

RMA reform on thin ice

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Time is running out for the local govt and environment select committee to report back the Resource Legislation Amendment Bill, which has already been subject to time extensions and is due back in the House by Nov 7 on a tight schedule for passage before Christmas. Nick Smith says it can still be done, but the potential for delay or even abandonment is growing.

Labour's party machine – better-oiled than expected

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It's fashionable to write off Labour's party machine as cash-strapped and short of members, both which are true. However, in both the Auckland and Wellington local govt elections, centre-left candidates took the mayoralties and dominate the newly elected councils. In both cities, the centre-right was badly out-organised.

Would Nick Smith survive a Cabinet reshuffle?

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Nick Smith has a tireless work rate, but his deep involvement in three of the govt's more embarrassing and intractable problems – housing, environmental law reform, and the stoush with Maori over the otherwise wildly popular Kermadecs ocean sanctuary – bode ill for him as the PM indicates a reshuffle in the early new year and the likelihood of some retirements.

Climate change initiative uniting Parliament

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This week's Climate and Business conference in Auckland was notable for a shift in rhetoric from discussing the problem to what actions NZ will end up taking to meet its climate change emissions reduction goals. Green MP Kennedy Graham is also quietly spearheading a cross-parliamentary initiative to find common ground on the issues, if not necessarily the answers.

Another rate cut assured

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RBNZ deputy governor John McDermott got ahead of next week's expected ultra-low CPI out-turn for the September quarter by indicating the central bank remains committed to another interest rate cut.

Immigration helps deliver surplus – and options

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Bill English unveiled a much larger than forecast Budget surplus for the year to June 30, driven by the tax effects of booming population growth and associated consumer spending, assisted by the tourism sector's buoyancy. While the govt is beset with 'stuck' issues, the fiscal position is starting to give it options for election year largesse.

Democrats may control the Senate

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The growing rift between Donald Trump and the Republican Party is partly about the party's fear that his toxic impact on voters outside his finite core could have a major effect on voting "down the ballot", with reputable forecasters suggesting the GOP's Senate majority will be lost on Nov 8, along with Trump's presidential bid.

Messy issues piling up

The govt is coming to the end of the year with a range of major issues apparently jammed up and without obvious paths to resolution.

Three of the most obvious are the Auckland housing 'crisis' – to which add the renewed focus on homelessness and poverty – the stalled reform of the Resource Management Act and the schemozzle over the Kermadecs ocean sanctuary. **Donkey deep in all three of these issues is Nick Smith.** It's no wonder there's a lot of speculation that the Cabinet reshuffle John Key is signalling for early next year will include another – perhaps final – trip to the backbenches for one of the govt's most activist and principled, but least politically successful, ministers.

Police Minister **Judith Collins's intervention this week**, in which she was reported as blaming lack of parental responsibility for poverty rather than absence of govt policy, **is a two-edged sword politically.** There's a dog-whistle element in that sentiment, even if it was over-egged in the media, among more conservative National supporters. On balance, however, it adds to the flinty-faced image that Opposition parties are seeking to entrench by piling on pressure over homelessness and evidence suggesting affordable housing gains in Auckland have been scant, despite a welter of policy initiatives.

Perhaps **most concerning, however, is the warning sounded by KPMG's John Kensington about property trends.** The lead author on the quarterly Financial Institutions Performance Survey likened the recent collapse of high-profile apartment developments in Auckland to the banking sector caution that accompanied the GFC. "At the start of the GFC, exactly the same thing was happening," said Kensington. "Banks were looking at property development opportunities back then, and going, 'we've got a record rise in prices, we've got shortages of materials, we've got shortages of labour, we don't think this property development has been correctly analysed, we don't think it's going to work', so they declined to fund it."

The consequential collapse in the finance company sector wouldn't be repeated now, since banks are better capitalised and finance companies almost non-existent today. However, the prospect of a bust in new accommodation development would be the last thing the govt needs as housing supply continues to lag demand.

