

Big end of town gives 'greening finance' a big push

Page 2

The Sustainable Finance Forum interim report, issued yesterday by the recently formed Aotearoa Circle, is remarkable as a piece of collective corporate leadership for its consensus that the current financial system is "unfair" and needs to refocus on sustainable environmental and social outcomes. Its production of a legal opinion on fiduciary duties relating to climate change risk assessment is likely to be required reading for company directors.

Freshwater proposals the next ag/govt battleground

Page 3

With the ink barely dry on the highly significant compromise reached between the govt and farm leaders on agricultural greenhouse gas emissions, the outline of the coming tussle over freshwater reform has been drawn by analysis for DairyNZ suggesting nitrogen and phosphorous leaching standards could cut dairy production by as much as 24% by 2050.

High wholesale electricity prices hit Flick and smelter

Pages 4&6

The impact of sustained high wholesale electricity prices is starting to bite, with Z Energy writing down the value of its \$46m investment last year in wholesale price-taker Flick Electric by \$35m, while Rio Tinto's frustration with high transmission and electricity prices has given it the platform to reopen its public positioning on the future of the Tiwai Pt aluminium smelter.

Twyford in the gun - again

Page 4

Embattled transport, urban development and economic development minister Phil Twyford's capacity to be a lightning rod for political trouble is undimmed, with media and Opposition having a field day on Auckland light rail and Wellington transport package issues. However, his Cabinet position appears safe for now.

Chile's halo slips

Page 2

Often cited as Latin America's most stable and successful economy, Chile has suffered a massive global hit to its reputation with violent suppression of street protests throughout the country forcing the cancellation of the APEC and COP25 summits. The US and China will need to find another venue to sign their partial trade agreement.

Crunch time for minnow parties

Page 5

Four minnow parties that need to win an electorate seat to get into Parliament will be vying for media and voter attention between now and Christmas. TOP, Sustainable NZ, the Maori Party and the New Conservatives need to be within reach of 3-4% in early 2020 polling if they are to attract both volunteers and finance, let alone an electorate deal with one of the major parties.

TV3 sale - no govt appetite to intervene

Page 6

The govt is concerned by the further hollowing out of news services that a TV3 closure would cause, but is disinclined to intervene to assist the loss-making free-to-air broadcaster. It continues to mull low-cost interventions to shore up news coverage in areas of civic importance.

Big end of town gives big green finance push

An enormous PR effort went into this week's Aotearoa Circle Sustainable Finance Forum report.

Led by NZ Super Fund ceo Matt Whineray and Westpac SMT exec Karen Silk, the Circle boasts executive resources and endorsement from a broad range of NZ's large legal and accounting firms, the NZX, Contact Energy, HRL Morrison & Co, the Insurance Council, and several universities, to name but a few.

Whineray's brother and ceo at Mercury NZ, Fraser, is on the board, along with chair and long-time corporate sustainability activist Sir Rob Fenwick, MfE secretary Vicky Robinson and 'international support' from Sir Jonathan Porritt, the chair of Air NZ's sustainability advisory panel.

The RBNZ, MfE and FMA were all observers in the process and the central bank blanketed journalists with repeat emails of its statement supporting the forum's view that climate change risk assessment should be regarded as an inescapable fiduciary duty for company directors and investment managers.

The SFF interim report, on which feedback is sought, was backed with a special lift-out section in the NZ Herald, and was subject to a highly organised and assiduous PR process to put key commentators in touch with key spokespeople.

The interim report is also heavily influenced by Mindful Money, an ethical and sustainable investment business established by former Green MP Barry Coates. An MM board member, Justine Sefton, was one of three lead authors.

Big agenda

The report is remarkable for its advocacy, with such strong corporate backing, of the need to reform the financial system to be fairer and to deliver environmental and social good outcomes as well as profitability. While there has been much corporate talk in this area for years, the Circle's initial effort feels like a step up.

It makes recommendations in numerous areas, and there is occasional evidence of tension among participants between the impulse to regulate and the impulse to foster ethical, market-driven leadership rather than a compliance mentality.

Pricing of externalities and the expansion of fiduciary duties emerge as the two areas most susceptible to broad agreement for action and potential for impact.

Fiduciary duties and climate change

Members are invited to draw their boards' attention to the Chapman Tripp legal opinion, published with the report, that seeks to establish that managing climate change risk can be explicitly identified as a fiduciary duty.

