

Tax losses to be more liberally treated?

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The govt is seriously considering allowing tax losses to be carried forward in all circumstances where there is a change of company control. At present, the value of tax losses held on a company's books is extinguished if majority control passes. However, a discussion document due in coming months will canvas whether to reverse that long-standing rule for all companies, not just start-ups.

NZ First's ethics problem

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The resignation of the NZ First party president because he could not obtain sufficient information about the party's financial statements and Shane Jones's continuing disregard for norms of ministerial behaviour combine to create memories of the party's failure to be re-elected at the 2008 election after the Owen Glenn donations affair.

Third party experts endorse RBNZ on bank capital

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Reports from three international banking system experts, chosen by the RBNZ to critique its controversial bank capital-holding proposals, have broadly endorsed the proposals. The way appears clear for the proposals to be implemented, although timeframe for implementation may be lengthened. Decisions are due by year-end.

A squib of considerable dampness

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The final outcomes of the Electricity Price Review are at the conservative end of any reforms the electricity sector might have expected. The govt's biggest call was to move straight to mandatory market-making in the wholesale electricity market rather than wait for the industry to come up with better voluntary incentives.

Pressure on to move PoA north

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The Upper North Island Supply Chain Study's final report concludes that if Ports of Auckland is to shift from its current site, it would be most efficient to move the whole operation to Northport rather than split it between Tauranga and Whangarei. The current govt's unwillingness to fund further highway improvements to the north are at odds with that outcome.

Fonterra's reset

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Fonterra announced a strategy reset that will see it concentrate on the NZ milk pool over global expansion. An agricultural academic's blog post details how he discovered the cooperative battled serious liquidity problems in 2008 that he chose not to disclose at the time.

Todd Property's big sell-off

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Todd Property has sold at least half of its existing portfolio of developed and available-for-development residential land assets in a transaction involving 77% NZ capital and a 23% foreign investor. The proceeds are thought most likely to be directed to Todds' US methanol and Australian iron ore mining projects, although the company maintains its no-comment policy.

Tax loss carry-forward proposals appear substantial

Detail is frustratingly scant, but it appears the govt is **seriously considering loosening tax loss carry-forward rules for companies of any size when there is a change of control.**

The announcement gained little attention as part of a wider set of announcements on tax treatment of loss-making start-ups. A **discussion paper on the policy is due in coming months.**

Revenue Minister Stuart Nash's office said: "No decisions have been made to limit the proposal to start-ups; the forthcoming consultation will allow this issue to be considered".

"The Tax Working Group suggested that the proposal should be limited to start-ups, but **there are strong grounds for extending the proposal more broadly** – eg, an old business wants to progress a new idea and needs capital funding to allow it to proceed."

Electricity review - in the end, all hat and no horse

The final report from the Electricity Price Review will have landed like a soothing balm in the offices of the offices of the country's generator-retailers.

After all the political noise, including the potential threat of structural separation, the NZ First-inspired **review has produced almost nothing that the gen-tailers can't live with.**

While Megan Woods could never be expected to say the electricity market is working pretty well, the report itself fundamentally supports current wholesale and retail market arrangements.

Given the outcome in this round, and a raft of consumer voice initiatives that will flow from the review, putting power companies "on notice" for review in the govt's second term is not an especially scary threat. **Constant political vigilance is already baked into the sector anyway;** hence this outcome.

The **one area where Woods went further than the review panel's recommendations** was on mandatory market-making in the wholesale electricity market. The review proposed market-making move from the current voluntary to a mandatory requirement "unless the sector develops an effective incentive-based scheme".

However, Woods has gone straight to the mandatory option, which she characterised in media statements as "requiring big power companies to sell electricity at affordable rates into the wholesale market to level the playing field for smaller and independent retailers".

As expected, **the review is a death knell for 'save and win-back' tactics,** which the review concluded was stifling competition because the big gen-tailers can afford to buy back customers they don't want to lose before they switch, by making very generous offers. A moratorium on the practice is likely to become a ban.

Prompt payment discounts - a hardy perennial early feature of the deregulated electricity retail market - are now discredited as a payment option .

All players are urged to follow Meridian's lead and scrap them or be regulated. Cost-based penalties for late payment will be allowed.

Responses from gen-tailers and consumer groups alike applauded the outcome.

