

Polls vs perception – stick with the average

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The latest Roy Morgan poll shows National at 53% and slumps for Labour, the Greens and NZ First. Unless voters have turned off the Labour/Greens MoU, that result is counter-intuitive. Likewise, a leaked internal Labour poll puts National surprisingly low at 41%. The average of recent polls suggests the govt continues on a level track, despite an awful few weeks.

Disentangling the China steel ‘threat’ story

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“Untidy” hardly begins to describe the handling of the alleged ‘threat’ from Beijing of trade retaliation if NZ found a case for anti-dumping measures against Chinese steel imports. Our best take is that the Chinese reaction was real, but unexceptional; that its disclosure to news media over-hyped the issue; and that Trade Minister Todd McClay’s inexperience was very exposed.

Keep watching Turkey

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The failed coup in Turkey is leading to a crackdown on liberal elements of civil society and the Turkish military that suggests an entrenchment of an increasingly dictatorial and Islamist govt in Ankara. Sitting at the intersection of Europe, Russia and the Middle East, this is a deeply troubling development for global security.

Tuku Morgan rampant

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The election of Tuku Morgan to president of the Maori Party represents a victory for those in the party who believe it is too close to National and should be a clearly left-leaning party. It is a defeat for Te Uruora Flavell. By cozying up with Mana’s Hone Harawira, the party risks undoing its emerging positioning as an outside chance alternative coalition partner instead of NZ First.

Veep nominees support TPP?

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The tea-leaf reading on TPP’s prospects of passage through the US Congress in a post-presidential election ‘lame duck’ session continues. Donald Trump’s running mate, Mike Pence, is staunchly pro-free trade and has supported TPP, while the current front-runner for Hillary Clinton’s running mate, Agriculture Secretary Tom Vilsack, has also been an advocate for it.

Gunning for a lower dollar

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The RBNZ made it clear by its out-of-cycle economic update and fresh LVR initiatives that its primary goal for monetary policy is now a lower kiwi dollar. So far, the currency has fallen significantly since 14 month highs last week, although it remains well above levels forecast in the June Monetary Policy Statement. An August OCR cut looks assured, and perhaps in November.

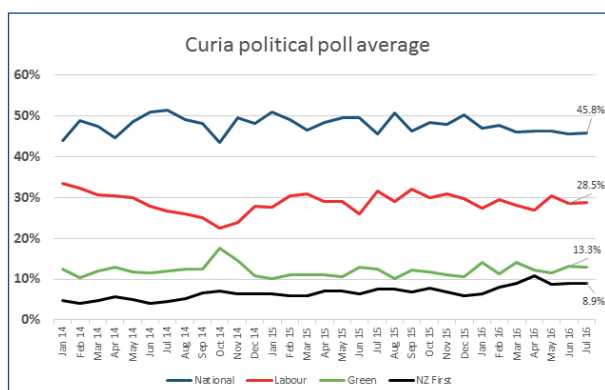
Meat industry cost pressures spur MIA to join court action

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The Meat Industry Assn has been joined to an appeal by Affco against an Employment Court ruling deeming season workers to be permanent employees, fearing the impact of the decision’s confirmation across the sector as a whole.

A rough few weeks and a surprising poll

When your luck turns in politics, it can often seem to turn on many fronts at once. **What would have been isolated or unnoticed mis-steps in a period of stronger performance can suddenly cohere to a swing in fortunes.** That appears to be happening to the govt at the moment – housing unaffordability dominates news, the ceo of the local arm of the ANZ having all but labelled it a bubble about to burst; and the poor handling of the alleged threat of Chinese retaliation if NZ imposes countervailing duties on steel imports should all have hurt the govt. At the same time, Labour appeared to mount a successful centennial anniversary where it launched an updated version of its interventionist KiwiBuild policy.



