

# M&F

Molesworth & Featherston In The Loop

## POLITICS AND ECONOMICS

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### Updated Report

## The autumn of David Benson-Pope

The signs are that David Benson-Pope will hang on to his job. Helen Clark has not given any indication she will drop him. The week ends with the opposition having over-reached in parliament. First Rodney Hide announced he would go to the police. That will only shift the focus away from serious allegations of misleading the House, and back to the trivial substantive allegations. Then the opposition in the House called Mr Benson-Pope a 'bully', a 'liar' and a 'pervert.' Pervert? The expression demeans its user when it describes a genuine child molester like Graham Capill. It is ugly and wrong in this context.

But Labour has been leaden-footed in exploiting the opening the opposition left it. Its handling of the affair throughout has looked careless and slow.

With Helen Clark's media chief taking control, Mr Benson-Pope finally fronted on Thursday and all media were at last given interviews. The mixture of apologies, explanations and stories about the effects on his family are designed to humanise him.

The government seemed distracted when the stories first broke. Comments defending Mr Benson-Pope mostly carry an out-clause. There was an air of backsides being covered just-in-case Plan A fails. Helen Clark appears to have adopted the Bolger strategy she privately ridiculed in Opposition: toughing out the attacks. Maybe now she has been through the wringer herself a couple of times she has more sympathy for besieged ministers. Or maybe she feels vulnerable about appearing to hold others to a higher standard than she held herself.

So for now the PM and senior ministers are backing B-P, saying he is an honest man and the allegations do not warrant the removal of his warrant.

The questions may continue next week, but the opposition, which showed almost unprecedented focus and teeth early in the story's life, will need to handle itself better next week as well. If it does, then we know the pattern -- sometime soon the PM will try to take back control of the story. Media will be quietly told she has decided to act and shortly afterward the minister will be informed.

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## Weekend update

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### *Intro par*

Nuggets from the Finance Minister's first big briefing on the economy of the new year (delivered to a select group gathered at lawyers Chen Palmer):

- He has his eye on electricity sector reform.
- Transit's practice of issuing a 10-year forecasting plan is due for a filleting ("it is a hiding to nothing exercise").
- The Land Transport Management Act will not be changed to make public-private partnerships and private tolling arrangements easier, despite a likely parliamentary majority in favour.
- The Budget will be "boring – deliberately boring".
- That the housing market will follow the usual New Zealand experience – "rise, plateau, rise, plateau" rather than fall like that in Brisbane or London.
- He is reluctant to make further changes to the Resource Management Act until the current changes are bedded in and the courts have had a chance to get some case law under their belts.
- To encourage exports the Government is looking at pushing more strongly to take advantage of trade deals, rather than sitting back and expecting the goodies to flow. It may also look at beefing up our trading posts offshore or even bringing trading prospects to tour this country – something that has mostly been done in the investment area to date.
- The 10 per cent-plus nurses wage settlement was not a trendsetter for the state sector, which would be required to pull in its belt and from the extra resources it had deliver the promised productivity gains ... starting from NOW.

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### *Media tattle*

The query "How's the internet dating going?" was apparently the remark that started a messy brawl between TV One and Three staff at the farewell party for TV One gallery reporter Kris Fafoi a week ago. (He's off to sunny England). 3's "Sluggin" Steven Parker and One's Mark "The Terminator" Torley have not previously been seen as title prospects.

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**Intro**

## Rolling average poll of polls

**Mole Poll needs feeding**

It is a thin old time for polling at the moment, with only One News and NBR regularly in the field. Therefore, with no new data our rolling poll is unchanged this week.

Assuming, as always, that sitting leaders hold their seats and the Maori Party retains the four seats it won in 2005, it is a 123-seat Parliament with two Maori seats and one Progressive seat as overhangs.

	Percent	Seats
Labour	42.15	54
National	41.52	53
Greens	6.59	8
Maori	1.72	4
United Future	1.60	2
Act	1.14	1
Progressive	0.18	1
NZ First	3.61	0

***We're a week away from the next monetary policy statement. A consensus has formed that inflationary pressures have weakened.***

Business confidence remains very weak. The National Bank's regular survey shows a net four percent of businesses expect their level of activity to fall. That's slightly worse than two percent in December. "Such levels have typically coincided with a short-term contraction in economic activity. Yet such a decline also needs to be put in perspective. After five years of stellar growth, the economy is now entering a more sedate growth phase, as is required to alleviate pressure on resources," the bank said.

This month's CTU economic outlook says economic growth of around two percent is expected for the next two years, picking up again in 2008. "This is far from the recession some sections of business seem to be intent on talking us all into – but it is about the half the growth rate of the last few years."

***The Kiwisaver plan is scheduled to come into effect on 1 April next year.***

All adult employees, full- or part-time, will be able to put four or eight percent of their gross salary into a personalised savings account. The fund will be portable and you will be able to take it with you when you change jobs and suspend payments if your personal circumstances change. There will be a thousand dollar government hand-out when accounts are opened and industry-pleasing subsidies for management fees.

Although the government claims the scheme is 'voluntary', it is 'opt-out' for new employees and 'opt-in' for everyone else: All new employees will be automatically enrolled and have six weeks to decide whether to stay in. Existing employees, the self-employed and beneficiaries, have to join up. Contribution 'holidays' will have bureaucratic minimum and maximum periods.

National's John Key is calling the scheme 'a glorified Christmas Club'. Because savings can be withdrawn at any time, it encourages 'short-term behaviour', he says, whereas "boosting the savings rate requires a long-term commitment." The government says savings can't be easily withdrawn - Kiwisavers have to make application on strict hardship criteria. They will be able to withdraw their cash after three years to buy a first home (and receive \$1000 for each year's membership in KiwiSaver, up to a maximum of \$5000).

Employers will have to:

- Take the time and effort to learn about the new scheme. (the scheme's publicity to date doesn't even recognise this onerous business cost).
- Hand out IRD info packs to new staff.
- Enrol staff who don't opt out.
- Deduct employees' contributions along with PAYE.

If they operate their own scheme, or select a preferred provider, employers have still further responsibilities. They will have to be very careful not to make themselves investment advisers or promoters of schemes.

The idea behind a portable workplace super scheme is sound and there will be a political consensus behind the principle. But many of the details will get a going over in select committee as the scheme chugs through parliament.

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