Action on immigration

Indicative of the govt's increasingly twitchy political antennae is the set of decisions to curb new migrant inflows. Excluded for the meantime from the skilled

migrant category will be senior executives whose age and education don't meet the tougher criteria, and sends out the message that "NZ is closed for business", according to David Cooper, operations manager at Malcolm Pacific Immigration. The NZ Residence Programme's range for residence approvals for the next two years has been lowered to 85,000-to-95,000 from 90,000-to-100,000, the skilled migrant category will impose higher barriers to entry, and the number of places for capped family categories is more than halved to 2,000 per year.

RMA reform by Xmas looking shaky

The local govt and environment select committee had hoped to receive the all-important second officials' report on the Resource Legislation Amendment Bill this week, but it has been further delayed.

Environment Minister Nick Smith is telling anyone who asks he is "still confident for passage this year".

"The bill is taking a bit of time to chunk through. It is just complexity of drafting that is a taking a bit of time." However, the select committee chair, Scott Simpson, says reportback to Parliament by the latest deadline of Nov 7 looks almost certain to be missed. He's waiting for another update from officials next week and if their report is delivered then, reportback by the week of Nov 15 may be possible.

However, that is very tight timing, leaving between three and four sitting weeks of Parliament before the Christmas break. Whether the govt would continue to pursue the intractably delayed bill in election year is a moot point. Labour has no interest in helping create a majority for the bill, even thought meetings of minds could be found on some of the sticking points, such as restoration of rights of appeal and changes to collaborative process provisions.

As it stands, Smith is forced to try and find a solution with the Maori Party. The timing of expected reports from officials both this week and next suggests the Cabinet has been meeting but not deciding on the issues and may consider them against next Monday. Smith will not discuss that.

The ongoing delay to a bill that was introduced nearly a year ago underscores the risk the govt took in having a third crack at RMA reform without having a clear passage out of the select committee.

The delay continues against a backdrop of bi-partisan political and business/environment lobby support for a more fundamental review of environmental law settings that could provide an out for the govt if it proves unable to advance the legislation.

If the bill were to prove simply too hard to advance,

the case for moving Nick Smith along at the same time as abandoning the bill becomes a real option.

Led by the Auckland-based arm of Business NZ, the Employers and Manufacturers Assn, the RMA review initiative appears to have legs and can be counted as one of several initiatives that are seeing the EMA differentiate itself aggressively from its Wellington 'master'. The other such issue of note is EMA's advocacy against proposed transmission pricing methodology changes that will disadvantage Auckland consumers. Business NZ's head office was initially aghast at the EMA position, but the difference of views has been swept under the carpet, with EMA continuing to prosecute its campaign.

Private EV move pressures govt

An initiative announced today by a powerful list of major NZ companies to convert 30% of their corporate fleets to electric vehicles is a major boost for the development of an EV market here. The initiative is to put some 1460 new EVs on the road in short order, a 75% increase in the current total. Transport Minister Simon Bridges will no doubt welcome the move, but it will put pressure on govt procurers to make a similar commitment. Among contributors to the private sector initiative led by Air NZ and Mercury are Fonterra, Waste Management, Spark and Westpac.

Food safety

Food processors' main concern with the new food safety regime developed following Fonterra's false botulism scare in 2013 is the potential for duplication of existing systems. The first round of public submissions on the Food Safety Bill was held this week, with meat, horticulture and dairy processors expressing concerns about both complexity of the proposed new regime and the potential for it to over-ride rather than recognise the existence of effective food safety regimes already in place. Of interest to MPs on the committee from both sides of the House were suggestions from the Meat Industry Association and others that country of origin disclosure should not be treated as a natural part of the product traceability regime. Processors argued this was not a safety issue and therefore should not be of interest to consumers. MPs struggled with that concept, arguing that traceability implicitly includes country of origin and would be an expected element of disclosure for most consumers.

Auckland politics: the Goff dynamic

There are conflicting reports emerging on how Auckland's new Mayor, Phil Goff, is going to relate to the govt. Before the election, he had put out feelers to some of Auckland's National MPs suggesting they

develop a relationship once he was elected. But at the same time Finance Minister Bill English was warning that he might seek a more confrontational approach.