"Our assessment is that a **director would not be able to avoid liability** for breach of s137 (of the Companies Act, covering standards of care) **by arguing that climate change does not exist.**"

A similar legal opinion has been the catalyst for legal action in Australia, where codification of climate change risk in both directors' duties and the central bank's financial risk assessment system is more advanced than in NZ.

ASEAN and APEC

The decision by Chilean President Sebastian Pinera to cancel APEC is the first time this has happened in the event's 30 year history, as is the cancellation of the UN climate change annual COP summit, in its 25th year.

It also raises the stakes on **this weekend's East Asian Summit** in Bangkok, which the PM will attend.

Many APEC economy leaders will be there but **not President Xi Jinping** (Premier **Li Keqiang** will represent him) or **President Trump** (who will be **represented by National Security Advisor, Robert O'Brien**) or **President Putin** (who will be represented by PM **Dmitry Medvedev**).

But there will be some big names, including **Shinzo Abe** from Japan and **Narendra Modi** from India.

APEC had been the intended venue for the signing of the 'phase 1' trade deal between Trump and Xi. Whether and how the emphasis in Bangkok swings from regional issues to the dominant global dispute, between the US and China, remains to be seen.

The Chilean cancellation robs Jacinda Ardern of high profile set-piece appearances at the Leaders Week summit, which both Ardern and John Key before her were fortunate to score. Ardern was to have headlined a panel on diversity in the workplace on the plenary day of the CEO summit, when Putin, Xi and Trump all make appearances. MFAT officials have been trying to line up extra bilateral meetings for her in Bangkok. Arranging those won't get any easier now that APEC is cancelled.

NZ has been careful in its preparation for the EAS to underline its neutrality on the key regional security issue: the **confrontation between a number of ASEAN states and China over the South China Sea**. Wording directly critical of China, which appeared in the Strategic Defence Policy Statement of 2018, had disappeared for this week's Advancing Pacific

Partnerships 2019 paper. Its publication came immediately after a Chinese naval vessel passed through Cook Strait and made a goodwill visit to Wellington coinciding with Labour Weekend.

MFAT officials insist there has been no change in NZ's "not picking sides" policy, in place since the last govt. That has been acknowledged, it would seem, in stepped-up rhetoric from Beijing in recent weeks attacking Australia over its overall policies towards China but silent on NZ. Ardern will have to navigate between Beijing and Canberra at the EAS summit carefully.

Meanwhile, it will be some months before Fletcher Construction can **start repairs and completion of the international convention centre** after last week's fire, but it may have just enough time to get it finished before the APEC Leaders Week summit in Nov. 2021. It was to have been completed by Q3 next year. MFAT is seeking alternatives anyway.

What hope for RCEP?

The EAS summit is **also scheduled to sign off "in principle" on the 16-member Regional Comprehensive Economic Partnership (RCEP)** on Monday. ASEAN Secretary-General Lim Jock Hoi on Sunday expressed confidence that the long-running regional negotiations will be completed in principle before Thailand's chairmanship of ASEAN ends at the end of this year.

Other reports suggest the deal is **still mired in the Indian govt's unwillingness to contemplate liberalisation of its highly protected agriculture sector**. NZ dairy access is apparently as much of a sticking point as ever.

Malaysia has also recently backtracked on its commitment to the deal and the trade and diplomatic spat between Japan and South Korea continues to fester.

Damien O'Connor will be in Bangkok for more talks this Friday, but given the difficulties over a number of issues, it would seem unlikely that the full deal will be completed this year.

From emissions, ag/govt turn to freshwater battle

On Wednesday last week, DairyNZ ceo Tim Mackle was shoulder to shoulder with the PM announcing the 'historic' deal between lead farming bodies and the govt on pricing agricultural greenhouse gas emissions.

Barely a week later, Mackle was issuing his organisation's opening bid on the next battleground between the govt and the rural sector: the proposed

freshwater reforms.

At the heart of the issue will be the Essential Freshwater package's requirements for reduced phosphorous and nitrogen leaching to meet new limits in monitored catchments.

Economic consultancy Sense Partners, under lead author and former NZIER deputy ceo John Ballingall, concluded the gross costs to the NZ economy could be in the order of \$6b annually, or a little over 1% of GDP, by 2050.

Add the requirements of the Zero Carbon Act, and the all-up cost of lost production could be around \$7b p.a.

