

Working hard at looking busy

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The govt has rolled out a slew of major announcements, discussion documents and initiatives in the last fortnight as it seeks to build a narrative of action that masks the KiwiBuild backdown and counters a more confident Opposition.

KiwiBuild reset - is the public more forgiving than the media?

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Beehive insiders are breathing a sigh of relief that the predictable pasting the govt took in the media for its KiwiBuild 'reset' wasn't a lot worse. Its focus group work suggests the public never believed the 100,000 KiwiBuild house-building target was achievable and are still giving the govt points for trying. That could be a metaphor for the govt as a whole.

Freshwater announcements deepen political divide

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Declining freshwater quality was a voting issue at the last election and a risk to the NZ '100% Pure' brand image internationally, but the reality of making swift progress to cleaner waterways is a massive challenge to much of the NZ agricultural sector. Reaction from the farming lobby to this week's announcements suggests winning hearts and minds among those required to act will be extremely difficult.

Market study for building supplies?

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Almost as an aside during her announcement of the KiwiBuild reset, Housing Minister Megan Woods disclosed that she has written to Commerce Minister Kris Faafoi suggesting that building supplies would be a fit subject for a Commerce Commission market study once the fuel study is out of the way.

Robertson holds the fiscal line

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With the kiwi dollar plunging to trade below its 30 year average in recent times because of trade tensions and the RBNZ's big OCR cut, Grant Robertson is acknowledging the potential for fiscal policy stimulus to ease the pain of a major economic shock. However, he says the govt has already pre-emptively loosened the purse strings enough for now.

IT weakness at major govt agencies

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Some of the govt's largest agencies have been instructed not to use unapproved IT contractors because they are judged to have limited in-house IT capacity. The list of agencies covered is an eye-opener.

Fonterra's trials deepen

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The complaint by former Fonterra director Colin Armer into the co-op's asset valuation methodologies and its auditor's acceptance of them is a serious development for the troubled entity. This morning's announcement that it is delaying its financial results, previously due Sept 12, does not help. Political and sectoral support for Fonterra may be starting to break down.

A blizzard of announcements

The govt has responded to a more confident Opposition, internal polling showing a big slide in the PM's personal popularity, and a need to mask the scale of KiwiBuild's windback by announcing a slew of initiatives, consultations and policy decisions in the last 10 days.

At the most populist end was a pilot school lunch programme, which will roll out to Year 1-8 pupils in 30 schools next year, extending to 21,000 children in 120 schools by the beginning of 2021. Attacked by commentators on the right, the policy is the kind of **low-cost gesture that is easily understood by core parts of the Labour constituency** seeking signs of action on inequality and poverty. It may not amount to much in practice, but it was calculated to resonate with parents and low income households.

Getting in ahead of the damp squib health system report (*see separate item*), the announcement of a national **Cancer Control Agency** within the Ministry of Health by the end of the year was both politically necessary and impactful. So, too, was the package of new funding for Pharmac, even if the reality is that the drug-buying agency will always face critics who seek novel and/or very high-cost treatments.

On Monday, **Megan Woods** donned her Energy Minister hat to paint a **somewhat rose-tinted and "aspirational" green paper on the potential for hydrogen** to help decarbonise the NZ economy.

That was before she put an impressively brave and long-suffering face on an hour of aggressive media questioning after announcing the long-awaited detail of the **scaled back ambitions for KiwiBuild**, on Wednesday.

Thursday saw freshwater policy announcements that both differentiate the govt from National and are a sure-fire election issue. The proposals will be welcomed in the cities and by the green lobby, but have stoked the increasingly ferocious mood in the farming community towards the govt.

Today's announcement of a \$98.5m PGF **grant to KiwiRail to upgrade the Northland to Auckland line** caps off a week of high activity. That announcement should keep hope alive for Aucklanders keen to see their waterfront port relocated. The final Upper North Island supply chain study is imminent.