What Goff may not have bargained on was getting a centre-left majority on the Council (it appears the left has 11 councillors, the right just nine).

The immediate clash will be over funding the \$4b infrastructure spending gap revealed in the Auckland Transport Alignment Policy report. There are already warnings from the infrastructure sector that that is likely to be an underestimate.

Goff is arguing for a regional petrol tax and then a congestion charge, reviving an argument where the govt was starting to move once ATAP was signed off, but which prompted a brush-off this week from John Key.

Lessons from Labour's local govt wins – the value of a party machine

There are a number of reasons to discount Labour's local body election victories in Auckland, Wellington and Christchurch and even Andrew Little is warning not to read too much into them.

Nevertheless, **what the victories did reveal is that Labour's organisation is not as decrepit as many might have thought.** This may become more evident in the **Dec 3 Mt Roskill by-election** where the party is already well entrenched and has launched a comprehensive ethnic outreach programme in what is one of the country's most ethnically diverse elections.

That outreach has already discovered that law and order among the Asian business owning community is a prime issue. The Asian-based Peoples' Party launched in the electorate highlighting law and order issues. **Little's announcement Thursday of an extra 1000 police** in Labour's first term is a canny tactical response to that concern.

In Wellington, the defeat of Labour right-winger Nick Leggett will be greeted with some delight in the Parliamentary Leaders' office. But the divisiveness exposed by Leggett's decision to run against an endorsed Labour candidate, Justin Lester, remains.

Note that Lester, a prime booster for the **Wellington airport runway extension**, distanced himself from the project at the first sign of a major cost blow-out this week. ■

Forestry planting

The govt is considering measures to encourage more forestry planting in the hope that locally grown forests will be cheaper than buying foreign carbon credits to meet its climate change targets. (see page 6 for more on climate change policy)

Race for the Senate

While it would be unwise to completely write off Donald Trump's bid for the US presidency, it is becoming very difficult to see how he can win now.

Opinion polls show Hillary Clinton pulling away to a clear lead of around 49% to 40%, based on an average of polls in recent days.

As a result, the Democrats can dare to hope that Trump may have a toxic impact on Republican voter turnout and may also see the Republican Party poll more weakly than anticipated in Senate and Congressional contests.

While no US commentators are expecting a change to a GOP-dominated Congress, the prospect of a change to a Democrat majority in the Senate appears real.

If that were to happen, it could help tip the balance in favour, for example, of ratifying TPP in the last few 'lame duck' weeks of President Obama's presidency.

However, the odds are not nearly as great of a Senate change as they are of a Clinton presidency. The same NY Times poll estimates that are currently giving Clinton an 89% probability of becoming president are giving the Democrats only a 57% probability of taking control of the Senate.

Not much buoyancy in global outlook

Global growth remains sluggish and sub-trend. Faster rates of output expansion would help overcome many of the problems besetting the world economy – debt overhangs, insufficient investment, tepid wage growth contributing to the undershooting of inflation targets, as well as the anti-globalisation sentiment in advanced economies.

Despite signs of stabilisation in areas of the world where economic activity has been weak, there is little evidence of new growth engines that could pull growth out of the doldrums. Consequently, there is little reason to anticipate much improvement in

global growth, which should remain below trend. Emerging markets, the main drivers of global output expansion, appear particularly locked into a slow growth cycle.