However, if all that's so, **how to explain Roy Morgan's July poll**, which puts National at a commanding 53% support while Labour at 25.5% was at its lowest since May 2015, the Greens were off 3 points at 11.5% and NZ First at 7% was down 2 points. Conventional wisdom says the Roy Morgan polls are 'whippier' than others but dismissing it as a 'rogue' is too simple. That said, it is completely at odds with Labour's latest UMR poll, which has leaked and shows a 5 point step up for Labour, to 32%, the party's best showing since Phil Twyford's much-criticised 'Chinese-sounding names' gambit, which the party dropped because of the backlash. This poll covered roughly the same time period as Roy Morgan's, put the Greens at 12% and showed the Labour/Greens coalition at 45%, firmly ahead of National at just 41%. UMR's reading is lower than most public polls for National, which lost only 1 point in this poll. For the moment, we suggest the average of all available polling remains the best guide (see above). That continues to put NZ First in the kingmaker position, at around 10%. As we've noted previously, it cannot be assumed that NZ First will swing centre-left, or that if it does, Labour and the Greens will remain cohesive. However, Winston

Peters has reached a new level of anti-National stridence by calling for Bill English's resignation. Meanwhile, there has been polite applause from all quarters, including Business NZ, for the **Greens' announcement it would seek the appointment of a Minister for Manufacturing** in a Labour-led Cabinet.

Members please note: Curia's principal and the National Party's primary pollster, David Farrar, has agreed to address the Hugo breakfasts in September.

Key in Europe

Less than two months after French Prime Minister Manuel Valls visited NZ and met with John Key, the PM returned to Paris for a meeting with him. Whilst in France for the centenary of the Battle of the Somme, the fact that he managed to arrange what appears to have been a last-minute meeting with Valls is a significant indication of how much Brexit will change NZ's diplomacy – and of European willingness to engage with traditional British allies to make the point that Britain is choosing to isolate itself while Europe seeks to remain engaged.

Trade Minister Todd McClay has made it clear that he regards a free trade agreement with the 27 remaining members of the EU as a priority. But until now, NZ has approached the negotiations through what could be called the 'British door'. That must now change, and NZ must develop a whole network of bilateral relations in Europe.

Key's trip to Paris and also Rome has to be seen in that light, although diplomacy-watchers question why he prioritised a visit to the outgoing UK PM David Cameron – something of a wasted trip given he was on his last day in office and there was no meeting with his replacement, Theresa May – over making calls in Brussels.

The omission has been noted.

What's also clear is that to advance an EU-NZ FTA, there will be quid pro quos. For example, the French have already got a NZ undertaking of support for New Caledonia becoming a full member of the South Pacific Forum. Italy and NZ interact through the Antarctic Treaty, which is becoming an increasingly important diplomatic avenue for NZ as world attention turns to Antarctic because of climate change - a fact underlined in the recent Defence White Paper.

But expect to see a raised profile for European diplomacy as the free trade negotiations unfold. The EU delegation in NZ has been 'reaching out' already to NZ journalists and commentators, hosting a briefing in Auckland examining NZ media perceptions of Europe that focused on the extent to which NZ media tend to syndicate EU news sourced from Euro-sceptic sources such as The Daily

Telegraph, Daily Mail and The Times.

Trade diversity – the Indonesia opportunity; UK less important

This might also be seen alongside Key's reminder in Indonesia this week that we need to diversify our trade so that we do not risk becoming dependent on China as we once did Britain. That's another reason why there is a desire to get the EU deal done.

There is still a desire to do a deal with Britain, but the Beehive appears to be phlegmatic about this, recognising there are bigger countries in the queue ahead of NZ and having experience with Theresa May, who was not sympathetic to Key over the question of NZers' visas to work in Britain.

The early offer to the UK to make use of borrowed NZ trade negotiators has been quietly shelved as a skilful but ultimately empty piece of self-promotion on NZ's part in the early post-Brexit environment.

China and anti-dumping – 'untidy' to say the least

After a week of feverish and at times contradictory reports and statements from involved parties, what do we really know for sure about the supposed Chinese 'threats' against NZ trade interests if Chinese steel imports were subjected to anti-dumping provisions?

Answer: that the China-NZ trade and diplomatic relationship has taken a fairly serious hit, despite NZ being a tiny market and having in place one of the world's least onerous customs treatments for Chinese steel. The political management of the issue has been deeply untidy, leaving Fonterra, Zespri, and senior govt ministers looking compromised and, behind the scenes, despairing at what is almost certainly an issue that has been conflated by a variety of factors.