Freshwater announcements

Freshwater quality was a defining issue at the last election and one on which Environment Minister David Parker was determined to put his stamp.

He has done that this week with the release of

'Action for healthy waterways', a discussion document that will guide creation of a new National Policy Statement on Freshwater Management and National Environmental Standards for drinking and wastewater, and changes to the Waste Water Act as it relates to discharges of stormwater.

The proposals themselves have created a storm in the farming sector. Even lobby groups that broadly accept that NZ's agricultural brand requires clean water are struggling with some of the proposals.

Federated Farmers, which is already seeking to drive the National Party into a corner on zero carbon legislation, initially adopted an apocalyptic stance. President Katie Milne's subsequent more conciliatory commentary suggests some split opinion on how to deal with the issue.

Sheep and beef farmers seemed to have the most to gripe about, as their adjustment costs are higher on rolling hill country (estimated average \$148k over a decade) than for dairy farms (\$93,500 estimated average cost over 10 years).

Key elements of the proposals are:

- Immediately imposing "tight restriction" on agricultural land use intensification while regional councils put new freshwater management plans in place no later than 2025. A fast-track process is intended to ensure that deadline is met;
- Requiring all farms to have a "farm environment plan with a freshwater module", which may or may not be compulsory, and which may or may not be used for auditing and regulatory compliance. Farmers worry the FEPs could be cumbersome while not being scientifically robust enough, along with potential "confusion and dilution of responsibility where the regime has multiple levels of auditing". Parker appears sceptical the FEPs will be up to a standard capable of being used for regulatory purposes. The Environmental Defence Society strongly opposes industry self-regulation;
- Immediate action to reduce nitrogen loss in at-risk catchments across the country. While further agricultural intensification may not be possible in these areas, there had been fears the proposals would seek a retrospective review of existing consents. That fear has not been realised;
- Much more stringent rules for the exclusion of stock from waterways than that applied in the dairy industry's Clean Streams Accord, including deeper setbacks from waterways, fencing or control of stock into waterways under a metre wide, and applying stock restriction more widely than just to 'in-milk' dairy herds, as has tended to be the case to date;

- New controls relating to winter grazing and feedlots;
- Requiring any vegetable-growing operation wanting to increase its production to get a resource consent.

Unaddressed in these recommendations is water allocation, which still requires a settlement on how to give expression to Maori rights and interests.

The Crown was told to urgently rectify the first-in, first-served water allocation scheme with iwi and hapu allocations at a catchment level in a landmark Waitangi Tribunal report last week.

The report acknowledged the gov't's efforts to address the failings of the RMA, but found a significant gap remains between what the gov't's prepared to do and what iwi want. It suggested the courts may need to settle whether native title to freshwater bodies had ever been extinguished.

Housing reset - policy still back to front

The gov't has taken a predictable pasting in the media for the KiwiBuild reset, but the abandonment of the 100,000 houses target had to be done.

What is left?

The \$400m allocated from the \$2b KiwiBuild fund to a new 'progressive home ownership' scheme, details of which won't emerge till next year, will help between 2500 and 4,000 households into home ownership. However, it's far from clear how those funds will become available to be recycled through the revolving fund. In effect, the revolving fund is now \$1.6b.

There is also a long tail of potential political embarrassment as the Crown seeks to offload some 461 KiwiBuild homes which have failed to sell in Wanaka, Te Kauwhata, and Canterbury. The Crown's exposure here is \$207m and a headline every time one of those houses sells below its underwrite value.

Reducing deposits to 5% from 10% for approved borrowers accessing their KiwiSaver accounts to buy a home will be welcome, as will the ability of multi-generational households to pool their deposit funds. Encouraging more four bedroom and larger homes seems worthwhile.

So, too, does a new willingness to commit KiwiBuild funds to 'build-to-rent' developments. Depending on how commercially the opportunity is structured, this could entice both institutional investors - think NZ Super Fund or Infratil - to high-density urban developments. Megan Woods seems particularly keen on this, especially if at least some of those properties morphed into 'rent-to-own' opportunities

to create mixed communities of renters and owner-occupiers.