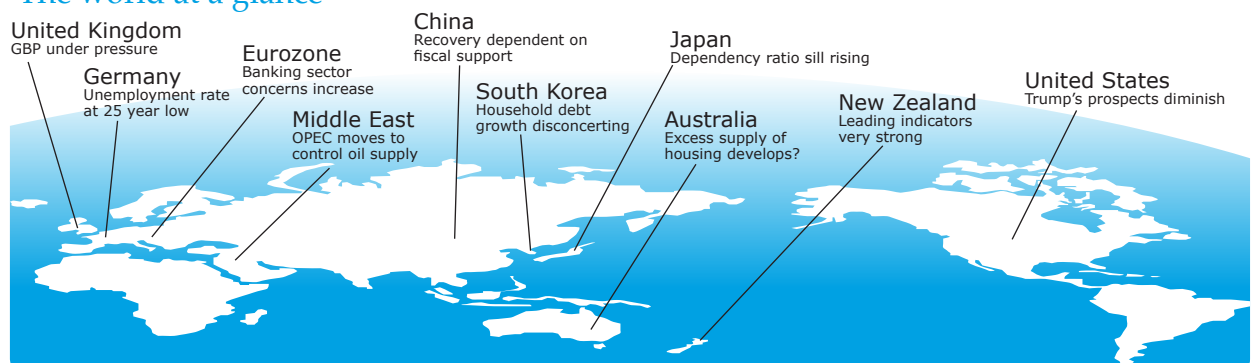
Policy responses are starting to shift as a result, especially because of the growing consensus that central banks' capacity to kickstart faster growth has been oversold, leading to a belated rejection of fiscal austerity and over-riding focus on public debt reduction in favour of public investment. That latter trend has yet to hit NZ, where Bill English remains committed to debt reduction.

Conditions vary between the big economies with the US and Germany the stand-out performers while Japan and Italy continue to lag. Canada and the UK, which had shown solid growth performances earlier in this upturn, have also been slow to fire.

UK growth has been hit hard, along with Sterling, by uncertainty and investment delay both before and after the Brexit vote. While business surveys show a much less adverse impact from the Brexit vote than initially feared, the political temperament in Europe suggests the UK will face a "hard" Brexit. PM Theresa May's decision to signal the timing to trigger the two year departure process without having any assurances from EU leaderships about process for withdrawal, has been widely condemned. Britain is seen to have weakened its negotiating position for a process that will take more than two years, and European capitals have little incentive to play nice. With concerns that UK policy post-GFC has been too harsh, the IMF says it fears 'secular stagnation'.

Emerging market growth has been stuck at around 4½% y/y since late 2015 with most of the expansion, driven by China and India, both of whose economic health is vital for Australia. John Key will lead a trade delegation to India later this month, but at this stage, progress on a long-sought FTA looks no more likely than ever, although a deal with Sri Lanka may fly following talks in NZ last week. ■

The world at a glance



DOMESTIC ECONOMY

Fiscal choices emerging

By turning in a much larger Budget surplus for 2015/16 than forecast, at \$1.83b on an OBEGAL basis, the govt gains what is likely to be increasing wriggle room for election year giveaways. The 2015 Budget forecast a surplus of just \$688m. The prospects for OBEGAL surpluses to keep on rising at a faster rate than the Treasury has previously forecast appears a reasonable presumption. That will become clearer when the half year fiscal and economic update is released on Dec 8, along with an election year Budget policy statement.

It also allows the govt to consider resuming superannuation fund contributions earlier than the current 2020/21 target. **The unfunded liability for future pensions is beginning to blow out** and would attract more political attention if it were included on an accrued basis in the broader measure of the fiscal position. That showed a \$5.37b deficit, which roughly doubled from the previous year because of the impact of low interest rates on prospective investment returns to meet future liabilities for ACC.

Driving much of current growth is inbound migration and tourism, which is boosting the tax take on incomes and consumption. As a result, **we are starting to see some extraordinary growth numbers**.

Nominal (expenditure-based) GDP expanded on an annual average basis at 4.2% in the year to June amid real growth of 3.3%. We forecast it to grow 7% in the year to June 2017. This compares to Budget forecasts of 3.6%.

Weak inflation next week

The Reserve Bank has reiterated that more interest rate cuts are on the cards to stimulate inflation. "Interest rates are at multi-decade lows, and our current projections and assumptions indicate that further policy easing will be required to ensure that future inflation settles near the middle of the target range," assistant governor John McDermott told a meeting in Rotorua. His comments are ahead of next week's Sept quarter CPI, which is widely expected to show no inflation, to produce an annual inflation rate of 0.1% or 0.2%.

