

### Looking for direction in the Green Party

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The Greens meet this weekend to order a new party list for the general election, and to launch (should that be re-launch?) their energy policy. Party list choices will be a guide to the party's readiness to help govern.

### The Winston factor: can he get 5% again?

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NZ First leader Winston Peters is touted as a kingmaker after the 2014 election, but only if he can make the 5% MMP threshold again. Will John Key's embrace discourage anti-government NZ First voters? How much of a threat is Colin Craig, who is playing the same voter pool?

### Bi-partisan trade policy headache for Cunliffe

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The tension in the Labour Party between the left wing party backers who helped instal David Cunliffe and the more right-leaning caucus is writ large in the political tightrope Cunliffe has been walking on the contentious subject of the Trans-Pacific Partnership.

### Abbott and Hockey: challenging past consensus

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The Australian government is pursuing an increasingly large and flinty-faced economic reform agenda to wean Australian businesses off "corporate welfare" and to challenge trade unions and inflexible labour practices. The death of the Aussie car industry is a historic development

### Regulation in the frame

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The Commerce Commission is proposing to move early to review a crucial element of its input methodologies for regulated monopolies, following last year's merits review win in the High Court. A survey of CEO's finds regulatory uncertainty at the top of their list of concerns.

### PM to China for post-Fonterra pow-wow?

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Prime Minister John Key promised last year to return to Beijing to apologise in person for the Fonterra infant formula contamination scare. It looks as if he will take the trip next month.

### Parliamentary year under way

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The mid-month round-up of key legislation and related parliamentary activity returns as the House sits early in election year.

### Forecasts at a glance

	INFLATION	GROWTH	\$ v \$US	\$ v \$A	WORLD GROWTH	TRADING PARTNERS
December 2014	2.4%	3.9%	77.0%	91.7%	3.1%	3.7%
December 2015	2.9%	2.3%	69.9%	87.4%	3.3%	3.8%
December 2016	2.8%	2.2%	65.9%	86.3%	3.3%	3.9%

## The Greens' challenge: how to refresh their caucus

The Greens meet in a campaign conference 14-16 February to decide on a suggested candidate ranking to put to a general vote by members. A subcommittee of the executive will fine tune the resultant list for diversity balance but its discretion is limited to two places up or down for any candidate.

The Greens' challenge is twofold. First, can it exit underperformers and bring in at least a couple of new, preferably younger, candidates in winnable places on the list, notably James Shaw, a management consultant with modern (for greens) economic ideas, who missed election by one place in 2011? Second (no Green will voice this) can it do that against the possibility that it will have fewer MPs post-election?

Some 5 percentage points of its 11.1% in 2011 was made up of people who voted for a Labour candidate but for Greens on the party vote. Assuming Labour lifts its party vote from its 27.5% in 2011 on the basis that it is a credible contender for government, some of that 5% vote will go back to Labour.

The Greens also have a shadow on its left: Dotcom's proposed party which could take votes off the Greens and to some extent Labour without getting seats and thereby help National get re-elected. Russel Norman is keen to head this off and Kim Dotcom has said he will disband his party if it doesn't get 5% in opinion polls before the ballot papers are printed.

The Greens averaged 12.4% in polls in 2013 and 12.5% in January. That is 5 percentage points above its average in the 2008-11 term.

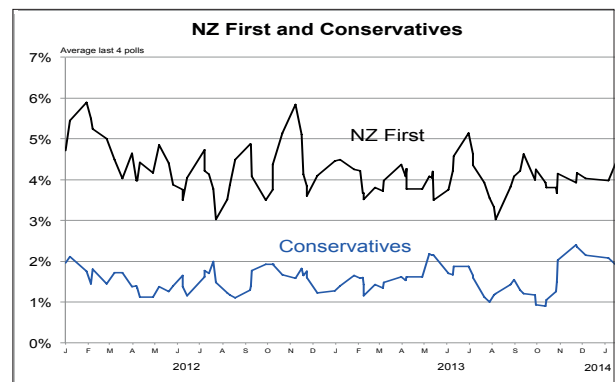
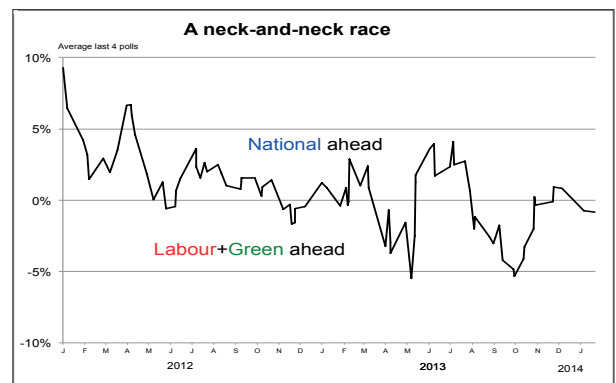
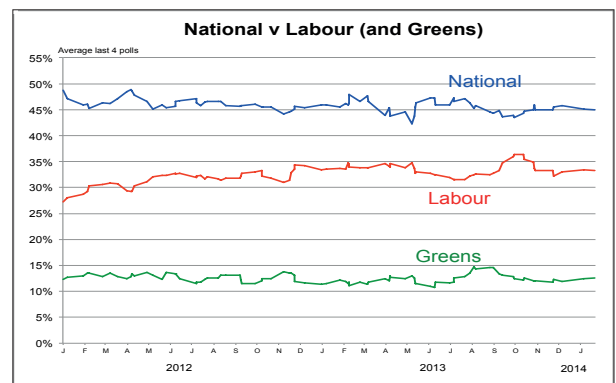
## ACT's choice for Epsom is a small plus for the government