However, none of this changes the fact that the gov't's most impactful policies to assist housing affordability are either proving very slow to arrive or are missing in action.

Removal of urban-rural boundaries, creation of a fast-track urban development authority mechanism, and new public infrastructure funding models were all part of the gov't's immediate agenda after the 2017 election.

There is still no sign of the RUB being removed in Auckland, perhaps because it would be contentious to push that before local body elections, and progress on new types of off-balance sheet infrastructure bonds has been glacial.

The UDA/Kainga Ora opens its doors in October but will have no enabling legislation before mid-2020 at the current rate of progress. It looks highly unlikely that the UDA will be freeing up land for housing supply much before late next year/early 2021.

These are the underlying reasons the gov't will go to the election with such a weak story to tell on housing affordability, even if all the political focus is on the KiwiBuild over-reach.

Also missing in action is the kind of step-change needed in offsite manufacturing to bring housing build costs down.

National MP Andrew Bayly claims many companies have applied to become an accredited offsite manufacturing contractor to KiwiBuild but, as yet, it does not appear anyone has been awarded a contract. His comments followed pre-fab home company Welhaus and its sister company Welstruct going into liquidation.

Market study into building supplies?

The Housing Minister has also written to Commerce Minister Kris Faafoi formally proposing that the Commerce Commission conduct its next market study in the **building supplies sector**.

Underwhelming health sector report

Public health policy watchers were expecting far more specificity, albeit perhaps not recommendations, from the Heather Simpson-led committee reviewing the operation of the public health system.

Regional security

Australian security expert Hugh White told a Wellington audience this week the US is slowly withdrawing from the Western Pacific. Australia and NZ need to rethink their defence capability accordingly, should China become more forceful in the region. His scepticism about surface naval vessels may be relevant to NZ as post-2030 replacement of the ANZAC frigates looms.

Instead, the 311-page report represents a compendious listing of a large number of problems already known to exist, with recommendations not due until a final report is produced in March 2020.

There had an expectation that the interim report would open up a more explicit debate about whether the public health system's well-known fragmentation and lack of service coherence means there should be either a smaller number of DHBs or a new delineation of where local and central decision rights should lie.

The closest the report comes to discussing this is to ask: "Is the best way to achieve more efficiency and more equitable outcomes within available resources to have fewer DHBs, DHBs with different functions, and/or more sharing of resources at regional or national level?"

For the most technologically advanced treatments, centres of excellence appear inevitable. That means that although the so-called 'postcode lottery' currently driving treatment availability would end, patients with complex or difficult-to-treat conditions cannot expect all services to be delivered locally.

The variable response to the current **measles outbreak** has also highlighted deficiencies in the system that sees medical officers of health employed separately by each DHB than by a nationally coordinated service.

Bridges shifting on zero carbon?

Simon Bridges appears to be shifting ground on his previously stated preference for a cross-parliamentary approach to the zero carbon legislation. He has recently privately told inquirers that he favours voting against the Bill unless the 47% methane reduction target is reduced. Judith Collins has said so publicly. National's former constituency is pushing hard on this, but business leaders seeking certainty on climate change policy are pressing National not to act precipitately.

In his new populist mode, it's not clear whether Bridges is listening.

Nats' Chinese donor links

The National Party denied allegations Todd McClay, while acting as a Cabinet Minister, facilitated a donation of \$150,000 to the party from a company owned by a Chinese billionaire. The allegations are the latest from former National whip Jami-Lee Ross. McClay said he met the donor, Lang Lin, in July 2016 when he travelled to China as Trade Minister, but there was no discussion of a political donation. He later met Lang in Rotorua where he said his NZ

business, Inner Mongolia Rider Horse Industry NZ, would like to support National.