Economic indicators

NZ **commodity prices** rose for a fifth month in Sept, driven by dairy, although the strong kiwi dollar limited the benefits for local producers. The ANZ commodity price index rose 5.1%, to a 17-month high. In NZ dollar terms, prices rose 3.9% in the month and are 5% lower than in the same period last year. **Retail spending** on electronic cards gained in September as the hospitality sector bounced back as the start of spring attracted more tourists. Retail spending rose a seasonally adjusted 1.9% last month. Actual retail spending climbed 6.1% to \$4.75b in Sept from a year earlier. **Consumer confidence** rose in October. The ANZ-Roy Morgan index increased to 122.9 from 121 in September. The current conditions index slipped 1.4 points to 122.7, while the future conditions index gained 4.1 points to 123.1. A 57.7, **seasonally adjusted PMI for Sept** was at its highest level of activity since Jan. ■

Trading partner growth

(2014-15 actual; 2016-17 Consensus Forecasts; 2018 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	1.9	1.8	1.9
Australia	21.0	2.4	2.9	2.8	3.0	3.0	1.5	1.3	2.2	1.7	2.0
United States	14.1	2.4	1.5	2.3	2.3	2.2	0.1	1.2	2.2	2.2	2.2
Japan	7.4	0.6	0.6	0.8	1.1	1.1	0.8	-0.2	0.4	0.3	0.5
Eurozone	7.6	1.6	1.5	1.2	1.5	1.4	0.0	0.2	1.3	1.8	1.5
United Kingdom	4.1	2.2	1.7	0.7	2.0	2.2	0.0	0.7	2.3	2.0	2.2
South Korea	4.0	2.6	2.6	2.6	3.0	3.0	0.7	0.9	1.6	2.0	1.9
Singapore	2.9	2.0	1.7	1.8	2.9	4.0	-0.5	-0.6	0.8	1.5	1.2
Taiwan	2.7	0.6	1.0	1.7	2.4	3.0	-0.3	1.1	1.1	1.5	1.3
Malaysia	2.2	5.0	4.1	4.3	5.0	5.0	2.1	2.2	2.6	2.3	2.4
Hong Kong	2.0	2.4	1.2	1.5	2.2	2.5	3.0	2.4	1.9	2.5	2.3
Indonesia	2.0	4.8	5.0	5.3	5.5	5.6	6.4	3.7	4.4	5.0	4.8
Thailand	1.9	2.8	3.1	3.2	3.8	4.1	-0.9	0.4	1.8	2.0	1.9
Canada	1.7	1.1	1.2	2.1	2.1	2.0	1.1	1.6	2.1	2.0	2.0
Philippines	1.6	5.9	6.4	6.1	5.3	5.2	1.4	1.8	2.9	2.0	2.4
India	1.6	7.6	7.6	7.7	7.5	7.5	4.9	5.2	5.1	5.1	5.1
Vietnam	1.3	6.7	6.1	6.5	6.4	6.5	0.9	2.4	4.2	2.5	3.5
NZ Trading Partners	100	3.4	3.3	3.3	3.5	3.5	1.0	1.3	2.0	1.9	2.0
Forecasts for New Zealand											
Consensus		2.5	3.0	2.8	2.8	2.5	0.3	0.5	1.5	2.0	2.0
BNZ Forecasts		2.5	3.4	3.0	1.9	1.5	0.3	0.4	1.5	2.0	1.8
The World		2.9	2.4	2.8	3.0	3.0	2.0	2.7	2.8	2.7	2.8

CLIMATE CHANGE POLICY**Cross-party 'GLOBE NZ' climate change initiative one to watch**

Without fanfare, Green Party climate change policy leader and former diplomat Kennedy Graham has succeeded in welding together a coalition of backbench MPs from across Parliament to create a neutral setting to discuss climate change policy.