ACT has chosen David Seymour for Epsom – bright, young, presentable. Seymour is ACT's best hope to persuade Epsom Nationalists to vote yet again for ACT. The odds are now probably a bit above 50:50.

Choosing for Seymour – and Jamie Whyte, recently returned academic expat as leader – is a gamble, especially since it relegates, and has upset, John Boscawen who has held the party together and funded it. But it might revive ACT to some extent. The conference 1 March will be an indicator.

## Still neck-and-neck at the big end

National and Labour+Green are still neck-and-neck, with a slight advantage to Labour+Green (see chart mid-right). National averaged 45.5% through 2013 and Labour+Green 45.8%, figures very close to the latest four-poll average. There has been, if anything



some movement towards Labour+Green but it could not be called a trend. David Cunliffe's continued mistakes aren't (yet) trend-making. John Key's response has been to make fun of him.

## NZ First cruising towards 5%?

New Zealand First averaged 4.0% in 2013 and has maintained that since. If it keeps that through to the campaign, that is a firm platform from which it can expect to clear 5%.

It has two risks. One (a National hope) is that John Key's announced willingness to talk to Winston Peters post-election may discourage anti-National voters. The other is competition for the populist and/or old vote from Colin Craig's Conservatives, who averaged 1.6% through 2013 and have topped 2% this year, suggesting they can at least match the 2011 2.7%, though there is a long way to go yet.

## Key to meet Chinese leadership for the third time in a year?

Nothing's official, but PM John Key appears to have got his third invitation in 12 months to an audience with the highest levels of Chinese leadership.

At first, Key's proposed March trip to Beijing was billed as necessary to apologise for last year's Fonterra botulism scare. The Chinese appear to have signalled that's less necessary now – they get that it was a corporate blunder and the government and Fonterra responses are recognised as honest, if not wholly well executed. NZ-sourced infant milk formula and other dairy protein exports to China continue apace.

It appears Key may gain bi-lateral meetings with Premier Li Keqiang and President Xi Jinping, in a sign that the Wellington/Beijing relationship remains unusually warm.

It's notable that Key isn't buying into the Australian federal government's decision to back Japan over China over claims to territories in the South China Sea. Asked about the Australian position at his Feb 10 post-Cabinet press conference, Key was clear that NZ is taking no position.

## Labour dances around free trade bi-partisanship

Labour leader David Cunliffe demonstrated the tightrope he walks between his left wing party backers and right wing senior caucus members in political manoeuvring around the Trans-Pacific Partnership trade negotiations.

On Tuesday, Feb 11, his attempt to move a motion to debate release of the negotiating texts for TPP was blocked by the government, allowing him to criticise trade negotiation secrecy. However, his name was not on the open letter signed by left-leaning parties from seven of the 13 TPP member countries, released by TPP critic Jane Kelsey, from the University of Auckland Law School.

In an interview, Trade Minister Tim Groser was at pains to stress that Labour's trade and foreign affairs spokesmen, Phil Goff and David Shearer, are receiving regular, in-depth briefings on the progress of talks. Goff supports TPP, but was careful to push out a statement warning the tobacco lobby to stay out of the debate in NZ on the **Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill**. One of the most contentious areas of TPP is its Investor-State Dispute Resolution provisions, which critics characterise as tying government's hands on public good policy actions. That is not correct, and ISDS provisions exist in

free trade agreements, including the China-NZ FTA already. Tobacco industry court action against plain packaging in Australia is being mounted under existing domestic laws.