Business NZ expressed concern about the implied belief that regulation was an effective way to produce lower prices, while **smaller retailers wondered if the Electricity Authority would show more teeth.**

Mercury ceo Fraser Whineray suggested that when it came to dealing with vulnerable customers and energy poverty, the big players were doing a better job than the coterie of small, emerging competitors.

The **sleeper issue** that could still trip the govt up politically is the decision - long overdue - to axe **lower user charges** that were intended to assist with power savings and energy poverty but never worked as intended. There will be a group of consumers who liked them for various reasons, particularly the elderly. **Problematic headlines lurk in that space, though National will agree with the change.**

RBNZ's capital proposals on the home straight?

Three independent experts' critiques of the Reserve Bank's bank capital proposals are largely supportive saying the cost-benefit analysis generally stacks up, but one said the use of hybrid or convertible securities could be adapted to suit NZ's needs. The implementation period appears likely to be tweaked.

RBNZ governor Adrian Orr is also now suggesting that bank directors sitting on both Australian and NZ bank boards may be forced to choose one or the other. Orr also said **rural borrowers are facing higher lending costs despite interest rate cuts** over the past year and the RBNZ is gauging whether banks are bolstering their balance sheets in advance of tougher capital requirements.

Agriculture and the ETS

A dust-up in Cabinet committees involving NZ First ministers concerned about the impact of Labour /

Green priorities for curbing environmental impacts on farming communities **appears close to resolution.**

At issue is whether to charge processors a levy from 2021 as a proxy for farm GHG emissions or wait until 2025, when all farms should have Farm Environment Plans in place.

The latter date coincides with the deadline for regional councils to have new freshwater management standards in place. **There is likely to be nuanced interplay in trade-offs between climate change and freshwater targets to reach a political solution.** Labour's David Parker remains determined to make gains on water quality, regarding progress as a 2020 election necessity.

Move whole Auckland port north, study concludes

The Upper North Island Supply Chain's final report surprised no one by concluding that Auckland's port operations should all be moved to Northport. The **30-year benefits of the change, estimated at \$3.46b by consultants EY**, would be roughly twice the cost of the shift. The benefits of all the other options considered were much lower.

Relocating the activities to Port of Tauranga would deliver a net cost of \$3.16b, splitting the activities across Northport and Tauranga would result in a net cost of \$1.46b, while a new port in the Firth of Thames would come at a net cost of \$2.86b.

Relocating freight operations from Ports of Auckland to Northport would improve the upper North Island's freight system efficiency, while maintaining competition, the report says. Cruise ships would continue to berth in Auckland.

The supply chain study group was **stacked with confidants of Regional Economic Development Minister Shane Jones**, which may compromise its efficacy as an advocacy document, given Jones's embrace of a reputation for pork-barrel politics.

A rare peek inside NZ First's 'black box'

The party machinery of NZ First has always been opaque compared to other mainstream parties. Like the parliamentary caucus, many decisions appear always to require its founder-leader Winston Peters.

The surprise resignation of its president of 11 months, Lester Gray, is therefore a rare insight into its inner workings and should be a matter of considerable concern. Gray resigned because he said he had too little visibility over party donations and spending, leaving him in a "vulnerable" position.

"I refuse to sign off the 2019 Financial Reports with the information I have been provided," he wrote in a letter obtained by Stuff. "This type of operation **does not align with my moral and business practice values**, and I am therefore not able to support the party any longer."

This brings back memories of Peters's attempts in 2008 to deny receiving \$100,000 in support from Owen Glenn and other support from the Spencer family trust. **NZ First was not returned to Parliament in the 2008 election.**

Jude Patterson, the wife of Central Otago-based MP, Mark Patterson, is acting president and will bring a different perspective to the right-wing populist causes like anti-1080 that Gray liked to promote. She is a former ag research technician and a volunteer firefighter and runs the family farm while her husband is in Wellington.

What to do with Shane Jones?

Shortly before heading to Hong Kong for a brief holiday with his partner and closest political confidant, Dot Pumipi, Shane Jones sent a Press Gallery journalist an unsolicited text.

It read: "Cabinet manual?" followed by a laughter 'emoji'. Jones is **perhaps emboldened by the reaction of reporters when PM Jacinda Ardern told her weekly press conference that Jones would be taking the Cabinet Manual on holiday to bone up on appropriate behaviour.** There was a yelp of laughter from a journalist and no further questions.