These include the fact that China is extremely sensitive on numerous fronts at present - the South China Sea ruling that says its territory-grabbing adventures there breach international law and a US-led and arguably protectionist global push to curb low-priced Chinese steel exports. Also at play is the efforts of a Sunday newspaper to justify its original story, which was almost certainly overblown.

What don't we know for sure? The following things, if not more:

- Whether the story was assisted by lobbyists for the steel industry interests to see off any suggestion of a Chinese retaliation against an MBIE investigation into dumped steel. If that was the plan, it has almost certainly worked, at least in the short term. However, Chinese diplomacy is not noted for its

subtlety and Chinese politicians and officials have long memories. We stress: there is no evidence this was the case, but note that Glenbrook steel mill union representatives were a primary initial source for the story;

- Whether the Chinese sensitivity, which is real but has almost certainly been overstated, was heightened by the visit to NZ mid-week of US vice-president Joe Biden. Given the US 'pivot to Asia' strategy, which is about containing Chinese ambitions in the region, Beijing may have thought showing a heavy hand to NZ was appropriate ahead of close US contact. It heaved the Aust govt this week on the South China Sea, where Canberra has lined up with Washington. NZ has been studiously neutral, beyond supporting the law of the sea and international processes. Steel may have been our pressure point;
- Whether Fonterra, Zespri and the NZ embassy in Beijing, who were all aware of rumblings from the Chinese bureaucracy, which the Sunday Star-Times also became aware of, underestimated the impact of the issue when it first became public. Offshore export representatives and trade officials are accustomed to friction in trade relations. Once China was informed under the terms of the NZ-China FTA of a possible MBIE inquiry into steel imports, it would be uncontroversial to mount a pro forma protest. What's rare is for those protests to become public;
- Why Trade Minister Todd McClay's memory failed him. Having said he wasn't aware of the issue, by mid-week, he had remembered being briefed on it. The charitable interpretation is that Ministers are constantly briefed on all sorts of things. The fact this issue didn't arise in his bi-lateral last week with his counterpart in Shanghai suggests it was a small issue among a number of larger ones.

What's going on with the Maori Party?

A month ago, the Maori Party's parliamentary 'wing', aka its two MPs, were happily writing off Hone Harawira and the Mana Party as a spent force and plotting a slate of high profile candidates in a bid to secure perhaps 3 to 5 seats in 2017 and present an alternative coalition partner to NZ First for either National or Labour.

This week, with Tuku Morgan newly installed as party president after last weekend's AGM, peace has broken out with Harawira. Morgan's first act – after sidelining party co-leader Te Uruora Flavell at the post-AGM press conference by taking centre stage – was to propose a political accommodation with Harawira in the Far North Maori seat of Te Tai Tokerau.

The trade-off would be to give the Maori Party a clear run against Labour MP Peeni Henare in the Tamaki-Makaurau seat, which covers greater Auckland.

By Wednesday afternoon, the party had moved from its usual practice of issuing two-headed press statements quoting co-leaders Flavell and Maarama Fox, to a three-way statement including Morgan, saying there was “currently no appetite for a formal alliance between the Māori and Mana parties but there is an openness to a more cohesive relationship”.

Mana is a party of the hard left, so that positioning is not consistent with seeking to work with either a centre-right or centre-left government after the 2017 election.

However, it is consistent with the debate that Morgan is believed to have won behind closed doors at the weekend, in which he argued the Maori Party has become too closely aligned to the National Party and needs to move decisively to the left. This sets Morgan in opposition to Flavell, who Morgan does not especially respect as a replacement for the party’s original co-leaders, Pita Sharples and Tariana Turia. For his part, Flavell experienced Harawira’s disruptive influence as a Maori Party MP prior to his resignation and has no time for him. As a former MP and a ‘go-to’ representative of the powerful Iwi Leaders Group, Morgan regards himself as more experienced and senior than Flavell.