Meanwhile, the calls for transparency and a critique of government claims about the benefits to NZ of TPP stirred Groser to some frank observations about the motivations of TPP opponents.

They want to "increase the controversy to the point where where it's unmanageable and destroy the agreement," he says.

Groser also backed away from the often-quoted estimate of around \$5bn value to NZ of a completed TPP. A Sustainability Council report, authored by its director Simon Terry and his long-time collaborator, economist Geoff Bertram, suggested the gains might only be a quarter of that, or negative once the costs of new requirements from the agreement are factored in. Groser, however, argues econometric modelling is only one aid to judgement about trade agreements, which have been vital to NZ's economic development.

In the case of some FTA's, the benefits have proven wildly underestimated, he argues, with the China FTA a case in point.

Groser will address the Auckland and Wellington meetings of The Hugo Group on these and issues in his Climate Change portfolio, in April.

## Final fracking report due by Easter

The Parliamentary Commissioner for the Environment is expected to publish her final report on hydraulic fracturing as a means to extract hydrocarbons around Easter.

The oil and gas industry took great heart from commissioner Jan Wright's view, in the interim report published in Nov 2012, that fracking was probably OK as long as it's carefully regulated.

Since then, Wright's timeline has quietly slipped by about a year.

## RMA S6&7 reforms - minor signs of life?

While there is still less than a 50% likelihood that Environment Minister Amy Adams's most fundamental Resource Management Act reforms - to the principles in Part 2, Sections 6 and 7 - will succeed. But Adams hasn't flagged the effort away yet. She wrote to both Peter Dunne and the Maori Party before Christmas suggesting areas for potential agreement. Neither has replied yet, and Dunne appears implacable in his opposition. The Maori Party, however, may yet come under pressure the Iwi Leaders Group to compromise. Watch for

developments sooner rather than later. The issue can't drag on unresolved too far into election year.

### NZ CEO's more positive than global peers

PwC's 2014 global CEO survey finds New Zealand corporate leaders are markedly more optimistic about global growth this year than their international peers. Two-thirds of the 43 local CEO's who contributed to the survey expect the global economy to improve this year, compared to 44% across the total sample of 1,344 CEO's from 68 countries.

Despite relative economic weakness, Australia was the most nominated foreign market opportunity (49%). Only 9% of Australian CEO's see NZ that way. China was the second biggest pick for local CEO's (46%), the US at 40%, and then a big drop to the UK and Indonesia, nominated by one in 10 each.

While many NZ CEO's mentioned concern about the high value of the NZ dollar holding back growth, PwC says "the evidence shows NZ exporters have been more proactive and sophisticated at managing their currency risks than their Australian counterparts."

On the domestic policy front, angst over trends in regulation stands out from all other issues, with 71% of the NZ CEO's polled citing over-regulation as a threat to their growth prospects.

### ComCom seeks to press advantage after merits review win

If regulated monopolies were hoping for a quieter time following the Commerce Commission's win in last year's High Court merits appeal on input methodologies, they'll have been disappointed by the low-key announcement that the commission is considering a review of the parameters for calculating weighted average cost of capital (WACC). The merits review decision, which Vector has now said it won't appeal, included recommendations about the appropriate "percentile" for the cost of capital range for price regulation.

The commission used the 75th percentile, whereas the judgment suggests moving to the 50th percentile could be justified. Macquarie Private Wealth research suggests that move could cut around 10 percent of Vector's allowable returns on both its gas and electricity networks and put pressure on dividends. The Vector share price fell to 3 year lows on the news.

Lines companies are likely to complain the proposed review is out of sequence with a mandated review in 2017 and adds to uncertainty in price regulation. However, electricity consumer advocates are likely to back the early change, which could shave up to \$750m off network charges between now and 2020.

### Airport regs not working?

The airlines' representative body, BARNZ, is urging the Commerce Commission to replace the current light-handed disclosure regime for airport charges, which the regulator says had "little influence" on Christchurch airport's proposed pricing regime.

BARNZ says overcharging has now been established at Wellington and Christchurch, suggesting the current regulatory regime is ineffective.

### Govt focus on public database management

Finance and Statistics Ministers Bill English and Maurice Williamson are establishing a Data Futures Forum to advise on the impact on public services of the collection, sharing and use of business and personal information. To be chaired by former Treasury Secretary John Whitehead, now a World Bank executive director, the nine-member forum includes private sector representatives from Datamine and Loyalty NZ. Its mandate is to help create the legal and technical frameworks that exploding database use and sharing will throw up in coming years.