However, if the package only requires a wider setback on fenced waterways, audited farm plans, and catchment-specific nitrogen caps where farms above the 75th percentile of nitrogen loss would have to reduce losses to below the 75th percentile, the costs "are not expected to have significant macroeconomic impacts". - perhaps \$500m to \$1b.

The Environmental Defence Society's submission on the reforms identified the nitrogen and phosphorous leaching standards as key to the govt achieving its freshwater clean-up aims.

Environment Minister David Parker took a measured approach to the DairyNZ economic output loss forecasts, but questioned its analysis.

"We thank DairyNZ for their work, but note that on first reading the analysis appears to overstate the cost impact of the proposed changes."

The modelling baseline was 'current state' with no implementation of the current National Policy Statement on Freshwater Management, which is "already requiring farmers to take steps to reduce pollution. The modelling attaches all these costs to the new proposals."

Tough love for beneficiaries

The National Party floated a tougher line on welfare policy, including the greater use of sanctions, time limits for benefit payments and requiring sole parents to have their children fully immunised to receive a benefit.

It would crack down on beneficiary payments to active gang members.

Sellout or progress on ag emissions?

For all the column centimetres of media commentary dissecting the decision on agricultural emissions pricing, **the substance of the decision was remarkably simple: the govt will go with the ag sector's preferred approach** rather than the approach recommended by the Interim Climate Change Committee. The detail is still to come.

However, there will be no levy on agricultural processors from 2021 and that \$47m+ annual revenue

from that levy, which would have been recycled into r&d for on-farm emissions reduction will not occur.

Instead, industry bodies will themselves fund such efforts to the tune of \$25m a year. Efforts will begin immediately to devise a nationally applicable Farm Environment Plans system that will become the benchmark against which farms' emissions performance is judged.

If, by 2022, there is insufficient progress on the development and implementation of FEPs, the govt retains a backstop right to impose the processor levy. **Farming leaders didn't like that, but there had to be something in this intensely political arrangement that they could complain about.**

Without it, the sniping from former Greens co-leader Russel Norman, now more happily installed as a constant critic of govt policy as head of Greenpeace in NZ, might have got more traction with his claim that the deal was a 'sell-out'.

If there is a hole in the plan, it's the **potential for mass forestry plantation to stifle the emergence of the meaningful carbon price that is needed to drive emissions reductions** across the NZ economy. This is the issue that the Parliamentary Commissioner for the Environment, Simon Upton, raised mid-year, only to be shot down immediately by Climate Change Minister James Shaw.

There appears to be no appetite to revisit this issue, notwithstanding the visceral opposition to plantation forestry that is emerging in parts of the farming sector. Under Upton's approach, forestry would be allowed to offset agricultural emissions only.

A significant element of the whole negotiation that led to the adoption of the farming groups' He Waka Eke Noa plan **is that the PM got directly involved**, where the notoriously inflexible Parker had previously had the lead.

The **compromise on emissions may yet prove significant in the context** of the govt's determination to achieve an outcome on freshwater changes that meets widely expressed public concerns.

Can Phil Twyford do anything right?

Phil Twyford may ultimately be remembered as a politician who had all the right answers but never mastered the levers of power to implement them.

Having survived his demotion from the housing portfolio because of the failure of KiwiBuild to come anywhere close in practice to matching its rhetorical promise, Twyford was left in the transport and urban development portfolios and given a leg-up to the powerful economic development portfolio in the

June reshuffle.

Now, the transport portfolio is turning into a mess, while environmental activists are finally starting to make a noise about the fast-track powers planned in Urban Development Authority legislation, which have been at least four years in the making.

Both issues look likely to test to the limits Twyford's unfortunate capacity to walk headlong into foreseeable trouble.

Having replaced most of the previous NZTA board and stacked it with a combination of like-minded supporters or broad stakeholder representatives at the expense of infrastructure project execution expertise, Twyford finds himself in a new world of political turmoil over the future of Auckland light rail.

It appears the upheaval overseen by Twyford at the transport agency is manifesting in strategically leaked documents. These appear intended to suggest that Twyford, rather than officials or NZTA board members, is responsible for a messy process since the appearance of the NZ Super Fund/Quebec alternative proposal for the Auckland light rail project.

Further documents, released this time under the Official Information Act, underscore that impression, with officials being seen to have sought greater clarity from their minister and Cabinet about the intent of the light rail scheme.