Something old, something blue

The National Party launched an economic policy discussion document that was most notable for being **a retread of much of its approach from 2009-17.**

The party wants to cut the 28% company tax rate among a suite of possible tax changes it would promise going into the 2020 election. The discussion document recycles its 2017 election platform of raising the pension eligibility age from 65 to 67, starting in 2037. It also proposes allowing savers to deduct the impact of inflation from taxable interest income, small business tax relief modelled on Australia's, accelerated depreciation for business assets, and cutting the number of regulations.

Minerals and petroleum strategy

A draft 10-year strategy for minerals and petroleum emphasises the importance of gas for energy security and as a transition fuel to a low-emissions economy, but says the ban on oil and gas exploration outside Taranaki won't be revisited. The document is intended to help inform a review of the Crown Minerals Act and provide wider policy guidance.

Secondary principals quietly settle pay claim

Secondary school principals accepted a 14.5% pay rise, heading off the possibility of industrial action. The settlement also included a sixth week of annual leave and a payment of \$500 for union members.

Govt moves against IT providers after data breach

The fragility of IT capabilities of some of the gov't's largest policy agencies has been exposed by the data breach at the Ministry of Culture and Heritage that allowed personal details of some 302 people to become available online.

Following the breach in a dept that reports directly to the PM as Minister of Culture and Heritage, the Cabinet made an urgent order preventing all gov't depts judged to have "small" IT capabilities from using providers who are not an approved all-of-gov't procurement list.

The list of agencies included some heavy-hitters: the Treasury (already embarrassed by the Budget 'leak' this year), the State Services Commission, the Ministry of Defence, the Dept of PM and Cabinet, the Ministries of Transport and Housing and Urban Development, and the Crown Law Office. ■

A dramatically lower kiwi dollar

Trade wars and the RBNZ's big OCR cut have taken the kiwi dollar dramatically lower, trading below 30 year averages at times in recent weeks (see graphic below). Indeed, the kiwi was one of the weakest major currencies during the month of August, reflecting its tight relationship with the Chinese yuan since the trade war began early last year.

A weaker outlook for global growth has also been pushing many industrial and agricultural prices lower, adding to under-performance by commodity currencies.

Confidence - no need to panic

The ANZ-Roy Morgan consumer confidence index increased 1.8 points to 118.2 points, with the current conditions up 1.4 points to 127.2 and the future conditions gauge up 2 points at 112.2. The index was still below the long-term average, but showed households are feeling relatively robust.

While the ANZ's Business Outlook survey showed a weaker headline result than a month earlier, seasonality accounted for much of the movement. The underlying picture is more stable, albeit showing confidence levels languishing somewhat. Own-activity expectations showed mixed results, with gloom in retailing and a slightly more chipper mood in the agricultural sector, although it showed the largest fall in investment intentions. Construction became far less negative, despite weak employment intentions.

Robertson holding firm on fiscal levers

Finance Minister Grant Robertson is resisting calls from various quarters for looser fiscal policy and a more relaxed approach to Crown debt as a global economic slowdown approaches.

Robertson told a Bloomberg event in Auckland that he believed the govt had got "ahead of the curve" by announcing a slightly higher net Crown debt target and higher spending track in the 2019 Budget than last year.

"The signal I am trying to send quite clearly is that if we see further deterioration

we will respond accordingly."

The Budget Responsibility Rules allowed for such a response to "a significant shock", he said.

Economic indicators

Treasury's monthly economic indicators report for Aug highlighted: continued weakness in business confidence weighing on domestic economic growth; unemployment reaching a 11 year low at 3.9% for the June quarter of 2019; commodity prices and visitor numbers falling; renewed US-China trade tensions leading to significant market volatility; and a global slowdown in manufacturing continuing - but little sign of this spilling over into services.