### 1H earnings season - utilities weakness offsets recovery story

Listed companies and SOE's are in the thick of their interim earnings reports and while stocks exposed to the building industry look strong, electricity generators and network-owning utilities look likely to disappoint.

Genesis Energy, now close to partial sale, reported a weak first half on subdued demand, strong retail competition and a warm 2013 winter. First NZ Capital also expects weak earnings from Contact, Meridian, Vector and Chorus in coming weeks. Fletcher Building is expected to turn in a 19% NPAT improvement, while Auckland International Airport and Air NZ should also post strong lifts in earnings.

### Manufacturing jobs engine

NZ and Australian unemployment rates have now converged at 6%, with NZ's falling and Australia's rising. The surprisingly strong NZ figures also show manufacturing job growth is strong, contributing 13.5% of the 106,000 jobs created last year.

### 4G spectrum - we erred

We erred in the last edition of Hugovision in stating that Vodafone requires Commerce Commission approval to purchase three pairs of 700Mhz 4G spectrum. Only Telecom, which won the bid for a remaining fourth pair, faces that hurdle. ■



## AUSTRALIA

### Abbott and Hockey's challenge to Australia's mercantilist culture

Prior to Toyota's announcement Feb 10 that it was pulling out of car manufacturing in Australia, PM Tony Abbott and Treasurer Joe Hockey looked on track to establish an economic reform agenda that challenged the lucky country's mercantilist traditions, with major implications for corporate Australia, the trade union movement and, closer to home, the trading relationship with NZ.

The Toyota decision makes the political landscape tougher, as it puts the large automotive parts sector in jeopardy as well. Some 44,000 jobs are said to be at risk. While there is a mood for economic reform in Australia, the economic consequences of what Hockey calls "the end of the age of entitlement" are writ large by the sudden departure of car manufacturing, once a political icon.

Toyota blamed diminishing economies of scale and a strong Aussie dollar. With General Motors Holden announcing its pull-out in December, Toyota may also have feared exposure to backlash from car buyers against ongoing industry assistance.

Abbott's challenge is to focus equally on dealing to both corporate welfare and trade union feather-bedding. On the corporate front, that's meant refusing both a A\$25m subsidy request from Coca Cola-Amatil subsidiary SPC Ardmona to help it retool, and the coalition member National Party's desire for a rescue fund for drought-hit farmers.

The SPC Ardmona decision, in particular, is regarded as a watershed moment, since it breaks a bi-partisan tradition of assistance for industry.

"Government support for industry, for the expansion of the welfare system, for tax breaks and other concessions for business can be sheeted home to coalition governments and Labor governments almost equally," wrote commentator Michael Gawenda for Business Spectator.

Hockey is unapologetic. "Please do not come to the government asking for other taxpayers' money when those agreements fail."

On the organised labour front, Abbott is putting the finishing touches on an inquiry into corrupt trade union practices.

Support for Abbott and Hockey has come from one unexpected quarter: Australian Workers Union head Paul Howes told a National Press Club lunch on Feb 6 he agreed "our industrial relations system is dragging us down."

In the long run, if Abbott can hold the course in this hugely challenging political environment, NZ firms

should anticipate a considerably more nimble and competitive Australian domestic economy, in which NZ's current reputation for competitive advantage in labour relations may well erode.

### What about Qantas?

Whether Abbott's non-interventionist purity extends to the aviation industry remains to be seen. With Virgin Australia confirming an A\$49m first-half loss in the current financial year and Qantas projecting a first half loss of A\$300m and 1,000 job losses.

As well as seeking relaxation to foreign ownership laws, the national carrier wants a federal government loan guarantee facility, which would lower Qantas's borrowing costs by leaning on Australia's sovereign credit rating. Sweeping labour changes would be a quid pro quo for such a deal.

With January unemployment jumping unexpectedly to 6%, the highest in a decade, and participation slumping to 64.5%, job security is likely to be increasingly in focus for Australian workers.

### \$A130bn asset sale programme mooted

Meanwhile, Hockey has told the Wall Street Journal he's planning an asset sales programme to raise up to A\$130 billion, to include state as well as federal assets. ■

## Scan the horizon

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## LEGISLATION

### Year in the House Begins

The parliamentary year kicked off on January 28 with the Prime Minister's statement and much of the House's business was then taken up with the ensuing formal debate. There was still 6 hours and 37 minutes remaining in the set piece debate when the House took a week's break to accommodate Waitangi Day.

The debate was also adjourned to make progress on some legislation. Priority was given to the the Arts Council of New Zealand Toi Aotearoa Bill and the previously stalled Subantarctic Islands Marine Reserves Bill. Conservation Minister Nick Smith has an upcoming visit to the sub-antarctic islands with journalists in tow.

