crowdfunding platform Equitise** with another infringement notice after it went a third year without filing financial statements on time.

NZ govt bonds will join the FTSE world govt bond index in Nov, projected to comprise 0.19% of the WGBI.

## Courts, legal and regulation

**Justice Stephen Kos**, a previous contender for chief justice, was promoted to the supreme court to fill the spot left by Justice William Young.

## LEGISLATION

## Headline

Parliament sat through most of the last month with many MPs still attending remotely. The govt introduced its collective bargaining legislation and also used Urgency to pass through all stages a temporary reduction to road user charges.

The House in recess for a fortnight, then sits for three weeks, concluding with **the Budget** on May 19.

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is available on The Hugo Group website, [www.thehugogroup.com](http://www.thehugogroup.com)*

## Bills introduced

**Fair Pay Agreements Bill** - Introduced March 29. Provides a framework and rules for collective bargaining across entire industries or occupations, rather than just between unions and particular employers. First reading on April 5 and referred to the Education and Workforce Committee with National and Act opposed.

**Rotorua District Council (Representation Arrangements) Bill** - Introduced March 29. Implements representation arrangements to the next two triennial elections of RDC to create 1 Māori ward with 3 seats and 1 general ward with 3 seats. Only those on the Māori roll would vote in the Māori ward. First reading on April 6 and referred to the Māori Affairs Committee. Opposed by National and Act for reasons including it giving a minority of the population equal representation to the majority.

## Bills in progress

**COVID-19 Response (Courts Safety) Legislation Bill** - Introduced March 8. Gives judges more powers to run court proceedings during the covid pandemic. Reported back March 31 with mainly technical changes. Both National and Act now opposing for reasons including that it was no longer necessary. Second reading completed April 12 with National and Act opposed.

**Natural Hazards Insurance Bill** - Introduced March 16. Replaces the Earthquake Commission Act 1993. Clarified purpose and cover provided. First reading on March 30 and sent to the Finance and Expenditure Committee with all parties in agreement.

**Unit Titles (Strengthening Body Corporate Governance and Other Matters) Amendment Bill** - Members Bill in the name of Judith Collins drawn from the ballot July 2, 2020, now in the name of Nicola Willis. Reforms the Unit Titles Act 2010 including amendments to the information disclosure regime to prospective buyers of units, strengthens body corporate governance arrangements to increase the professionalism and standards of body corporate managers, and to ensure that planning and funding of long-term maintenance projects is

adequate. First reading March 10, 2021. Second reading completed April 6 with the Greens opposed.

**Retail Payment System Bill** - Introduced Oct 11. Gives the Commerce Commission powers to regulate merchant service fees charged to retailers to bring them into line with overseas fees. First reading Oct 26, 2021. Reported back March 8 with numerous mainly technical changes with Act filing a minority report in opposition. Second reading April 12 with Act opposed.

**Local Government (Pecuniary Interests Register) Amendment Bill** - A bill in the name of Labour's Tangi Utikere drawn from the ballot and introduced on July 1, 2021. Reported back March 22 with mainly technical amendments and extending coverage to local community boards. Second reading April 6 with govt MPs indicating further minor changes in the committee stage and all parties in support.

## Bills passed/defeated

**Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill** - Introduced April 4. Creates a 36% discount to all legislated rates of RUC for 3 months. Ability to reassess for excessive, unreasonable, or otherwise abuse of the 3-month reduction. Passed under Urgency on April 5 with the Greens opposed.

**Commerce Amendment Bill** - Introduced March 10, 2021. Strengthens S36 on misuse of market power and aligning the law with Australia to make explicit prohibition of conduct by persons with substantial market power that has the purpose, effect, or likely effect of substantially lessening competition in markets. Repeals safe harbours for IP; cartel provisions in covenants are to be treated the same as in contracts; increases the maximum pecuniary penalties for anti-competitive business acquisitions to align with those relating to anti-competitive agreements; increases commission's maximum membership from 6 to 8. Third reading March 30 with all parties in agreement.

**Taxation (Annual Rates for 2021-22, GST, and Remedial Matters)** - Introduced Sept 8, 2021. Sets annual rates of income tax for 2021-22 and of other measures. Second reading completed March 8 with the govt indicating further changes to interest deductibility for residential investment properties. Third reading on March 29 with no change in parties' positions.

**Incorporated Societies Bill** - Introduced March 17, 2021. Reforms the 1908 law governing incorporated societies. Third reading completed on March 31 with all parties in agreement.

**Te Pire mō te Hararei Tūmatanui o te Kāhui o Matariki/Te Kāhui o Matariki Public Holiday Bill** - Introduced Sept 28, 2021. Creates an annual public holiday to acknowledge Matariki and sets the dates for the holiday from 2022 to 2052. Second reading March 29, committee stage March 30 and third reading on April 7 with National and Act opposed. 