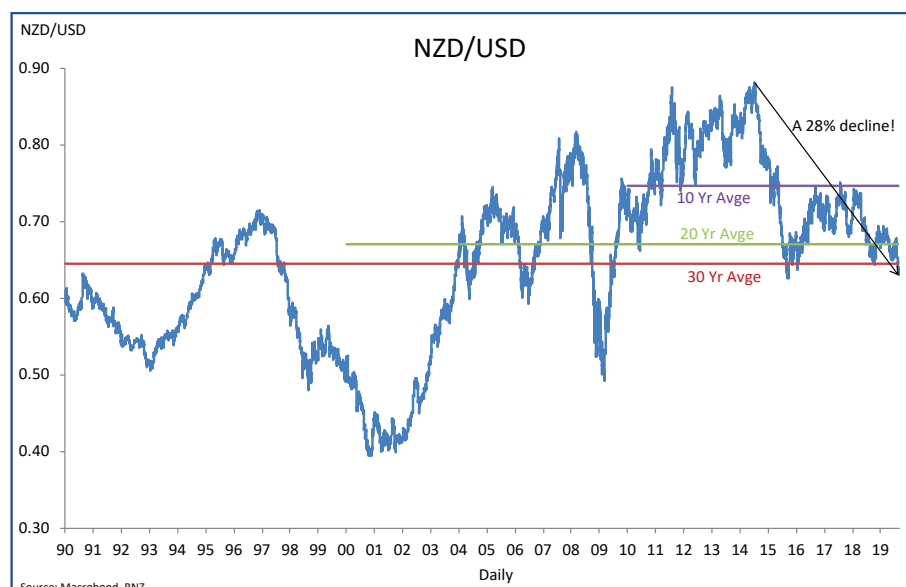
MBIE forecasts employment will grow by an average of 1.4% a year for 10 years. This will add around 39,400 workers on average per annum until 2028. They project highly-skilled jobs will grow by 1.9%, or 22,800 annually, until 2028. Industries expected to see strong growth include retail trade, accommodation & food services, business services and construction.

Real estate

Auckland's largest realtor Barfoot & Thompson sold 746 properties in Aug, 4.6% fewer than 879 in July and 795 in Aug last year. The average price was \$930,090 and the median price \$830,000.

Vehicle sales slowing

The Motor Industry Association says in Aug the number of new vehicle sales were 4.5% lower than Aug last year. Year-to-date sales were down by 5.1% on the first eight months of 2018. MIA expects 2019 sales will end 6% below 2018 levels. ■



CORPORATE ROUND-UP

Primary sector

The **FMA** is seeking explanations from **Fonterra** about its recent asset writedowns following a complaint from a former director, **Colin Armer**, who also took aim at the co-op's auditors for their acceptance of valuation methods used, particularly for Chinese assets, including **Beingmate**.

Fonterra ceo **Miles Hurrell** announced a pay and bonus freeze for 6,000 employees earning more than \$100k p.a. It was also confirmed that a board sub-committee has been established to examine the co-op's capital structure.

Landcorp will pay a \$5m special dividend to the govt from its gain on the sale of its **Westland Dairy** shares. It held about 3.25m shares, or 4.5%, of the Hokitika-based cooperative, which it sold to **Inner Mongolia Yili Industrial Group** for \$11.1m.

The **Supreme Court** will hold an oral hearing prior to a decision on **Synlait Milk**'s bid to appeal the reinstatement of land covenants on its Pokeno site. Rising summer sea temperatures are forcing **NZ King Salmon** to invest in new techniques to reduce farmed fish deaths. It reported the average price per kilogram for its salmon was up 9.6% in the year to June 30, driving an 8% increase in total revenue to \$172.6m. This was in spite of a 1% fall in the harvest for the year to 7,931 metric tonnes.

Scales Corp's net profit for the six months to June 30 was \$121.8m versus \$34.8m in the same period a year earlier. The latest result includes gains on asset sales of \$93.2m.

Telecommunications, media and entertainment

The **US State Department official in charge of cyber security, Robert Strayer**, told TVNZ the US wanted to maintain information sharing with other countries, but would have to reassess this with NZ if **Huawei** was involved in the construction of 5G networks.