Twyford's response: the officials failed to do the job they were asked to do. Ardern has been obliged to express "full confidence" her accident-prone senior minister, who will be at the Hugo Group breakfasts this month, in Wellington on Nov 12 and Auckland on Nov 15.

Smelter politics

On one hand, the Rio Tinto feint on electricity pricing for the Tiwai Point aluminium pricing is just the usual softening up ahead of renegotiations, which are don't even get serious until the early 2020s, but always take a few years to complete.

However, the extent of Rio's discouragement at the recent sustained high average cost of wholesale electricity, which the smelter does face for some of its load, and the cost of higher-than-anticipated transmission pricing, should not be underestimated.

A major impediment to closure remains the \$400m or so estimated cost of site remediation.

Drinking water regulator

The govt will legislate for the creation of a new stand-alone drinking water regulator. ■

Next six months make-or-break for minnow parties

The **next six months will be crucial for four minnow parties, currently unrepresented in Parliament**, to prove to potential donors that they're worthy of support. That means getting on the map before Christmas, when NZers are traditionally said to head to beach, talk to their friends, and decide how to vote.

There are four such parties: the **Maori Party; Sustainable NZ; TOP; and Conservative NZ.**

Sustainable NZ

Vernon Tava's Sustainable NZ party has a launch event on Sunday, Nov 10, in the heart of Grant Robertson and James Shaw territory, the Wellington Central electorate's Zealandia eco-sanctuary.

The party's **policies read a bit like United Future's** in their centrist, but environmentally ambitious stance, consistent with a party that says it can work with either National or Labour. Labourist website The Standard labelled the party a "right wing environmental sock puppet" for National.

"The Greens have a historic tendency to be suspicious of scientific innovation – particularly in biotechnology – and hostile to business," Tava has said. "NZ deserves a political party that will work together with the innovators in business and science who will lead the way through the complex and interconnected sustainability challenges of the coming century."

This is **more a Blue-Green than a current Green Party view of the world.** Emissions reductions policies feature in the Sustainable NZ manifesto, but its top three priorities are listed as: freshwater quality; saving native species from extinction; and creating "sustainable economic growth".

Tava stood unsuccessfully for co-leader of the Green Party in 2015 and then failed to gain the National Party candidacy for the Northcote by-election in 2018, won by National MP Shane Bidois, replacing Jonathan Coleman.

New Conservatives

Also making a splash in Wellington in November is the New Conservative Party, a **pro-gun, pro-Israel, Christian faith-based party, which is holding events in the capital Nov 8-10.**

TOP

Elsewhere TOP, aka The Opportunities Party, now shorn of founder Gareth Morgan and his substantial funding, has **rebranded under the**

leadership of Morgan acolyte Geoff Simmons. A TOP candidate, economist Jenny Condie, won a seat in the Wellington city northern ward in last month's local govt elections and the party has polled well in Christchurch.

Simmons is **doing what all the small parties are doing: chasing 2-3% in public opinion polls by next March, at the latest.** That sort of showing would likely **secure funding from sympathetic supporters of means**, who would back a party that **could win an electorate seat and bring 2 or 3 MPs to Parliament.**

TOP is a more progressive, media-savvy version of Sustainable NZ, willing to work with both National and Labour. It supports decriminalisation of marijuana, gene editing and universal basic income.

The party had momentum before the 2017 election, but Morgan's aggressive tactics squandered it. It remains to be seen whether the souffle can rise twice.

Maori Party

The Maori Party has had **substantial publicity from its involvement in the Ihumatao land dispute** near Auckland airport, which has faded from the headlines but remains an **unresolved and politically difficult issue for the PM.** Its Kingitanga roots have been strengthened by the Ihumatao involvement but its leverage with Labour is diminished since its new president, Che Wilson, appears unlikely to be willing to work with National.

Crowded space for electorate deals

Obviously, not all these parties can succeed in the crowded space of wanna-be friends for National as well as Labour.

All are very dependent on the prospects for NZ First and/or the Greens changing dramatically to make voters willing to give them a shot. Will both comfortably get above 5% or do both need the security blanket of an ACT-in-Epsom style territorial electorate of their own in 2020 to be sure of staying in Parliament?

Would Grant Robertson throw Wellington Central to James Shaw? What if a Shane Jones brain explosion or NZ First's financial probity issues become toxic enough to keep NZ First out of the next Parliament? It's possible.