Meat Industry frets over seasonal workers case

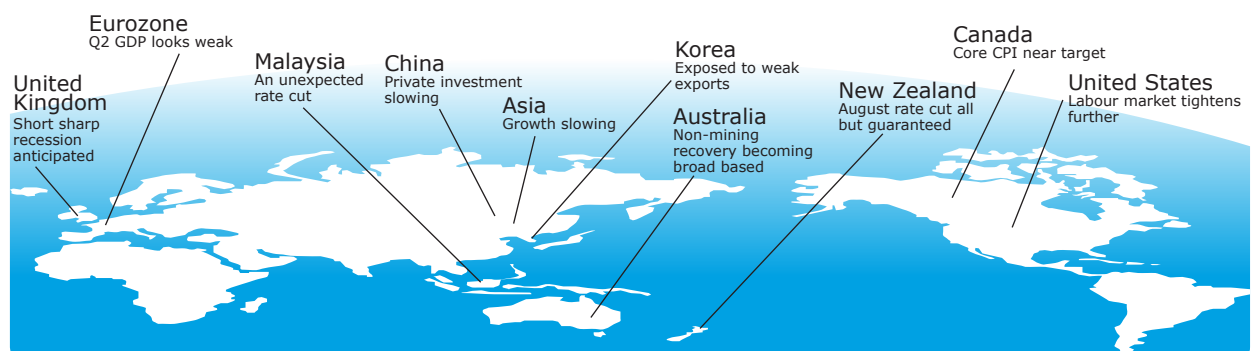
The Meat Industry Association has been granted leave to join Affco’s appeal against an Employment Court ruling that found the rights of Affco’s seasonal meat workers were preserved in the off-season as if they were in continuous employment. The **MIA was granted intervenor status to argue that the outcome of the hearing had implications for the wider industry.** Pheroze Jagose for the MIA told the court the expired Affco collective contract had to be

taken in context, which included an understanding by the parties involved of previous case law that established seasonal workers were deemed to be in ‘discontinuous employment’. The distinction is important because the union’s case has been that Affco forced workers to sign new contracts at the start of the new season, without recourse to the union, even while collective bargaining was still under way. Such contracts couldn’t be viewed in isolation but were “built up over time”. He cited an affidavit by MIA chief Tim Ritchie that the original Employment Court ruling had implications for 75% of the nation’s sheep and beef processing and some 13,000 employees. Paul Wicks QC, for Affco, said the expired contract was broadly similar to previous accords and had to be interpreted in light of earlier case law dating back 25 years. The Meat Workers Union lawyer Peter Cranney argued that the Affco contract included clauses that it superseded all previous agreements and he didn’t accept “there has been some kind of continuity between then and now.” The union was unsuccessful this week in challenging Justice Kit Toogood’s inclusion on the three-person appeal bench on the basis he had been a lawyer for the meat industry in *NZ Meat Workers Union v Richmond* in 1992, one of the key cases establishing the ‘discontinuous employment’ interpretation.

Measuring under-employment

Statistics NZ is to add a new measure – labour market underutilisation – to the Household Labour Force survey, starting in August. The change responds to international concerns that the widely used HLFS model fails to capture labour market downturns in all contexts, doesn’t fit with perceptions of ‘lack of work’ and doesn’t capture diversification in the labour market or economic hardship experienced by workers who are underemployed. ■

The world at a glance



Trump vs Hillary – by the numbers

The latest NBC / Wall Street Journal poll, taken before this week's Republican Party convention in Cleveland, shows 60% percent of Americans view Donald Trump unfavourably vs 27% with a favorable view: the lowest approval rating for any presumptive nominee in the history of the poll.

However, Hillary Clinton isn't much better. She is viewed unfavourably by 56% of Americans vs 34% with a favourable view.

On those grounds, the election is Clinton's to lose.

The US running mates – both pro-TPP

Both Trump and Clinton have made it very difficult to repudiate their anti-TPP stances prior the US presidential election. But Donald Trump has picked a running mate in Ohio governor Mike Pence who is pro-free trade and pro-TPP.

Meanwhile, the current front-runner for Hillary Clinton's running mate is Agriculture Secretary Tom Vilsack.

Both have either been quiet or equivocal recently on the prospects of TPP getting over the line in the assumed 'lame duck' session of Congress, which may occur between the presidential election in mid-Nov and the swearing-in of a new President early next year.

However, both have been staunch in the past in their support for FTAs, while a range of fresh Establishment and corporate voices in the US have

been calling for ratification. American beef farmers have made unequivocally supportive statements about the potential for TPP to improve their returns by opening up export markets, while retired military commentators have emphasised the importance of TPP as part of the strategy for containment of China.