Vodafone NZ and new partner **Kogan Mobile** unveiled cheaper prepaid mobile services to rival **Spark**'s budget brand, **Skinny**, and **2Degrees**. Vodafone will spend twice as much on restructuring in the current financial year as last, the company said. It spent \$10m on restructuring in the year toed March and expects to spend another \$20.8m this year.

Chorus chief executive **Kate McKenzie** will leave at the end of 2019, saying she wishes to return to Australia and is not interested in taking further large corporate roles.

Consultancy **Creative Development Solutions** is suing **Chorus**, alleging breach of a non-disclosure agreement. It claims Chorus took ideas from a mooted joint venture and used them when making its

own unsuccessful bid to provide Marlborough with fibre.

Vista Group International's first-half net profit fell 22.7%, owing to the demise of third-party movie ticket subscription service **MoviePass**, lower revenue from China, and adverse foreign exchange movements. Operating earnings on a like-for-like basis rose 16% while revenue from core business was up 19%. Net profit for the six months ended June fell to \$4m from \$5.2m in the same six months of 2018. The result missed expectations and caused a share price slump. However, the shares rallied as investors focused on the earnings impact of the dramatically lower kiwi dollar.

TVNZ reported flat operating earnings of \$25.6m and a smaller decline in annual profit than expected. It will not to pay a dividend and ceo **Kevin Kenrick** said the state-owned broadcaster needed to be three times its current size to compete effectively with streaming alternatives such as **Netflix** and **Amazon**.

NZME's net profit fell to \$950,000 in the six months ended June 30 from \$3.7m a year earlier as revenue fell 4% to \$181.1m. NZME trimmed operating costs by 3% to \$158.1m, as ebitda fell 16% to \$19.4m. Debt reduction is being prioritised over dividends.

Banking, insurance and finance

Kiwibank's net profit fell to \$108m for the year ended June despite net interest income rising 8.3% to \$445m. Gross fee and other income fell to \$185m in the year from \$211m. Customer lending and deposits both grew by \$2.1b for the year, up 12% and 13% respectively at \$20.4b and \$18.2b. Net interest margin fell to 2.11% from 2.20%.

Australian company **Sargon**, best known in NZ for its row with **Perpetual Guardian** owner **Completo**, is attempting another foray into the local trustee market.

Energy and resources

Fonterra, NZ Steel, Refining NZ, Oji Fibre Solutions and **Pan Pac Forest Products** are working with the **Major Electricity Users Group** to test whether a long-term power purchase contract for part of their combined load can incentivise new investment in renewable electricity generation.

Meridian Energy's net profit jumped 68% to a record \$339m in the year ended June 30, marking one of the standout performances of the August earnings season. Ebitdaf rose 26% to \$838m, also a record.

Genesis Energy is expecting gas supplies to return to normal within two to three years but warns volatility will remain next year given planned shutdowns in gas fields. The company reported a 16% increase in underlying full-year profit, with improved retail

earnings offsetting a flat performance from generation and weaker oil production from its Kupe interests. Underlying earnings rose to \$67m from \$57m.

Timaru Oil Services believes its new Timaru terminal will be able to supply most of the South Island, with its 32m litre facility operational in July next year. Two 6m litre tanks will be added later.

A 20MW hydro scheme on the West Coast's **Waitaha River** was blocked by Environment Minister David Parker due to its impact on the Morgan Gorge.

Tourism, transport and logistics

Tourism NZ, **Air NZ** and its alliance partner **United Airlines** launched a campaign to attract US tourists and encourage them to visit regional NZ.

Work has begun on the biggest expansion to **Auckland International Airport's** airfield since the 1970s with a new taxiway and six remote stands for parking and servicing aircraft being built at the western end of the international terminal. In a parting shot at AIA, outgoing Air NZ ceo **Christopher Luxon** talked up the competitive benefits of making Whenuapai airbase Auckland's second commercial airport.