Jones, who'd been there to help announce something else, then left, **apparently less than chastened and willing to risk mocking the PM's mild rebuke.**

The tactics are Trumpian and they could be working for a certain type of the 5% of NZers that NZ First has to get over the line at the next election. Party leader Winston Peters's age has re-emerged as an issue after the 74 year-old took a while to bounce back from surgery. Jones wants to replace him.

Jones also has trouble apologising for anything and was aggrieved by the reports of his electioneering behaviour at a forestry awards dinner in Northland. Those comments were gauche and probably not within the "guidance" - rather than hard rules - about ministerial behaviour in the Cabinet Manual.

But the **threat of political 'utu' against foreign**

Nats' face skills shortage

There has been a high staff turnover in the National Party Leader's office with 18 staff believed to have departed since the election in 2017. The difficulties the party is having recruiting staff are reflected in a recent appointment of a recently arrived former British civil servant as its new head of policy. Paul Goldsmith is struggling to find a press secretary.

investor interests, come election time, was feral and should be resisted.

Jones may think he can just keep doing this without impunity because the PM is too nice and too hamstrung by coalition arrangements to act against him. However, the Cabinet Manual suggests where there is “substantial and enduring” misconduct, the PM may “consider a permanent change to some or all of the Minister’s portfolio responsibilities.”

Jones is acting like a man who will soon have enough rope to hang himself without help. A scandal within the NZ First party (*see previous item*) could hasten that.

Ardern’s next global star turn

The PM will feature on the main stage at a star-studded day at the APEC CEO summit in Santiago in November. She will kick the day off on a panel about “Securing Talent for the Future: Skills, Women, Diversity” to be immediately followed by a session involving Vladimir Putin, Xi Jinping and Donald Trump. And that is before she gets to the actual APEC leaders’ summit. Her APEC trip will follow a lightning trip to the East Asian Summit in Bangkok

As to suggestions that she is in the running for a **Nobel Peace Prize**, Ardern’s performance after the Christchurch mosque shootings was globally inspiring and could make the grade. However, it would be a **two-edged sword politically**. International acclaim for the PM is a gift to the Opposition in some disgruntled parts of the electorate who see a global show-pony in Ardern.

Trade agreements

NZ beef exporters to Japan will lose the recently acquired advantage over US producers, who will gain access to the high-value market on the same terms as CPTPP signatories, despite the US walking away from the trade pact in Jan 2017. That is the effect of a ‘mini-FTA’ announced between Japan and the US in New York last week. In effect, **it gives the US access without the same trade-offs given by CPTPP signatories**.

Meanwhile, NZ is repeating its tried and true process for building support for innovate global trading arrangements with its involvement in the five-country ACCTS, also announced in New York

Norway, Iceland, Costa Rica and Fiji are joining NZ in negotiations on the **Agreement on Climate Change, Trade and Sustainability**. The agreement intends to remove tariffs on environmental goods, eliminate fossil fuel subsidies and develop voluntary guidelines for eco-labelling. Talks will begin next Feb

with the hope it can be used as a blueprint for others to join.

Seasonal labour

The govt announced a two-year increase to the Recognised Seasonal Employer scheme quota with the cap on temporary visas for foreign workers increasing by 1,550 to 14,400 for 2019/20. Approval has also been given to this rising a further 1,600 places to 16,000 in 2020/21. The increase for 2020/21 is conditional on the industry proving it’s making the horticulture and viticulture sectors easier and more attractive for NZers to work in.

New procurement regime

New govt procurement rules for construction come into force this week moving away from a ‘lowest price model’ to a ‘broader outcome model’. Reports from the coalface suggest behavioural change amongst both suppliers and customers shows very little sign of change at this early stage.

Defence symposium canned

The Defence Industry Association has cancelled its forum this year. It cited protecting delegates from aggressive protesters, the forum’s cost and the success of smaller targeted events in Australia.

Tackling ‘flight guilt’;

Tourism NZ is to lead work to understand the impact climate concerns have on potential visitors choosing NZ as a destination.

Climate change action

Public momentum for climate change action was on display on Friday last week. Organisers estimate 170,000 people around NZ marched at more than 40 events in the third school strike for climate change action. If accurate, this would make NZ protests among the larger of those recorded in the wave of global mass protests that coincided with this year’s UN General Assembly.