Where Simmons might be able to do an urban electorate deal isn't obvious. Would Labour cede Miramar, where former city councillor Paul Eagle is MP but not setting the world alight? Is there a Christchurch seat where the party has polled well and where National might let the telegenic and articulate Simmons have a crack? 🇳🇿

CORPORATE ROUND-UP

Primary sector

Synlait Milk announced the purchase of South Canterbury's **Dairyworks** for \$112m, subject to **Overseas Investment Office** approval. Dairyworks will operate as a stand-alone business under the Synlait umbrella. Dairyworks has 240 staff and will bring Synlait's total headcount to around 1,200.

Rival dairy processors fear **Fonterra** will get an unfair advantage from proposed changes to the law governing the dairy sector and have warned MPs against rubber-stamping certain provisions, including ending the open entry and exit provisions for farmers. Fonterra told the select committee the requirement for it to supply milk tilted the playing field in favour of foreign-backed competitors and it wants the right to decline any farmers to supply the cooperative. Meanwhile, it lifted its 2019/2020 forecast **farmgate milk price** range from \$6.25-7.25 per kg of milk solids to \$6.55-7.55kgMS as global dairy prices rise.

PGG Wrightson affirmed annual operating earnings guidance will exceed \$30m in the year ending June 30, up from \$24.4m in the June 2019 year. Chief executive **Stephen Guerin** said horticulture had growing global demand and a continuing trend of livestock farms converting to orchards and vineyards.

Comvita chair **Neil Craig** is planning to step down after the a new chief executive is appointed, probably before the end of the company's financial year next June. Craig told shareholders **Brett Hewlett** will succeed him. Hewlett has been acting chief executive since **Scott Coulter** stood down from that role in Sept.

Telecommunications, entertainment and media

TV3 owner **MediaWorks** placed the loss-making linear TV broadcaster on the market, prompting fears its news service will be lost. MediaWorks head of news **Hal Crawford** is to leave the company in Feb next year. There is no govt appetite to intervene on TV3's behalf, with key ministers disinclined to support a loss-making enterprise in the current disrupted environment. Meanwhile, MediaWorks's 40% shareholder, **QMS**, is to be bought by Aussie private equity fund **Quadrant Capital**.

Spark Sport has a new deal with the **International Cricket Council** to make available near-live, in-match content, as well as post-match highlights clips (provided by the ICC) on-demand for all global ICC events. **Sky TV** signed up **Netball NZ's** broadcasting rights for another three years.

Chorus is keeping an open mind about investing in mobile network assets as 5G internet rolls out, but is

not commenting on analysis suggesting it could be a buyer for assets built by NZ's third-largest mobile player, **2Degrees**. Chair **Patrick Strange** warned the **Commerce Commission's** pending decisions on the network operator's new regulatory settings would be a litmus test for international infrastructure investors considering investment in NZ.

Energy and resources

Generator-retailer shares dropped sharply after **Rio Tinto** announced it is reviewing the future of the **Tiwai Point** aluminium smelter due to low aluminium prices and high electricity costs. **Meridian Energy** supplies the smelter and said it remained open to negotiations. The govt said it would not subsidise the smelter again after it gave \$30m in 2013 to secure the smelter's ongoing production.

Mercury NZ raised its full-year earnings guidance by \$25m due to rising storage in its Waikato catchment and sustained high wholesale electricity prices. It's now expecting June-year earnings of about \$510m, up from the Aug guidance of \$485m. It also began construction on its 119MW **Turitea wind farm** in the Tararua Ranges.

Z Energy wrote down the value of its 70% stake in **Flick Electric**, for which it paid \$46m last year, by \$35m. The writedown was a major contributor to net profit falling from \$77m in the previous half-year to \$22m in the six months to Sept 30. Flick's customer base of 25,000 has been retreating because of sustained high wholesale power prices. Flick's business model relies on offering customers electricity at wholesale prices.

OMV plans further maintenance at the Pohokura gas field next year. It has already signalled a two-week shutdown of the onshore processing plant in late March. It is now also planning a proactive inspection of the offshore pipeline ahead of recertification in mid-2020, which may identify remedial action requiring offshore outages.

Banking, finance and insurance

ANZ's NZ net profit fell 8% to \$1.83b in the 12 months ended Sept 30, as fair value movements in financial instruments and insurance policies, and year-earlier gains on asset sales, pushed the bottom line around. Cash earnings from continuing operations fell 4% to \$1.53b, as it lifted bad debt provision to \$92m from \$6m a year earlier. It also had a 5% increase in operating costs to \$1.33b.