Port of Tauranga lifted annual net profit 6.7% on record cargo volumes with sales rising 10.4%. Net profit for the year ended June was \$100.6m compared with \$94.3m the previous year on sales of \$313.3m. The port handled more than 26.9m tonnes of cargo, up 10.2%, with container volumes growing 4.3%.

CentrePort recorded an underlying profit after tax and before earthquake impacts of \$16.6m, a 41% increase from \$11.8m the previous year. Increasing cruise ship visits and log exports contributed to the gains.

South Port forecast a 40% increase in maintenance spending for the next two years as it works to extend the life of its assets.

Freightways reported a 2% lift in net profit to \$63.4m in the year to June 30. Total revenue rose 6% to \$615.7m. Earnings before interest, tax and amortisation were \$99.1m, up 2% on the year.

Tourism Holdings expects tough US market conditions to spill over into this year but said things remain positive in Australia and NZ despite uncertain economic conditions. Net profit was \$29.8m in the year to June 30, down 52% on the year. The prior year result was boosted by a \$23.1m gain related to the formation of the Togo Group.

Air NZ launched daily flights between Auckland and Invercargill began running five times a week, leaving Invercargill at 6am and departing Auckland at 7.35pm.

Earnings season

Despite a solid earnings season from NZX-listed

companies, analysts are pulling back their forecasts for the coming year. In late July, analysts were expecting median earnings growth for the 2020 financial year of 5.5% but they've cut that back to 4.2% now.

Manufacturing

Fisher & Paykel Healthcare expects to report net profit of \$245m-\$250m in FY20 on revenue of \$1.17b, up from an earlier forecast of \$240m-250m on sales of \$1.15b, thanks to a weaker kiwi dollar.

Cavalier Corp said it is at risk of breaching its banking covenants if it can't sell more carpet this year or achieve higher prices.

Delegat Group lifted operating net profit by 14% of \$51.4m in the year to June but expects no profit growth next year. Delegat sold more than 3m cases globally, up 10% on a year earlier. Revenue rose 9% to \$278m.

Comvita posted a \$27.7m annual net loss after writing off \$20.1m of goodwill.

Construction

Steel & Tube's net profit in the year ended June was \$10.4m, a turnaround from the previous year's \$32.1m net loss with revenue flat at \$498.1m. It says excluding write-offs in the previous year, ebit was up 22% to \$16m from \$13.1m.

Healthcare and retirement


Metlifecare's annual net profit fell 68% because of smaller gains in the fair value of its retirement villages but underlying profit was up 4% and underlying operating cash flow rose 2%. Net profit for the year ended June of \$39.2m compared with \$122.6m the previous year - the unrealised value of its villages rose \$53.9m in the latest year after a \$132.7m gain the previous year.

Retail and wholesale

Woolworths' NZ Countdown supermarkets reported ebit of \$296m in the 53 weeks ended June 30, up an adjusted 1% from the 52-week period a year earlier.

A crackdown on the daigou trade by Chinese authorities prompted **Ebos** to open an office in Shanghai. The company has found Chinese regulatory changes can suddenly impact sales and it needs a presence in China.

Labour relations

Labour inspectors are taking a case against several **Pizza Hut** franchise owners, arguing 28 of their delivery drivers are employees, not independent contractors. The inspectorate is bringing the case because of an issue with the Pizza Hut business model, which could affect a wide range of workers. 

LEGISLATION

Back to the fray next week

The govt used a week of parliamentary recess to release major policy announcements on housing and freshwater, as well as discussion papers on health and hydrogen.

The House will sit for the rest of Sept when it resumes next Tuesday.

Much of the govt's time in the previous fortnight's sitting was taken up with the set piece Estimates debate. Little progress was made on the End of Life Choice Bill, which continues to dominate Members Day. MPs will resume consideration next week.