The Govt also survived its first confidence vote of the year at the end of the debate on the PM's statement by 63 to 57 with National, Maori Party, ACT and United Future giving support.

### Regulation

**Financial Markets Conduct Regulations:** The Ministry of Business, Innovation and Employment is consulting on regulations under the Financial Markets Conduct Act 2013. The draft regulations provide for the governance regime, regulations relating to financial product markets, and conduct obligations for discretionary investment management services. The deadlines is March 14, with the regulations intended to come into force in mid-2014.

### Bills introduced

**Smoke-free Environments (Tobacco Plain Packaging) Amendment Bill:** *Introduces a plain packaging regime for tobacco products modeled on Australia's legislative package for tobacco plain packaging, modified to fit New Zealand circumstances. The Bill is drafted to be brought into force either by Order in Council or, at the latest, 18 months after receiving Royal Assent. This is to allow detailed regulations to be drawn up. Introduced Dec 17 2013 and received first reading on Feb 11 by 118 to 1 with John Banks opposing. NZ First indicated support limited to select committee at this stage only. Bill referred to Health Committee, however Govt has indicated it will not pass into law until legal action in Australia against similar legislation is completed.*

### Bills in progress

**Accounting Infrastructure Reform Bill:** Aims at a more competitive and efficient accounting market by: changing the rules to allow more people to do statutory audits; replacing

legislative references to chartered accountants to qualified statutory accountants; reducing restrictions on audit firms; requiring independent assurance of financial statements for medium and large charities; and allowing the Institute of Chartered Accountants more freedom in how to structure itself (including the formation of an Australasian accountants body). *Shortly after the bill's referral to select committee, Minister Foss asked the committee to look at weaknesses in the proposals which may allow sub-standard bodies or individuals to be registered and a lack of checks on those registered maintaining standards. Introduced Dec 2, 2013. Completed first reading by 106 to 15 with Greens and Mana opposed on Jan 28, sent to the Commerce Committee for consideration. Submissions close March 3.*

Introduced Oct 2010, select committee reported back Nov 2010. Second reading April 2011. *Committee stage completed Jan 29, 2014.*

**Building (Earthquake-prone Buildings) Amendment Bill:** Gives effect to decisions in Aug 2013 on managing earthquake-prone buildings and gives the central government a bigger oversight role. Requires local authorities to do seismic capacity assessments of non-residential buildings and multi-storey and multi-unit residential buildings. Sets up a seismic register of buildings. Clarifies what an earthquake-prone building is and allows rules to be applied to parts of the building. Requires remedial work within 20 years to ensure a building is not earthquake-prone, with an extra 10 years for category 1 historic buildings and exemptions for other work which would otherwise be required in building consents. Prioritises work on some buildings. Allows for exemptions for certain buildings. *Introduced Dec 9, 2013. Awaiting first reading.*

**Taxation (Annual Rates, Employee Allowances, and Remedial Matters) Bill:** Exempts employer-provided accommodation for employees expected to work away from their normal workplace for up to two years (three years for capital projects and five years for Canterbury earthquake projects); exempts accommodation or accommodation payments for those working at more than one workplace on an ongoing basis; values an accommodation benefit at market rental value if taxable (and special arrangements for defence forces and ministers of religion); exempts certain travel-related meal payments; exempts payments for distinctive work clothing. *Introduced Nov 22, 2013. Completed first reading by 104 to 16 with the Green, Mana and Brendan Horan opposed. Sent to the Finance and Expenditure Committee with report due by June 10.*

**Commerce (Cartels and Other Matters) Amendment Bill:** Applies tough criminal sanctions (up to three times the gain) to hard-core cartel behaviour. Now includes amendments proposed by the Minister of Commerce extending the Commerce Act to cover international shipping and aviation. Mainly tidy-up amendments from select committee. *Government proposes further amendments. Introduced Nov 2011, first reading July 2012, select committee reported back July 2013. Awaiting second reading.*

**Companies and Limited Partnerships Amendment Bill:** Requires registered companies to have a resident agent to meet all the registrar's requirements if no director lives here or in an approved jurisdiction. New powers to the registrar to investigate and deal with non-compliance with the Companies Act and "flag" companies under investigation. Allows deregistration for inaccurate information or persistent non-compliance and bans on miscreant directors. Similar changes for limited partnerships. Better aligns the Companies Act with the Takeovers Code. Up to 5 years' prison for serious offences by directors. The select committee wanted boards to include a director living in New Zealand. It recommended more work on the criminalisation clauses to ensure they don't discourage legitimate risk-taking. These changes were incorporated in a government amendment announced June 5. More changes were announced November 2013. *Introduced Nov 2011, first reading July 2012, select committee reported back July 2013 and awaiting second reading.*