Given the visit this week to NZ of US vice-president Joe Biden, the centre-piece of which was the resumption of US naval ship visits – an announcement coinciding with the heightened US-China tensions in the South China Sea at present – that logic may yet sway members of the US Congress to support the pact. Meanwhile, watch for Japan - the second most important TPP member – to ratify before too long.

Why the reaction to the failed Turkish coup is so dangerous

Sitting on the border between nominally Christian western Europe, the Muslim Middle East and Russia, Turkey since the fall of the Ottoman Empire has been a bulwark of secular liberalism in an illiberal and volatile region. There have been several army-led coups, usually in response to democratic leaderships that the army has perceived as a threat to Kemal Atatürk's secular Turkish constitution. The failed coup last weekend is part of that tradition. The scale of the crackdown on both the military and civil society, however, is potentially very destabilising. A complication is the Turkish armed forces' antipathy to the aspirations of the Kurdish minorities in Turkey, Syria and Iraq to create their own state, which are gaining as the ISIS caliphate disintegrates. ■■

Trading partner growth

(2014 actual; 2015-16 Concensus Forecasts; 2017-18 figures Hugo estimates)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
China	21.9	6.9	6.6	6.3	6.2	6.1	1.4	2.0	2.0	1.8	1.9
Australia	21.0	2.5	2.9	2.8	3.0	3.0	1.5	1.4	2.3	1.7	2.0
United States	14.1	2.4	1.9	2.2	2.3	2.2	0.1	1.3	2.3	2.2	2.2
Japan	7.4	0.6	0.5	0.8	1.1	1.1	0.8	-0.1	0.6	0.4	0.5
Eurozone	7.6	1.6	1.5	1.3	1.5	1.4	0.0	0.3	1.3	1.8	1.5
United Kingdom	4.1	2.2	1.6	0.7	2.0	2.2	0.0	0.7	2.4	2.0	2.2
South Korea	4.0	2.6	2.5	2.6	3.0	3.0	0.7	1.1	1.7	2.0	1.9
Singapore	2.9	2.0	1.7	2.0	2.9	4.0	-0.5	-0.5	0.9	1.5	1.2
Taiwan	2.7	0.6	1.1	1.9	2.4	3.0	-0.3	1.1	1.1	1.5	1.3
Malaysia	2.2	5.0	4.1	4.2	5.0	5.0	2.1	2.3	2.6	2.3	2.4
Hong Kong	2.0	2.4	1.1	1.6	2.2	2.5	3.0	2.5	2.1	2.5	2.3
Indonesia	2.0	4.8	5.0	5.2	5.5	5.6	6.4	3.9	4.7	5.0	4.8
Thailand	1.9	2.8	2.9	3.1	3.8	4.1	-0.9	0.5	1.9	2.0	1.9
Canada	1.7	1.1	1.3	2.1	2.1	2.0	1.1	1.7	2.1	2.0	2.0
Philippines	1.6	5.9	6.1	5.8	5.3	5.2	1.4	1.9	2.8	2.0	2.4
India	1.6	7.6	7.6	7.6	7.5	7.5	4.9	5.2	5.1	5.1	5.1
Vietnam	1.3	6.7	6.3	6.5	6.5	6.5	0.9	2.5	4.3	2.6	3.5
NZ Trading Partners	100	3.4	3.3	3.3	3.5	3.5	1.0	1.4	2.1	1.9	2.0
Forecasts for New Zealand											
Consensus		2.5	2.8	2.8	2.7	2.5	0.3	0.7	1.7	2.0	2.0
BNZ Forecasts		2.5	2.9	2.9	1.9	1.5	0.3	0.5	2.1	2.0	1.8
The World		2.6	2.4	2.7	2.9	2.9	2.1	2.7	2.8	2.6	2.7

DOMESTIC ECONOMY

RBNZ on the warpath

The Reserve Bank set out this week to simultaneously quell housing prices, lower the exchange rate and try to coax inflation to an annual rate of 2%. For now, it's getting desired results, mainly thanks to the use of the remaining 'firepower' available from having positive interest rates when peers in the developed world are at, below, or barely above zero.

The consensus now is that interest rates will fall again this year, perhaps twice. The Official Cash Rate would be 1.75% after the November MPS, although one or two institutions are sticking their necks out and seeing the bottom at 1.5% some time early next year.