Waste management

The govt is developing a beverage container return scheme which would require a refundable deposit redeemed on return. Work on a proposal will be presented to ministers by Aug 2020. Queensland’s scheme is seen as a template by the recycling sector.

Govt IT deputy head moves on

Deputy government chief digital officer and deputy chief executive for service and system transformation at Department of Internal Affairs, Tim Occleshaw, is to leave the job in Nov. ■■

Todd Property's big sell-off

Todd Family interests announced this week they was offloading perhaps \$800m of residential and development land assets from their Todd Property arm.

The large-scale developments are a laundry list of well-known, particularly Auckland, developments such as Stonefields in the old Mt Wellington quarry, the Long Bay subdivision bedevilled by resource consent challenges, and Ormiston, near FlatBush in South Auckland.

Coastal land in Northland, the old Napier hospital site and Kapiti aerodrome land earmarked for development were also sold to NZPropCo, which is majority NZ-owned.

NZPropCo just skates below the Overseas Investment Act 25% foreign shareholder threshold, with 23% of the company owned by Alvarium Investments, a multi-family office business that includes links to Qatari wealth. The NZ buyer is 50% owned by Templeton Group, a property developer, while the other 50% is owned 27/23 by Christchurch-based Tailorspace, which acts as a family office for the Ben Gough family, and Alvarium.

Todd Property ceo Evan Davies will stay on with Todd Property, which still owns substantial development assets, including undeveloped land at Okura, completed Long Bay Village Apartments, Ormiston PAK'nSAVE, the completed and sold Titanium Park development, Ormiston Retail Centre and Medical Centre under development, and receivables due at Long Bay and Pegasus.

OCR on hold - for now

The Reserve Bank kept the Official Cash Rate on hold at 1% as expected and said there is room to cut rates further if necessary.

Confidence remains fragile

The ongoing decline in business confidence has the potential to shave annual GDP growth to below 1%, according to the NZIER's latest quarterly survey of business opinion. Headline confidence fell a point with a net 35% of businesses expecting general economic conditions to worsen - the weakest level since March 2009. A net 11% experienced weaker activity in the latest quarter, the worst recorded since Sept 2010.

The ANZ Bank's Sept business outlook survey painted a similarly gloomy picture, with the worst recorded confidence figures in 11 years. A net 53.5% of the 391 respondents - a small sample that excludes farmers - expected general business conditions to

deteriorate during the coming year, compared with 52.3% in Aug. Firms' optimism about their own activity also fell, with a net 1.8% now expecting things to get worse. It was the fourth fall in a row and is the lowest reading since April 2009.

The ANZ-Roy Morgan consumer confidence index fell to 113.9 in Sept from 118.2 in Aug with the current conditions index down 1 point at 126 and the future conditions index down 6 points at 106. The historical average is 120. A net 11% said they are better off now than they were a year ago, down from 16% in Aug, while a net 23% expect to be doing better in 12 months, down from 27% in Aug. Perceptions regarding the next year's economic outlook for the country as a whole fell 9 points to a net 10% expecting conditions to worsen, the lowest in four years. However, a net 41% still see now as a good time to buy big-ticket items versus 39% in Aug.

Foreign direct investment

Foreign direct investment in NZ rose to \$113b at March 31, Stats NZ said. This rise continues an upward trend since the series began in 2001. Australia was the largest source of FDI (\$56.9b), rising from \$19.1b in 2001. The other major source countries were Hong Kong (\$9.6b), US (\$7.4b), Japan (\$5.6b), and the UK (\$5.3b). The top five rankings for FDI by country were relatively stable up to 2014. Since then, Hong Kong has surpassed Japan, the UK, and the US. The financial and insurance services industry was the largest recipient of FDI, having more than doubled to \$38.4b in 2019. FDI in the primary sector has also steadily increased rising to \$9.4b (mainly in forestry).

Credit ratings

Moody's reaffirmed NZ's 'Aaa' credit rating saying economic strength and fiscal strength was very high and growth robust. It expects NZ's economy to grow around its potential rate of 2.5%-3% in the next few years, in line with the median for Aaa-rated countries.

Economic indicators

The ANZ world commodity price index was flat in Sept after a 0.3% gain in Aug. It was 3.4% higher than it was a year earlier. In local currency terms, the Sept index rose 1.4% and was up 6.5% on the year. Dairy prices eased 0.5% in Sept but this was offset by increases elsewhere, including meat.