Commerce Minister Kris Faafoi announced an interest rate cap of 0.8% a day on lending agreements an effort to curb loan sharks, to be enacted by adding the provisions to the **Credit Contracts Legislation Amendment Bill**, currently before Parliament.

- *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

Dairy Industry Restructuring Amendment Bill (No 3) - Introduced Aug 22. Amends the Dairy Industry Restructuring Act 2001 to remove some regulatory requirements since Fonterra's share of raw milk collection has fallen from 96% to 80%. Fonterra will now have some ability to decline milk supply for compliance failures, but will still be obliged to supply milk to its rivals at a minimum price. First reading completed Aug 27 with National and ACT opposed. National said more deregulation was needed, both the Greens and NZ First indicated they would be looking for changes to Fonterra's ability to refuse supply. Sent to the Primary Production Committee.

Education (Vocational Education and Training Reform) Amendment Bill - Introduced Aug 26. Enables govt's polytech and ITO reforms, bringing 16 regional polytechs into a single organisation and replacing the ITOs with workforce development councils. First reading Aug 29 with National and ACT opposed mainly on the grounds of the loss of regional autonomy. Referred to the Education and Workforce Committee.

Venture Capital Fund Bill - Introduced Aug 22. Establishes a Venture Capital Fund administered by the Guardians of NZ Superannuation. First reading Aug 27. Will run a 'fund of funds' model, appointing VC fund managers to attract matching funds and generate appropriate risk-adjusted returns. The funds will then be returned to meet the future superannuation needs. Supported by all parties but National, who objected to the shortened timeframe for the Finance and Expenditure

Committee consideration. Reportback due by Dec 2.

Bills in progress

New Zealand Infrastructure Commission/Te Waihanga Bill - Introduced April 8. Referred to the Finance and Expenditure Committee with a report due back by Aug 26. *Reported back Aug 23 with only minor changes including giving the Commission more powers to require information from local authorities.*

Partnership Law Bill - Introduced May 28. Updates the Partnership Act 1908 with no policy changes. *Reported back on Aug 30 with no amendments.*

Bills passed/failed

Administration of Justice (Reform of Contempt of Court) Bill - Introduced March 22. Member's bill in the name of Chris Finlayson, subsequently adopted by Justice Minister Andrew Little as a govt bill. Renamed Contempt of Court Bill. *Committee stage interrupted on Aug 7 with Little introducing an amendment making it an offence to make a false statement about a judge. He said this was narrower than the old 'scandalising' offence and would not make it an offence to be critical of a judge's decisions. Committee stage completed Aug 8 and third reading on Aug 2 with National and ACT opposed due to the protection of judges' amendments.*

Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill - Introduced Feb 19. Omnibus bill amending law governing linkages between NZ's financial markets and international financial markets, in particular derivatives markets. NZ law is currently out of kilter with new rules being implemented across the G20 which require parties to certain types of derivatives to exchange collateral. *Committee stage completed on Aug 20 and third reading on Aug 27 all parties in support.*

Sale and Supply of Alcohol (Rugby World Cup 2019 Extended Trading Hours) Amendment Bill - Introduced Aug 26. Permits eligible licensees to extend trading hours to televise Rugby World Cup matches. *Passed through all stages by leave of the House on Aug 28. Greens opposed.*

Conservation (Indigenous Freshwater Fish) Amendment Bill - Introduced Aug 9 2018. Creates a new regulatory regime for freshwater fisheries. The select committee said whitebaiters' concerns could only be dealt with in regulations. National opposed in a minority report. *Second reading completed Aug 22 with National and ACT opposed, saying the bill would allow for the banning of whitebaiting, which the govt said was not the plan.*

KiwiSaver (Foster Parents Opting in for Children in their Care) Amendment Bill - Introduced April 5 2018. A member's bill in the name of Hamish Walker. Allows foster parent (or kin carer) to set up a KiwiSaver account for a foster child in their care. *Third reading completed on Aug 21 with all parties in support.* 