The initiative is significant for several reasons:

- it is emerging as a uniting cross-party forum at the same time as the govt is buckling down to an 18 month work programme to determine policy to meet NZ's target to reduce greenhouse gas emissions to 30% below 2005 levels by 2030;
- it has been instrumental in creating an increasingly common position on climate change between the Greens and Labour, consistent with the parties' below-the-radar work to make their MoU on political coordination effective;
- since mid-year, some 9 National Party MPs have come on board with the group, outnumbering the six Green MPs who are involved and matching Labour MPs' involvement. Nats in the tent including environment select committee chair Scott Simpson, whose star is rising in the caucus, and one of the 2014 intake's best quality MPs, former Fonterra senior executive Todd Muller. All other political parties, including ACT, are participants;
- a key element is Graham's commissioning of research from London-based environmental consultancy Vivid Economics to independently assess NZ's emissions abatement options. Vivid are the group who undertook original research for the Pure Advantage business and environmental lobby group back in 2012. The Tyndall Foundation is stumping up most of the cash, with some help from Graham's parliamentary budget.

GLOBE NZ is a locally formed chapter of GLOBE International, The Global Legislators Organisation, which "supports parliamentarians to develop legislative responses to the challenges posed by sustainable development" and has been operating for some decades.

Graham is at pains to stress the initiative is educative and intended to create inclusion rather than consensus. He's also trying hard not to claim credit or aggressively build political capital for the Greens, reasoning that will flow anyway if his efforts improve the prospect of cross-parliamentary common understandings on the nature and scale of the climate change challenge.

Vivid's team will be working on its report over the summer and will deliver it to the group in February for public dissemination in March. The Ministry for

the Environment is not involved. Climate Change Minister Paula Bennett is supportive, although the only govt members of the group are backbenchers.

While Bennett is getting more positive ratings from Opposition climate change policy-watchers than Tim Groser, one of the major challenges for policy-making will be the extent to which any true bi-partisanship is possible. Senior Labour MPs are riled at the idea that a govt running into trouble on several fronts - housing, the Kermadecs sanctuary, and environmental law reform to name three - should try to foster bi-partisanship in the lead-up to an election. Typical of that stance is David Parker, still a powerful force in the Labour caucus, who says: "why would we help them like that?"

Climate change 'commission' mooted

Climate Change Minister Paula Bennett isn't keen on the idea, but she modified her speech to this week's Climate and Business Summit to leave the door ajar for discussion on a UK-style legislated commission to guide climate change policy.

She is sceptical such an approach is needed, but there's a head of steam up among environmental groups, independent climate change experts and other political parties to create a statutorily independent body - think a beefed up Parliamentary Commissioner for the Environment with powers to require outcomes against the national carbon budget - with responsibility for meeting climate change targets. Bennett argues there are plenty of arms of govt already working on the issue. The Productivity Commission's next major study looks likely to be on climate change policy.

Dairy intensification to continue

Modelling by independent economic research house Motu suggests dairy intensification is likely to continue through this century, partly because of the changing climate but also because economic rather than climate drivers are expected to have the most impact on land use decisions over that time. That's despite the fact NZ will be grappling during that period with bringing agriculture into its climate change policy responses. The simulation projects about 600,000 hectares more dairy land while sheep and beef farming shrinks by around 800,000 hectares by the turn of the 21st century. "Forestry and scrub areas also expand, but the changes to these land uses are smaller in magnitude" and occur "in areas where one would expect to observe them". The results take no account of the potential for irrigation or technology changes and are "based on changes in mean climate only". NZ's ability to reach its carbon targets would become more difficult accordingly. ■

CORPORATE ROUND-UP

Transport and logistics

Air NZ has sold its remaining small stake in Virgin Australia for A\$65.7m in an off-market transaction with investors including China's Nanshan Group, which acquired 19.98 percent of Virgin from Air NZ in June. It will also introduce **wi-fi on trans-Tasman flights next year** and long haul flights after that, with domestic sector wi-fi last cab off the rank. **Mainfreight** says first-half revenue will be less than expected because of falling ocean freight rates hitting billing levels. Revenue was \$1.15-to-\$1.17b in the six months ended Sept 30, up from \$1.11b a year earlier. Net profit rose to \$41-to-\$43m from \$33.1m. Mainfreight said results in NZ were stronger than expected, while results in Europe, Aust, and Asia had improved. US operations showed a modest improvement. Norway's **Tomra Systems** has agreed to buy fruit sorting machinery company **Compac Holdings** for \$70m, subject to OIO approval. Compac's biggest shareholder is founder and roughly 75% shareholder Hamish Kennedy.