NZ's Aug trade deficit was \$1.6b, slightly wider than expected, as imports came in higher than forecast. The annual deficit was \$5.48b. ■

CORPORATE ROUND-UP

Primary sector

Fonterra reported a loss of \$557m in the 12 months ended July 31, widening from its maiden loss of \$221m a year earlier. Revenue fell 1.5% to \$20.11b, while its cost of sales decreased 1% to \$17.1b. The board set the farmgate milk price for the 2019 season at \$6.35 per kilogram of milk solids.

The co-op also unveiled its new strategic priorities, which it says will bring its focus back to NZ and prioritise value over volume/market share in global dairy exports. It will also pick more carefully the countries it operates in saying it has a good footprint in Australia and Chile, but generally its business is in NZ. **Ceo Miles Hurrell** downplayed speculation Fonterra could pull out of either but said “they need to stand on their own two feet”. The review of its loss making Chinese farms was continuing, but being active participants in the Chinese economy was still a priority. Fonterra’s intent and direction are good but lacking in detail, said **Jarden** research analyst **Arie Dekker**. An exit from Brazil appeared likely and Dekker would like Fonterra to be clearer on why it’s keeping its Australian and Chilean assets. Meanwhile, the co-op announced the sale of its 50% stake in DFE Pharma for \$633m and now has over \$1b available to repay debt. It will also close its cheese making plant in Kapiti and move production to Taranaki.

In a little-noticed blog post, **Massey University agricultural academic Keith Woodford** recounted his discovery that Fonterra was facing liquidity challenges shortly before it made a corporate bond offer in early 2009, which did include a high risk premium. Woodford described how he offered his back-of-the-envelope calculations to Fonterra senior managers, who invited him into their offices and conceded his analysis was correct. Woodford says then-ceo Andrew Ferrier checked in on the meeting several times. Woodford writes that he decided to say nothing with the bond issue coming up. There is no suggestion the bond offer documents were in any way incorrect. Approached for comment after Woodford’s post was published, the **FMA** said the issue was too far in the past to be a priority.

Tatua Cooperative Dairy reported earnings before tax and retentions climbed to \$140m in the year to July 31 from \$127m a year earlier, while revenue was up 2% to \$364m. It will make a cash payout of \$8.50 per kilogram of milk solids, up from \$8.10/kgMS a year earlier, and will retain \$1.16/kgMS of earnings compared to 52 cents/kgMS.

The Global Dairy Trade auction rose 0.2% from the previous auction two weeks ago. The average price was US\$3,306 a tonne, compared with US\$3,303 a

tonne two weeks ago.

Commercial catch limits for **tarakihi** will be reduced by 10% (25,000 tonnes) and hoki by 35,000 tonnes as part of sustainable fish stocks measure.

Mergers and acquisitions

Kathmandu will pay about \$368m to buy surf brand **Rip Curl** to add at least 10% to earnings per share and create an all-seasons company with \$1b-plus annual turnover. Rip Curl reported profit of \$27.2m on revenue of \$477.4m last year.

Energy and resources

US-based **8 Rivers Capital** says it is in talks to raise \$60m privately for its Taranaki carbon capture and storage project after abandoning a bid to get govt support. It is looking for 40PJ of gas annually for the project, but says it could scale according to gas availability.

Contact Energy is close to signing a project to instal an electric boiler for an industrial user to replace a coal boiler as part of its stated desire to offer low-carbon alternatives for commercial and industrial heat produced by coal and gas.

Bathurst Resources was cleared by the **Overseas Investment Office** to buy a 31.5 hectare rural lifestyle block to extend its Canterbury coal mining operations. The decision is arguably notable as it was approved by **Conservation Minister Eugenie Sage**, who was responsible for the overturning of an application earlier this year for purchase of land for a gold mine tailings dam on agricultural land. Bathurst’s OIO decision noted the 31.5 ha. of land in question was not regarded as an economically viable unit for farming.

Business NZ Energy Council executive director **John Carnegie** is to head the **Petroleum Exploration and Production Association of NZ**.

Banking, finance and insurance

The govt is planning to introduce a conduct licensing regime for banks, insurers and non-bank deposit takers which will be administered by the **FMA**. Soft commissions, such as overseas trips and bonuses based on sales volume, will be prohibited. The institutions will also be accountable for sales through third parties.