**Construction Contracts Amendment Bill:** Amends the disputes adjudication process. The select committee made a number of adjustments. *First reading June 2013, select committee reported back December 2013, awaiting second reading.*

**Credit Contracts and Financial Services Law Reform Bill:** Amends the 2003 act to make consumer protection the primary purpose, with more informed participation and fair, efficient and transparent lending. Under a new code, lenders are to be required to exercise care, diligence and skill, ensure credit will meet the borrower's needs and help the borrower and guarantors reach informed decisions, not act oppressively,

### This section includes

major bills and those likely to be relevant to Hugo members. Minor, social services and members' bills are not generally included.

**Full details** of each bill as introduced are on the Parliament website [www.parliament.nz/en-NZ/PB/Legislation/Bills](http://www.parliament.nz/en-NZ/PB/Legislation/Bills). Details of select committee amendment are at [www.parliament.nz/en-NZ/SC/Reports](http://www.parliament.nz/en-NZ/SC/Reports) which is in descending date order.

**Airports (Cost Recovery for Processing of International Travellers) Bill:** Allows government to recover cost of aviation security, biosecurity, and customs traveller processing.

including in repossessions, and meet all legal obligations. Lenders will have to be licensed and can be banned after two code breaches. The cooling off period goes from three to five days. Borrowers must be told if the creditor's rights are transferred. Rules on fees and repossession are tightened. It clarifies processes if a borrower experiences financial hardship. *Introduced April 2013, first reading completed Sept 2013 on a voice vote, report due back from Commerce committee by March 17.*

**Electronic Transactions (Contract Formation) Bill:** Member's bill by Paul Goldsmith (National). States that an offer is deemed to be accepted by an electronic communication at the time of receipt of the acceptance by the offeror. The select committee refined the wording and allowed parties to contract out of the acceptance rule. *Completed its first reading by 83 to 37 with Labour, Maori Party and Brendon Horan opposed. Select committee report back on Nov 11 2013 and awaiting second reading.*

**Employment Relations Amendment Bill:** Major changes to employment law. The Employment Relations Authority (ERA) must issue a decision or indicate a decision at the end of a hearing, with three months allowed for a written decision or for more information. Good faith bargaining will not require parties to agree a collective agreement; the ERA will be able to declare collective bargaining at an end and new negotiations are barred for 60 days unless both parties agree. Employers will be able to opt out of multi-employer contracts. Partial pay cuts allowed for partial strikes. Abolishes requirement that non-union members take union terms and conditions for first three months. All employees may ask for flexible work and do that from day one. Employers get more flexibility about transferring employees after restructuring or a change of contract; firms with fewer than 20 employees are to be exempt. Notice will be required of a strike or lockout. There are privacy safeguards on information supplied to employers about employees. The select committee made significant changes to the provisions covering transparency of information for employees, good-faith collective bargaining, protection of employees on a change of contractor, franchises, strike provisions and timelines for Employment Relations Authority decisions. *National, ACT and United Future supported the bill at its first reading in May 2013. Select committee reported back Nov 2013, bill awaiting second reading.*

**Fisheries (Foreign Charter Vessels and Other Matters) Amendment Bill:** Requires all vessels chartered by New Zealand fishing companies to be New Zealand flagged from May 1 2016 and applies New Zealand catch, employment, vessel safety, and criminal law to them. *It is unclear whether the select committee (or other political parties) endorsed last minute amendments by the government to give iwi longer to comply. Introduced Nov 2012, received general support at first reading on Feb 2013. Select committee reported back in July 2013 with Greens dissenting.*

**Food Bill:** *Bill has been substantially rewritten from the original introduced in 2010. One version reported back by select committee was sent back for further consideration.* States risk-based measures to be applied to each food sector, expands the range of sectors covered and gives local councils more certainty in regulating food premises. Central government remains the principal regulator; local government will still regulate food premises. The select committee made mainly technical, textual and clarifying amendments. *These stalled politically and Minister Nikki Kaye put forwards amendments which cover recognition of industry programmes, food handler guidance (to be voluntary) fund-raising activities (not regulated), gifting and donating food, seeds, alignment with other legislation, fees and genetic modification. Kaye recently wrote to the committee asking it to consider changes to recall provisions, following the findings of the Government Inquiry into the Whey Protein Concentrate Contamination Incident. First reading Sept 2010, select committee reported back in Dec 2010. Sent back for reconsideration with another select committee report due on May 6 from the Primary Production Committee.*