Whatever the outcome, the underlying reality remains that the global economy continues weak, vulnerable to shocks such as Brexit. The potential for over-valued asset prices in every category other than bank deposits grows. Moody's warned the 'big 4' Aust banks last week that their credit ratings are at risk because of rampant Sydney and Melbourne house price inflation combined with static incomes. Lo and behold, all four this week implemented the RBNZ's new LVR ratios for residential property investors some six weeks earlier than required. The ANZ's local CEO, David Hisco, caused a huge stir by warning explicitly about the potential for the real estate bubble to burst.

One early and welcome casualty of this dramatically

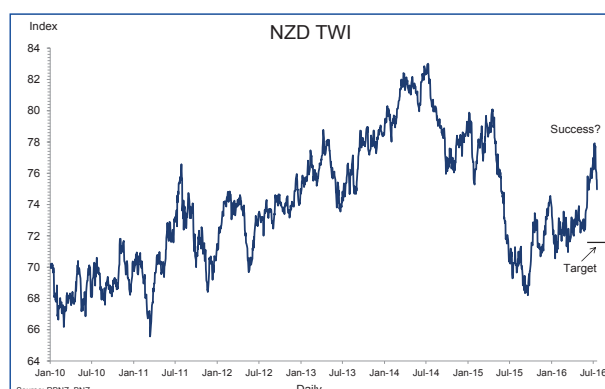
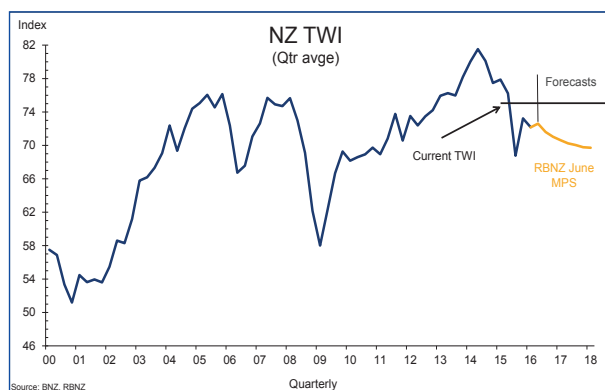
expressed negative sentiment is a lower exchange rate. Not so low as to match the RBNZ's MPS forecasts for the TWI last month – it's still far stronger than that – but a significant step down from last week's 14 month highs against the US dollar. By acting tough, and with scope to make deposit minima tougher than the current 40% for investors if it chooses, the RBNZ is attempting to give itself room to keep cutting interest rates to spur inflation without, hopefully, further spurring house prices upwards.

Monetary policy will be firmly directed at the pursuit of inflation at the midpoint of the inflation target band. Whether that can be achieved remains as debatable as ever, but at least the Reserve Bank is clear as to its intent: an August rate cut followed almost certainly by another later this year. The strong dollar remains the central bank's Achilles Heel, being 6% higher on a TWI basis than assumed in the June, and higher than the alternative scenario presented at that time. However, while "a decline in the exchange rate is needed", there is no suggestion that the RBNZ is of a mind to intervene directly in money markets. It would only do so if the currency were excessively high or low or far beyond levels justified by economic fundamentals. It would also need to have a degree of certainty that intervention would succeed beyond the short term and not be a cost to the taxpayer. None of these conditions currently apply.

The TWI has fallen from a peak of 78.11 to be sitting at 75.06 on Friday morning – a good start but far above the 71.6 average assumed for Q3 barely six weeks ago. Note the RBNZ's alternative scenario in June saw the TWI stabilised at 72.6 and a cash rate between 0.75% and 1%. Downside risks to the cash rate are significant.