The **RBNZ** will pay a \$195m dividend versus \$430m a year earlier, largely due to a \$34m loss on foreign exchange revaluations in the year ended June 30, compared to a gain of \$237m last year. It said the bank would need more resources in the future due to increasing workload.

NZ's main banks will trial regional banking hubs and agreed with the govt not to close regional branches while the trial proceeds. Co-located **Kiwibank/NZ Post** premises are not included in the closure agreement. Details of security arrangements, including whether there will be cash-handling facilities at these informal branches, are sketchy.

Infrastructure

Watercare signed a \$2.4b contract with **Fulton Hogan** and **Fletcher Building** to provide water and wastewater infrastructure in Auckland for the next 10 years.

Outgoing **Air NZ ceo Christopher Luxon's** last minute advocacy of a second Auckland airport has hit a snag, as has the **RNZAF**, which operates from the Whenuapai airbase that Luxon nominated for the upgrade. A property developer won a noise complaint case against the airbase with the Environment Court ruling it must comply with noise restrictions when late-night testing aircraft engines. Defence Minister **Ron Mark** said an appeal was being considered as the decision could impact operations at NZ's largest air force base.

Transport and logistics

Jetstar made good on the hint given in **Qantas's** recent annual earnings report by announcing it will cease flights to NZ regional centres while retaining services connecting Akl, Wlg, Chc, Dud and Qtw.

Ports of Auckland's annual net profit for the year ended June fell 30% to \$53.9m due to disruption caused by the installation of automated equipment, the loss of a shipping service and a 14% downturn in car volumes. It said financial results would improve as it is at the top of an investment cycle.

Services industries

Gentrack again downgraded its expected year ending operating earnings, saying it expects to report \$25m-\$26m, a second downgrade since July. It says the latest downgrade is due to increased bad and doubtful debt provisions in the UK utilities market.

IkeGPS will raise up to \$6.5m at a small discount to buy **US engineering software developer PLT** for up to US\$3.4m in cash and shares. PLT is forecast to generate a profit of US\$300,000 on revenue of US\$800,000 in 2019 and provide new customers.

NZ Post on credit watch

Standard & Poor's put **NZ Post** on a negative credit watch because of the structural decline in mail volumes and the SOE's rising capital spending. S&P currently rates the postal service A+ for long-term

debt and A-1 for short-term debt. NZ Post's parcels business turned a small annual profit, but the whole business reported a loss of \$121m in the June year, compared to a profit of \$13m a year earlier when the bottom line was buoyed by Kiwibank earnings.

Media and entertainment

Sky TV asked shareholders to approve its move to hold on to the broadcast rights for Super Rugby and The Rugby Championship for five more years at a potential cost of more than half its market value of \$468.2m.

Spark weathered a storm of criticism after the quality of its broadcast of the first Rugby World Cup involving the All Blacks, against the Spingboks, deteriorated during the live broadcast. While the company has had no streaming problems before or since, the long tail of consumers having difficulty getting the Spark Sport service to work at home has hurt the company's reputation anyway. It appears Spark regards this somewhat inevitable damage as worth the prize of dragging hundreds of thousands of NZers to internet streaming.

Wholesale and retail

Warehouse Group adjusted profit, stripping out one-off and non-operating items, rose to \$74.1m in the year ending July 28 from \$59m the previous year. Sales rose 2.6% to \$3.07b and gross margin improved to 33.5% from 33.1% a year earlier.

Hallenstein Glasson Holdings said sales were up 7.2% in the first eight weeks of the 2020 financial year, with its Hallenstein Brothers menswear chain recovering from flat sales and a drop in profit and the Glassons chain reporting steady growth. Net profit was \$29m in the year ended Aug 1, up from \$27.4m a year earlier, beating guidance of \$27.7m-\$28.2m.

Innovation and technology

Stretchsense, a spin-off company from the **University of Auckland** making motion capture textiles used in the film industry, among other applications, has been sold to a NZ owner after going into administration in July.

Administrators said the identity of the buyer would become public after settlement.