Media

NZME and **Fairfax NZ** lost market share in digital advertising, while still managing to increase revenue. In the year ended Aug 31, NZME had \$16m in digital ad revenue, or about 5.5% of the market and Fairfax had \$15.8m, or 5.4%, they say in a cross-submission on their proposed merger. That compares to \$10.8m, or 6% of the market, for NZME in the year to Feb 29, and \$10.4m, or 5.8% for Fairfax. Google and Facebook dominate the market. **News Corp** has quit its 14.9% stake in NZME. It acquired the shares in the process of stripping Aust regional newspapers out of APN News & Media, from which NZME was spun out. **MediaWorks** says in a submission to the Commerce Commission that a merged Fairfax/NZME news operation should have to sell one or other of the NZ Herald or Stuff websites to get regulatory approval because of the high barriers to entry for an alternative, credible national news organisation. The merged entity is expected to continue to run a two-brand strategy, placing the Herald brand up-market of the Stuff brand.

Courts and regulation

The Court of Appeal has dismissed former **Feltex Carpets** shareholder Eric Houghton's lawsuit against the promoters and directors of the failed carpet-maker, saying the only conduct that could be deemed misleading or deceptive wasn't material enough to cause loss. Justices Ellen France, Tony Randerson and Helen Winkelmann dismissed Houghton's appeal in the long-running representative action on behalf of 3,639 former shareholders over claimed failings in

Feltex's 2004 prospectus.

An Australian expert, Michael Aitken, has told the High Court that Milford Asset Management's **Mark Warminger's** trading in Xero shares in May 2014 showed several of the tell-tale signs of market manipulation but likely fell short of breaching securities law. Aitken designed the SMARTS real-time market surveillance system in use in more than 50 national stock exchanges worldwide. Meanwhile, Milford's head of investments Brian Gaynor told the court that Warminger was "unlikely" to get a positive performance review because of the seriousness of the Financial Markets Authority inquiry into his suspected market manipulation. Gaynor said he wasn't concerned about the underperformance of funds under Warminger's watch because he felt the underlying investments were sound. Evidence in the trial has highlighted the extent to which off-market trading often dominates daily volumes on the NZX and is transacted at prices that are influenced by but do not match those quoted publicly. The Court of Appeal has dismissed **Christchurch property developer David Henderson's** bid to throw out tax convictions over claimed judicial bias. Justices Stephen Kos, Jill Mallon and Christian Whata rejected Henderson's claim, saying Christchurch District Court judge Gary MacAskill's comments "are isolated and in context do not create an impression of real unfairness or unwavering prejudgment" and that someone watching the whole trial and reading the judge's minutes wouldn't reasonably think the judge wasn't impartial. Former Treaty of Waitangi claims negotiator **Ngatata Love** has been sentenced to two years and six months in prison after being convicted of taking a secret payment of \$1.5m while chairman of the Wellington Tenth Trust. At the High Court in Wellington, Justice Graham Lang said an appropriate starting point was four years nine months, lowered because of the involvement in the fraud of Love's partner **Lorraine Skiffington**. The Court of Appeal has rejected an attempt by two of deceased NBR **Rich Lister Hugh Green's** children to have their sister removed as trustee of the \$400m family property business, and has declined to reinstate the siblings to the trust because of their intense hostility and attempts to remove an adopted grandchild as a beneficiary of the trust. **Affco** has lost its bid to throw out a ruling that it unlawfully locked out meat workers when collective bargaining was taking place. In the Court of Appeal in Wellington, Justices Ellen France, Rhys Harrison and Kit Toogood turned down the meat processor's application to overturn an Employment Court ruling, saying it was "obvious that Affco's objective was to undermine or compromise the parallel process of negotiating a collective agreement which was underway with

CORPORATE ROUND-UP

the union" in what amounted to an unlawful lockout. The company has launched Employment Court proceedings to try and gag the union and its organiser, former Labour MP, Darien Fenton.