**Immigration Amendment Bill (No 2):** Sets a maximum sentence of seven years prison for employers who exploit immigrants and deportation for employers who hold residence visas if the offence was committed within 10 years of gaining residence. *Also address gaps in the compliance regime and responds to new technology. First reading on Nov 19 2011 was completed with NZ First and Mana opposed, report due back from the Transport and Industrial Relations Committee by May 19.*

**Insolvency Practitioners Bill:** Extensively rewritten by the select committee to require all insolvency practitioners to be licensed by the Registrar of Companies instead of, as in the original, giving the Registrar power to restrict or prohibit individuals from providing corporate insolvency services. The committee also recommended the bill clarify definition of "fit and proper" practitioners. *First reading August 2010, select committee report back May 2011, second reading Nov 2013, awaiting clause-by-clause debate.*

**Judicature Modernisation Bill:** 1,238-page rewrite implementing the Government's response to the Law Commission's review of the Judicature Act 1908 and other court system changes. *Also includes processes to deal with vexatious litigants. Introduced Nov 27, 2013. First reading completed Dec 5, 2013 with unanimous support and sent to Justice and Electoral Committee. Submissions close Feb 21.*

**Land Transport and Road User Charges Legislation Amendment Bill:** A tidy up bill correcting anomalies and loopholes in original legislation. *First reading August 2013. Report from Transport and Industrial Relations Committee due on Feb 24.*

**Local Government Act 2002 Amendment Bill No 3:** Implements a second round of local body reform, including local boards in future amalgamations, along Auckland's lines. Introduces encouragement for more shared services, joint delivery and other collaborative arrangements. Sets up a new single "focused" consultation document for long-term and annual plans. Requires a 30 year infrastructure strategy in long-term plans, covering at least water supply, sewage, stormwater, flood protection and roads. Defines the purposes for which development contributions can be required on subdivisions and other developments; clarifies and narrows the range of infrastructure for which contributions can be charged; sets up an objection process; encourages greater private provision; improves transparency of council policies on contributions. *First reading completed on Dec 3 2013 by 104 to 14 with the Greens and Mana opposed. Select committee report back due on May 12.*

**Natural Health and Supplementary Products Bill:** (Was Natural Health Products Bill.) Establishes a natural health products regulator in the Ministry of Health; requires online registration of natural health products; requires assessment and regulation of ingredients, claims and evidence of health benefits and manufacturing standards; lists prohibited ingredients; requires notification of new ingredients before marketing; exempts some categories. The select committee had difficulty balancing consumer choice, public health safety, light regulation when risk is low, and scientific evidence. It tightened provisions on allowable health benefit claims except where the claim is based on traditional use. Greens opposed this tightening and the proposal to charge fees. *First reading Sept 2011 report back from select committee was delayed until Oct 2012. Second reading in March 2013 and now awaiting clause-by-clause debate.*

### House sitting timetable 2014

11-20 February

4-20 March

8-17 April

6-29 May

17 June-3 July

22-31 July

12-28 August

9-25 September

14-23 October

4-20 November

2-11 December

The House sits Tuesday/  
Wednesday 2-6pm, 7.30-10pm,  
Thursday 2-6pm.

Party caucuses meet Tuesday mornings



## LEGISLATION

### **New Zealand Superannuation and Retirement Income**

**Amendment Bill:** *Introduced on Nov 2013, awaiting first reading.* Allows guardians to control entities formed to hold, facilitate or manage investments.

### **Overseas Investment (Owning Our Own Rural Land)**

**Amendment Bill:** Member's bill by Phil Goff (Labour). Narrows grounds for approving foreign purchases of rural land to investments that deliver benefits over and above what a New Zealand investor would produce and that creates substantial numbers of jobs and export increases. *Introduced Dec 12, 2013. Awaiting first reading.*

### **Parental Leave and Employment Protection (Six Months Paid Leave) Amendment Bill:**

Member's bill by Sue Moroney (Labour). Doubles paid parental leave to six months. Parties seeking compromise so government will not veto it on fiscal grounds. *Has the support of United Future and Maori Party, delayed in the Government Administration Committee while National looks at its own policy. First reading July 25 2012, report back deadline from select committee now Feb 28.*