The **RBNZ's** Sept **credit conditions survey** found a sharp deterioration in banks' risk tolerance, balance sheet constraints, perception of risk and concern about regulatory changes. Credit availability has

reportedly tightened for commercial lending of all types. Mortgage finance is less constrained.

Tourism, transport and logistics

Significant changes to connections between NZ, the US and the UK have been announced. **Air NZ** will drop its long-running NZ1 route from Auckland to London via LA after Oct 2020. It will no longer fly to London at all, but will introduce a direct Akld-New York service. **American Airlines** is also to introduce new Akld and Chch connections to the US via Dallas-Fort Worth. **Cathay Pacific** has made its first flight using an Airbus A350-1000 from Hong Kong to Akld in under 10 hours.

Air NZ is to add extra flights following **Jetstar's** withdrawal from regional routes. It will operate an additional 253 one-way flights in Dec between Auckland and Napier, New Plymouth, Nelson and Palmerston North, as well as between Nelson and Wellington.

Wellington mayor-elect **Andy Foster** floated the potential for the city to sell its 34% share of **Wellington International Airport** to allow investment in more pressing local infrastructure needs.

The **Customs Service's** Secure Exports Scheme is being expanded to businesses using air freight to get their products to overseas markets.

Port of Tauranga forecast a full-year profit of \$96m to \$101m despite slightly weaker cargo volumes in the Sept quarter and a 6% decline in earnings. It reported a record net profit of \$100.6m in the year ended June 30, up 6.7% on the back of a 10% increase in cargo to 26.9m tonnes.

Napier Port shares hit a record after its cargo and container volumes beat forecasts. Total container volumes were up 1.9%, buoyed by a record apple export season and increased meat exports. Bulk cargo rose 10.8% to 3.4m tonnes as log volumes from Gisborne picked up in the fourth quarter.

Tourism Holdings said its US average vehicle sales margin was down 40% in the first quarter from a year earlier. **THL** said if the market dynamics continue net profit excluding one-off items would probably be lower than the prior year's result of \$27.9m, which was down 26% on the prior year.

Freightways raised express package prices in Q1 and has a smaller increase flagged for the fourth quarter. It also announced the acquisition of **Big Chill Distribution** for \$117m.

Convention centre fire

SkyCity Entertainment Group shares dropped to a seven-week low in the immediate reaction to the fire at

the already-delayed convention centre. The stock fell as low as \$3.82 after news broke.

Fletcher Building says it will be a matter of months before a repair and completion schedule can be determined. Auckland mayor **Phil Goff** expressed doubts the convention centre would be ready for the **APEC Leaders Week** in Nov 2021. It was to have been completed in Aug 2020.

Hi-tech and innovation

Apple valued **PowerbyProxi** at almost \$270m as it shifted the NZ firm's assets to a related US entity. Apple bought the company in 2017 for an undisclosed sum after it was spun out of **The University of Auckland** in 2007. The firm, which developed wireless charging technology, had valued its intangible assets at \$5.2m before the Apple deal was done.

Serko shares jumped after it emerged **booking.com's** owner was backing the firm in a shares issue.

Eroad reported strong third-quarter sales growth but didn't pick up as many small to medium business customers as expected. It is also looking at a possible secondary listing on the **ASX**.

Wellington Drive Technologies posted a \$580,000 net profit for the nine months ended Sept and expects earnings to be \$3m-3.5m for calendar 2019, up from previous guidance of \$3m.

Healthcare and retirement

Metlifecare will buy back up to \$30m of shares after feedback from its major shareholders, having rejected the idea two months ago. Chair **Kim Ellis** said the share price was trading at a "significant and largely unexplained discount" to underlying value.

Commercial property

Commissioners granted a new resource consent for the **Shelly Bay** development in Wellington, which the newly elected mayor opposes.

Courts and regulation

The **Overseas Investment Office** settled an investigation into **JBS Australia's** links to Brazilian corruption allegations. **JBS Australia** obtained OIO consent in 2016 to acquire a majority interest in NZX-listed **Scott Technology**. The regulator said it was now satisfied those involved in the corrupt activities no longer exercised control over **JBS Australia** or its investment in **Scott Technology**, but said it would force divestment if the situation changed.