Energy

Norwegian oil and gas giant **Statoil** is to relinquish its exploration permits in the Reinga Basin, saying "we think the chance of making a large oil or gas discovery is small, so we have decided to conclude our exploration work". Statoil will focus instead on acreage off the south-east coast of the North Island. **Anadarko** is seeking permission to delay its about its next Canterbury well to early 2018, with a decision on 3D seismic in the Pegasus prospect due before Christmas. In a sign of its reduced commitment to NZ, **Shell NZ** has dropped its major sponsorship of the New Plymouth music festival, WOMAD.

Trustpower has delayed plans to carve out its windfarms and renewable development pipeline into a standalone business after a once-in-50-year storm caused significant damage to South Aust's transmission system. **Powerhouse Ventures** raised A\$10.2m in an initial public offering, with the shares debuting on the ASX at the offer price of A\$1.07. The Christchurch-based technology incubator sold about 9.5m shares and NZ\$1.25m of notes that convert to 1.2 million shares, valuing Powerhouse at A\$30m. **Contact Energy** has told shareholders that its focus will be on debt reduction after returning \$847m to shareholders in the past two years. "The strong cash flow of the business provides choices for the board between distribution to shareholders, paying down debt or reinvesting capital in maintaining and growing the business," chair Ralph Norris said. "We expect to have a bias over the next 12 to 18 months to paying down debt."

Primary sector

Fonterra's shareholders have voted in favour of a new governance and representation model, with the key change being farmers can directly nominate their own choice for selection to the board. The changes reduce the size of the board to 11 directors from 13, comprised of four independents and seven farmers. They also herald a first-past-the-post voting system, replacing the previous single transferable vote model, and an independent nomination process, while adding a self-nomination process that requires the support of 35 shareholders. Christchurch's rich-lister Stewart family has built up a substantial stake

in **SeaDragon**, exercising more than half the rights issued to prop up the fish oil manufacturer. The Stewart's Pescado Holdings exercised 652m rights for a total price of \$5.2m, representing 59% of the securities.

Corporate actions

Hellaby Holdings has delayed plans to refresh its boardroom because of ASX-listed Bapcor's \$322.5m hostile takeover tilt. The company delayed the appointment of two new directors chosen to increase Hellaby's diversity and provide experience in the resource services sector. **Restaurant Brands** has agreed a deal with the Unite Union in which workers' hours and shifts will be guaranteed on a permanent basis. The new collective agreement moves from a formula in which hours were guaranteed at 80% of those worked in the previous three months, to one in which all hours are guaranteed and shifts will be fixed. **Michael Hill International** posted 6.8% sales growth in the three months ended Sept 30. Group sales from all stores rose to A\$120.2m in the first quarter of the jewellery chain's financial year, from A\$112.5m a year earlier. Same-store sales grew 2.8% to A\$114m. **Pushpay Holdings**, the mobile payment app developer targeting US faith markets, says it exceeded its guidance for the second quarter of 2017 and is on target to reach its forecast \$100m of annualised committed monthly revenue by the end of next year.

Innovation

The govt has extended funding for the three technology incubators for a further two years after an MBIE review of the start-up eco-system. The three privately-owned technology incubators, Astrolab in Auckland, WNT Ventures in Tauranga, and Powerhouse in Canterbury, were originally expected to stand on their own two feet at the end of a three-year pilot. They were set up in late 2014, modelled on the Israeli incubator system, to commercialise capital intensive intellectual property mainly from universities and Crown Research Institutes.

Capital markets

The NZ Superannuation Fund has reduced the portion of the fund invested in NZ to 14.8% of its value from 21% in 2009 despite a ministerial directive to eventually increase the allocation to 40%. The fund said the proportional drop since 2009 reflects the strong performance of global equities in recent years and its decision to book profits on NZ investments such as Z Energy. 