Economic indicators

The **consumers price index** rose 0.4% in the second quarter and rose by the same amount on an annual basis, missing the Reserve Bank's estimate of 0.6% inflation and tracking below the bank's target band for the seventh straight quarter. Tradables inflation fell 1.5% from a year earlier while non-tradables inflation rose 1.8%. **NZ consumer confidence** remained upbeat in July as NZers were more optimistic about their own fortunes than they were for the broader economy. The ANZ-Roy Morgan consumer confidence index slipped to 118.2 last month from 118.9 in June. The **BNZ-BusinessNZ performance of services index** fell 0.2 of an index point to a seasonally adjusted 56.7 last month, with all five sub-indices holding above 50. The performance of manufacturing index (PMI) rose to a seasonally adjusted 57.7 last month from 57.2 in May. ■



CORPORATE ROUND-UP

Primary sector

Silver Fern Farms, which pushed out the settlement for Shanghai Maling Aquarius's investment to Sept. 30, expects to break-even in the current financial year, having earlier warned earnings would be "materially below" 2015's pretax profit of \$27m. Chairman Rob Hewett and acting CEO Dean Hamilton said profit was eroded by "lower national volumes and lower margins exacerbated recently by the NZ dollar strength."

Zespri has scotched media reports it was called to a meeting in Beijing to be warned of possible trade retaliation if NZ investigated steel dumping. But the kiwifruit marketer did say an industry body in China had intimated there were moves afoot related to NZ agricultural products, which it reported to embassy officials. The company said it benefited from "a deep and mature relationship" between the two nations.

SeaDragon, the fish oil refiner, has hired Nevin Amos as CEO, taking over from interim chief Richard Alderton in Oct. Amos is CEO of Pacific T&R and before that worked at Comvita, a cornerstone shareholder in SeaDragon, for nearly a decade.

Livestock Improvement Corp posted a full-year loss of \$4m, from a year-earlier profit of \$13.7m, reflecting the impact of weak dairy prices which had prompted farmers to scale back spending on herd development. The loss included a \$3.7m writedown of the value of LIC's bull team. **Whole milk powder prices rose, offsetting a decline for most other products in this weeks GlobalDairyTrade auction.** The GDT price index slipped to US\$2,336, down from US\$2,345 at the previous auction two weeks ago. The index was unchanged in percentage terms. Some 31,348 tonnes of product was sold, down from 32,500 tonnes at the previous auction two weeks ago.

Innovation

The Treasury advised Finance Minister Bill English to delay funding several new science programmes for a year because they didn't immediately demonstrate value for the money. Treasury officials said they backed plans for targeted funding in bodies that had proved themselves and were ready for investment, such as the **Marsden Fund**, **Pre-Seed Accelerator Fund** and **Health Research Council**. By contrast, regional research institutes, the **Catalyst Fund**, and the **Strategic Science Investment Fund** didn't "demonstrate sufficient evidence of value". **Uniservices**, The University of Auckland's commercialisation arm, has opened a new office in Wellington, strategically placed within a few hundred metres of Parliament, Callaghan Innovation's HQ and various other research funding

agencies. Meanwhile, our soundings suggest the departure of Callaghan's inaugural ceo Mary Quin was a mutual parting of the ways. An able administrator, Quin faced pressures from unorthodox governance influence from Minister Steven Joyce through chair Sue Suckling. But she was also judged to have struggled with strategic and cultural leadership elements required of the head of a new govt agency created in contentious circumstances. Her move to the Westpac board is understood to have been the first sign of her intention, which was not opposed, to move on.

Pushpay Holdings is planning an ASX listing by the end of the year and is expanding its mobile payment app beyond the religious sector to helping people pay bills for utilities such as water and insurance.

CropLogic, an agricultural technology company, has appointed Perth-based Ventnor Capital as its corporate advisors ahead of a planned listing on the ASX. The Christchurch-based company has raised \$512,200 via crowdfunding platform Equitise, which it will use to prepare for its listing across the Tasman.

Health IT start-up **SHI Global** has won a contract to team up with Queensland health authorities for a \$28m state-funded project to fight chronic diseases over the next four years. The Auckland-based software business will provide the IT platform for the health programmes that will operate on the ground in local communities.

Online electricity retailer **Flick Electric** has raised a further \$5m from existing shareholders to fund its NZ growth, taking its total capital raising in the past two years to \$15m. The Wellington-based company, which won the NZ Hi-Tech award for most innovative service in May, offers electricity directly at fluctuating spot market prices.

Corporate actions

Global resins maker **Nuplex Industries** says the planned A\$1b takeover by Allnex is now not likely to take place in August as previously advised because of delays getting antitrust clearance in the European Union.