Health and safety

ACC posted an \$8.7b paper deficit as low interest rates blew out its estimate for covering claims over the next 100 years. The accident insurer booked a \$570m cash operating surplus for the year and said it was still financially viable with the long term outlook driven by interest rates movements. ■

LEGISLATION

2020 sitting programme

The Business Committee has agreed on a sitting programme for next year with **Parliament to resume on Feb 11** after the summer adjournment. The House is yet to formally approve this. Parliament is now in recess for a fortnight with eight sitting weeks to go before rising for the year on Dec 19.

Budget legislation (Appropriation (2019/20 Estimates) Bill) was passed in the three week sitting block in Sept. The **End of Life Choice Bill** continued to make slow progress as a Member's Bill, but it appears set to pass later this year with a sizable majority backing it with a referendum.

RMA reforms, including the fast-track provisions to speed up regional council freshwater management plan changes were introduced.

- *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

Arms Legislation Bill - *Introduced Sept 18, the bill is the second tranche of gun law reform and includes a firearm register and tighter licensing regime. First reading Sept 24 with National opposed. Bill referred to the Finance and Expenditure Committee for reportback by Feb 10.*

Resource Management Amendment Bill - *Introduced Sept 23. Reverses a number of changes made by the last govt in 2017 around notifications and ministerial powers. Introduces a new process using freshwater commissioners to fast track councils' implementation of new freshwater plans, similar to the process used to speed up the Auckland Unitary Plan. First reading Sept 26 with National and ACT opposed saying many of the changes would make the law even more complex and increase costs and delays. Sent to the Environment Committee.*

Te Ture Whenua Māori (Succession, Dispute Resolution, and Related Matters) Amendment Bill - *Omnibus bill introduced Sept 19 making many technical changes to Māori land law and the Māori Land Court, including a new dispute resolution mechanism.*

Public Finance (Wellbeing) Amendment Bill - *Introduced Sept 11. Requires annual govt reporting on its Budget wellbeing objectives and periodic Treasury reporting on wellbeing in NZ. First reading Sept 17 with National and ACT opposed describing it as gesture politics. Referred to the Finance and Expenditure Committee.*

Auckland Regional Amenities Funding Amendment Bill - *A private bill introduced Sept 12. Removes from the Auckland Regional Amenities Funding Act the requirement*

for specified amenities to prepare IFRS-compliant financial statements and allows a single set of GAAP financial statements. First reading Sept 25 with support of all parties. Sent to the Governance and Administration Committee.

Bills in progress

Support Workers (Pay Equity) Settlements

Amendment Bill - *Introduced May 15. Gives effect to elements of the agreements between the govt and vocational and disability support workers, and mental health and addiction support workers. First reading on May 29. Supported by all parties and sent to the Health Committee. Reported back on Oct 1 with a number of changes including around the definition of 'employer' and backpay requirements.*

Remuneration Authority (Members of Parliament Remuneration) Amendment Bill (No 2) - *Introduced Aug 28, the bill returns the setting of MPs pay to the Remuneration Authority with it conducting one review after each election setting MPs' pay for that term of Parliament. First reading Sept 10 supported by all parties and sent to the Education and Workforce Committee.*


Election Access Fund Bill - *Drawn from the ballot Feb 22 in the name of Chloe Swarbrick. To establish an Election Access Fund to be administered by the Electoral Commission and used by any disabled candidate to cover disability-related costs of standing in a general election, by not-for-profit bodies to cover costs of making election education events and materials accessible. Supported by all parties in its first reading on May 16. Reported back Sept 24 with minor changes including the extension of the provisions to by-elections and strengthening of provisions for a review of the impact of the law change.*

Bills passed/failed

Kāinga Ora - Homes and Communities Bill

- *Introduced May 29. Consolidates Housing NZ, its development subsidiaries and the KiwiBuild unit into Kāinga Ora-Homes and Communities. Introduces a GPS on housing and urban development. Reported back Sept 6 with a number of changes including requiring Kāinga Ora to recognise the need to mitigate and adapt to the effects of climate change. National opposed saying there was little reason to set up an urban development authority in the absence of substantive reform of the RMA. Second reading Sept 17, committee stage Sept 18, third reading Sept 19. National opposing throughout.*

New Zealand Infrastructure Commission/Te

Waihangā Bill - *Introduced April 8. Establishes the Infrastructure Commission/Te Waihangā. Reported back Aug 23 with only minor changes including giving the Commission more powers to require information from local authorities. Second reading Sept 10, committee stage Sept 18, third reading Sept 24. All parties in support. *