### **Parliamentary Privilege Bill:**

Codifies Parliament's privileges, including absolute immunity from defamation actions. *Implements the recommendations in the Report of the Privileges Committee: "Question of Privilege concerning the defamation action Attorney-General and Gow v Leigh". Introduced Dec 2, 2013 sent to the Privileges committee on a voice vote on Dec 11. Submissions close on Feb 28 with report due by June 2.*

### **Taxation (Annual Rates, Foreign Superannuation and Remedial Matters Bill:**

Brings taxation of capital expenditure for mining minerals (notably gold, silver and iron sands) into line with other businesses. Simplifies tax treatment of foreign superannuation schemes paid into by returning New Zealanders and immigrants so that the tax treatment of all schemes is the same. Makes technical amendments to taxing of insurance schemes. Changes treatment of imputation credits, bad debts and confers charitable status on three more organisations. The select committee made

extensive, mainly clarifying amendments and incorporated a government amendment covering issues arising from the Christchurch earthquake. *First reading June 2013, select committee reported back Nov 28 2013 with second reading on Dec 2 2013, now awaiting committee stage debate.*

**Trade (Safeguard Measures) Bill:** Replaces the 1987 regime of emergency measures (usually a special duty, either provisional or permanent) applied at the border to allow domestic industry to adjust to increased imports which damage an industry. This is in addition to anti-dumping and anti-subsidy measures and conforms to World Trade Organisation rules. *Introduced October 2008. First reading March 2009 with select committee report back in July 2007 and second reading March 2012. Since then committee stage debate has been held but interrupted before completion.*

## Bills passed in past month

**Airports (Cost Recovery for Processing of International Travellers) Bill:** Allows government to recover cost of aviation security, biosecurity, and customs traveller processing.

Introduced Oct 2010, select committee reported back Nov 2010. Second reading April 2011. *Committee stage completed Jan 29, 2014. Passed its third reading on Feb 12.*

*The Arts Council of New Zealand Toi Aotearoa Bill passed in the first sitting week of Parliament. It reorganised the Arts Council. The self-explanatory Subantarctic Islands Marine Reserves Bill also completed its third reading.*

## Bills stalled

**Housing Corporation Amendment Bill:** Removes Housing Corporation's policy functions; consolidates housing advice in the Department of Building and Housing. No significant committee changes. *Bill has been stalled awaiting second reading since May 2011. First reading April 2011, select committee reported back in May 2011.*

**Public Health Bill:** Rewrites, updates and replaces the Health Act 1956 and the Tuberculosis Act 1948 and includes updates enacted in the Epidemic Preparedness Act 2006. Some detail aroused controversy – in particular, codes of practice for and regulation of risk factors for non-communicable diseases, which the food industry and advertising, retail and media interests regarded as unnecessary. The committee tightened the conditions under which a code may be turned into a regulation. *National has shown no interest in proceeding with the bill since taking government. First reading in Dec 2007 with select committee reporting back in July 2008.*

**Regulatory Standards Bill:** Legislates a set of principles for all law, requires those proposing and creating law to certify whether it complies with those principles and empowers the courts to issue declarations as to whether it does comply. The principles cover the rule of law, protection of individual liberties and property rights, imposition of taxes and charges, role of the courts, review of administrative decisions and good law-making processes. *The bill was part of National's deal with Rodney Hide's ACT party and subject to criticism both politically and legally. Also the subject of a very negative report from the Regulations Review Committee. Select committee report back repeatedly delayed but the bill is expected to be superseded. First reading July 2011. Select committee report was pushed back to Feb 28, but the Business Committee agreed another delay until December 15 2014.*

**Taxation (Income-sharing Tax Credit) Bill:** An annual tax credit for resident married, civil union or de facto couples responsible for an under-18 dependent child: the credit is the difference between total tax payable and tax they would pay if each partner derived half the combined income. *The bill was part of National's deal with United Future which allowed for it to go to select committee. The select committee supported the policy intent but requested much more research in its report back to Parliament. First reading Oct 2010 with select committee report back in March 2011 been awaiting second reading ever since.*

**Therapeutic Products and Medicines Bill:** Would establish an Australia New Zealand Therapeutic Products Authority, agreed by the two governments in 2003. Stalled by incoming government November 2008; announcement 20 June 2011 to proceed with authority. A Medicines Amendment Bill has made some adjustments. *Government again said the bill would proceed in 2013, but this did not happen. First reading in December 2006, select committee reported back in June 2007.*

• *Italics denote update from previous edition of Hugovision*

## Stages in a bill's passage

Introduction

First reading

Select committee hearings and consideration

Select committee report

Clause-by-clause study by the whole House in Committee

Third reading

A bill cannot progress through more than one stage on a sitting day unless "Urgency" is taken or leave granted