Hyundai Heavy Industries has beaten out its largest rival for the contract to build a \$493m ice-capable naval tanker for the NZ Defence Force, which is part of an increased emphasis on the country's strategic interests in Antarctica and the Southern Ocean. Hyundai and Daewoo Shipbuilding & Marine Engineering were shortlisted last year for the contract to replace the 30-year-old tanker HMNZS Endeavour, which retires in 2018 leaving a two-year gap before the new vessel is delivered in 2020.

Tower chief financial officer Brett Wilson has

CORPORATE ROUND-UP

resigned 16 months after the general insurer lured him across from Seniors Money International. Wilson will remain in the role until a replacement is found.

Regulation and the courts

The Professional Advisers Association, whose 1,200 members work in the insurance, investment and mortgage industries, is wary of plans to make large firms offering financial advice accountable for the actions of their agents rather placing the onus on the agents themselves. Commerce Minister Paul Goldsmith has announced proposals to reform legislation governing financial advisers in an effort to streamline the different types of advisers and advice, which had been confusing clients, and to require customers' interests to put first.

The ASX is consulting with ASIC on new admission criteria for companies seeking to list across the Tasman. Due to kick in from Sept 1, the **changes are likely to rule out some small cap NZ companies seeking the liquidity of the Aust market**. The planned changes would require at least A\$500,000 of profit, net tangible assets of A\$5m or a market capitalisation of A\$20m. In addition, a minimum free float requirement of at least 20% of shares will be introduced and minimum share parcels for each security holder will rise to A\$5,000.

The Financial Markets Authority has dropped civil proceedings against private equity firm Archer Capital and Abano Healthcare shareholder Peter Hutson over the way they pursued a takeover of Abano in 2013.

The liquidator of **Ross Asset Management** has cut deals totalling \$4.5m with 16 investors and is in talks with a number of others about reaching settlements. PwC's John Fisk said claims against 65 investors are subject to standstill agreements pending a Supreme Court ruling.

The Supreme Court overturned an order requiring Mobil to make a \$10m payment towards clean-up of its contaminated former oil storage site in Auckland's Wynyard Quarter – the heart of waterfront land being developed for commercial and residential uses. Mobil stopped using the land for bulk oil storage in 2005 and handed it back to Development Auckland in 2011 but decades of use for oil and petroleum had led to substantial contamination. The sites were first used for oil storage in 1925 by companies that ultimately became

Mobil NZ.

Transport and infrastructure

Tainui Group Holdings is seeking expressions of interest from port operators for its planned multi-billion dollar inland port and logistics hub just outside of Hamilton. The Ruakura project has cleared zoning and resource consent hurdles for the first stage and construction is due to start later this year.

Property prices

Auckland house prices have risen by 85% in four years, taking the average price to around nine times the average household's disposable income, fuelled by record high migration, low interest rates, and housing under-supply, Real Estate Institute data shows. Prices are now rising quickly in most other regions as well with NZ's national house prices increasing again in June, as five regions hit record highs. The median national sale price jumped 11% to \$500,000 in June from a year earlier, while the number of properties sold advanced 6% to 7,864.

Immigration

Annual net migration reached a new record 69,100 in the year to June, the 23rd month in a row of new records. People with work visas accounted for the bulk of new arrivals, up 11% to 39,118 in the June year. Student visas were up 6.7% at 27,518. NZ and Aust citizen arrivals rose 4.5% to 36,428 in the year.

On a seasonally adjusted basis, the monthly gain was 5,700, down from a peak of 6,200 in November last year. Of those new migrants who arrived in the year, a net 31,778, or 46 percent, settled in Auckland, followed by a net 7,023 moving to Canterbury, 3,167 in Wellington, 2,595 in Waikato, and 2,452 in Bay of Plenty.

Media

Would-be merged traditional publishers Fairfax and NZME have spat the dummy over SkyTV's terms for reuse of snippets of video footage from the Olympics, to which Sky has global rights. Sky argues NZ, Aust and the UK have among the most generous terms in the world. Both Fairfax and NZME have pulled their journalists out of Rio Games coverage altogether. Meanwhile, since listing on June 27 at 80cps, at the low end of the anticipated range, NZME has sunk as low as 70cps but had recovered this week to 82cps, giving the pre-merger NZ assets a market cap of just \$160m. ■