Another class action related to the collapse of **CBL Corp** has been launched, with the support of the insurer's major shareholders and targeting **CBL's** directors. The suit is being backed by litigation funder **LPF Group**. ■

LEGISLATION

Zero carbon law to progress

The House was adjourned this week and resumes on Nov 5 after sitting for two weeks in October. The govt will be giving priority to passing the **Climate Change Response (Zero Carbon) Amendment Bill** through its remaining stages and send the **Climate Change Response (Emissions Trading Reform) Amendment Bill** to select committee.

After months of debate, the committee stage of the **End of Life Choice Bill** was completed with MPs agreeing by 63 to 57 to its passage, probably this month, and a referendum at the 2020 election, alongside the recreational cannabis referendum.

- *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

Climate Change Response (Emissions Trading Reform) Amendment Bill - Introduced Oct 24. Makes numerous amendments to the Emissions Trading Regime which have been previously announced. Phases out the industrial allocation of NZUs, introduces an auction system with the potential for a cap and minimum price for NZUs. Attempts to make forestry rules more user-friendly. A new policy is to legislate for the inclusion of biological agricultural emissions from 2025.

Education (Pastoral Care) Amendment Bill - Introduced Oct 15. Enables the Education Minister to create a mandatory code for domestic students alongside the existing International Students Code of Practice 2016. First reading Oct 17 with all parties in agreement. Sent to the Education and Workforce select committee for Dec 3 reportback.

Bills in progress

Climate Change Response (Zero Carbon) Amendment Bill - Introduced May 8. Sets in law a new emissions reduction target for all greenhouse gases, except methane, to net zero by 2050. Targets 10% reduction in methane emissions by 2030, and a provisional reduction between 24% and 47% by 2050, reviewable by the Climate Change Commission, to be established under the bill. The Commission will provide advice and recommend five-yearly emissions budgets. Requires the govt to make climate change adaptation plans. Reported back Oct 21 with targets unchanged. Amendments made to emphasise the powers of the Commission to recommend changes to targets and carbon budgets. Strengthens rules around release of reports and ministerial responses. Reduces options for using international carbon credits.

Companies (Clarification of Dividend Rules in Companies) Amendment Bill - Introduced April 5. Members' bill in the name of Todd Muller. Amends the Companies Act regarding dividend rules for "dry shares". Committee stage completed Oct 23 with Labour and NZ First now agreeing to support.

Maritime Transport (Offshore Installations) Amendment Bill - Introduced June 20. Increases the requirements on owners of offshore oil and gas installations to hold insurance for clean-up and compensation resulting from an oil spill. Reportback extended to Nov 18.

Regulatory Systems (Economic Development) Amendment Bill - Introduced July 11. The bill is one of three cognate omnibus bills amending legislation administered by the MBIE, addressing duplication, gaps, errors, inconsistencies and some compliance costs. Committee stage of all three bills completed on Oct 22. Other affected bills are **Regulatory Systems (Housing) Amendment Bill (No 2)** and **Regulatory Systems (Workforce) Amendment Bill**.

Te Ture Whenua Maori (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. First reading Oct 15 with all parties in agreement and sent to the Māori Affairs Committee.

Bills passed/failed

Conservation (Indigenous Freshwater Fish) Amendment Bill - Introduced Aug 9. Creates a new regulatory regime for freshwater fisheries including whitebait and eels. Committee stage Oct 15. Amendment passed for two year moratorium on any catchment plan on conservation land stopping whitebaiting. Third reading Oct 16 with National and ACT opposed.

Legislation Bill - Introduced June 20. Replaces the Legislation Act 2012. Second reading Oct 15, committee stage Oct 16 with the bill divided into the Legislation Bill and the Legislation (Repeals and Amendments) Bill. Third reading Oct 22 with all parties in agreement.

Local Government Act 2002 Amendment Bill (No 2) - Introduced June 9 2016. Committee stage completed on Oct 15 with amendments passed as earlier suggested by minister. Third reading on Oct 16 with National and ACT opposed.

Partnership Law Bill - Introduced May 28. A revision bill to update the Partnership Act 1908. Only intended to modernise and remove inconsistencies with no policy changes. First reading on June 11 with no debate due to its status as a review Bill and referred to the Justice Committee. Reported back on Aug 30 with no amendments and MPs satisfied it made no change to law. Second reading and third reading on Oct 15 by leave and with all parties in agreement. 