

## **NZ First's positioning – will Shane Jones help?**

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Within two days of his official announcement as the NZ First candidate for Whangarei, Shane Jones was on TV making no secret of his leadership ambitions and supporting pro-Maori policies that NZ First rejects as 'separatism'. While political media have a certain fascination with Jones, it remains to be seen whether he will be a positive for NZ First, whose polling has been rising strongly without him.

## **Would Winston partner with anyone?**

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Speculating about Winston Peters's post-election govt formation strategy is a national pastime, fraught with imprecision since Peters himself will take a fluid approach up to and after polling day. However, it's possible to imagine his decision matrix and to consider whether remaining on the cross benches may suit his purposes as well as forming a coalition.

## **Ruataniwha knockback a defining electoral issue**

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The Supreme Court's rejection of the DoC land-swap that would allow the Ruataniwha dam and irrigation scheme proceed is a defining issue for the govt, which sees Green opposition to farming as a bellwether attack option. That explains Bill English's immediate willingness to consider changing the law to allow the swap to occur.

## **Govt lukewarm on more freedom for local govt**

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The govt has spent three electoral terms centralising its control of local govt, reflecting deep-seated scepticism about the sector's institutional capacity and capture by politically charged distractions. Ministers are very unwilling to hear the growing lobby from a group of senior CEOs on the potential for more 'localism' to be considered.

## **Petrol politics**

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This week's report on competitiveness in the transport fuels sector has given Judith Collins some populist headlines and the grounds to consider making the sector subject to one of the first 'market studies' to be undertaken by a freshly empowered Commerce Commission. Just one problem: the report is far less conclusive than reports of its findings might suggest.

## **Simplicity as activist shareholder**

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KiwiSaver disrupter Simplicity's latest publicity move is to style itself as an activist shareholder, seeking plans from all NZX50 companies to implement and track diversity policies over the next five years.

## **Be alert for more ransomware on the way**

Completely reliable information about future cyber-security risks is non-existent, but members should note the intention of the Shadow Brokers group, which sold stolen NSA 'exploit' software that appeared in May's 'WannaCry' and appears to have been a component in June's 'Petya/NotPetya' attack are promising another sale of exploit software this month. Based on previous releases, hackers are shortening the time between acquisition and deployment, so new ransomware from a July dump could be in evidence as early as September.

## Shane Jones: gamble or game-changer?

Within a day of his overdue announcement as NZ First's candidate for the National-held seat of Whangarei, Shane Jones was on TV3's *'The Nation'* barely concealing his ambition to lead the party in a post-Winston Peters era and failing to toe the party line on preferential treatment for Maori. On Tuesday, Peters in Whanganui felt obliged to emphasise in edited speech notes circulated to media that: "We oppose race-based politics at central and local government level and stand for equal representation for all, regardless of wealth, race or gender."

The episode underlines the risk of having Jones on the NZ First ticket. Jones is strong-willed, comes with his own ideas, and has a political style that swings between charmingly idiosyncratic and ill-disciplined. Media will be looking for splits and divisions as they always do during election campaigns and Jones could well provide them. That might be expected to dent the NZ First vote if conventional wisdom says voters are turned off by political disunity. Against that, NZ First has always cultivated plain-speaking mavericks, so Jones may simply be seen as playing to type and voters attracted to NZ First will discount media game-playing in the same way that a large chunk of the American populace believes Donald Trump when he calls out the 'fake media'. Jones will

create an X factor, and is likely to put a dent in heavily entrenched National Party MP Shane Reti's majority, allowing him claim a good showing there even if he doesn't take the seat. NZ First has held Whangarei in the past and Peters will be campaigning next door in the Northland electorate. Jones will get a high enough place on the party list to guarantee a return to Parliament. While he will face endless questioning on his leadership ambitions, there is no need to deal with his main opponent in the short term, sitting deputy Ron Mark, until after the election.

### CEO Retreat

Registrations are open and interest is strong in this year's CEO Retreat, at Millbrook Resort from **Aug 24-26**.

Members should by now have received a formal invitation and the full programme.

If you need more information or have yet to receive it, do contact Tracey Gabbittas on [tracey.gabbittas@thehugogroup.com](mailto:tracey.gabbittas@thehugogroup.com) or ph 027 433 8434.

## Where will Winston jump?

The honest answer is that no one knows. National's pollster David Farrar, however, has put together a decision matrix that continues to put the odds 2:1 towards a National-led govt, even if NZ First enters coalition with no other party and sits on the cross-

benches, forcing a period of weak minority govt.

In order, with least important first, he reasons as follows:

1. What the NZ First caucus or board thinks doesn't matter. Winston decides;
2. He dislikes all other parties – Greens and Maori most of all – so that favours National;
3. But his policy platform is better aligned to Labour's;
4. He strongly disliked John Key, but that factor is neutralised with Bill English as National Party leader;
5. He would probably prefer to govern with just one other party. That favours National, but possibly in a confidence and supply agreement rather than formal coalition;
6. Might they make me Prime Minister? We struggle to see this scenario under either party except in circumstances of a very low vote for Labour (close to 20%) and a strong showing for NZ First (15%+), in which a shared PM-ship might become possible.

Former PM John Key believes NZ First will not join a coalition with either National or Labour after the election but instead would sit on the cross benches using their casting vote on every piece of legislation going through the House.

## The fall of Matt McCarten

Labour's energetic response to its **bungled intern scheme** demonstrated its frustration with Matt McCarten, the scheme's organiser. The knives had been out for McCarten since the recruitment of **Willie Jackson** and there was a suspicion among some MPs that he might also try and find a seat for **Laila Harre** to stand in and thus recreate the old Alliance. Most importantly, he was considered to be a negative influence on Andrew Little. The upfront way that general secretary **Andrew Kirton** handled everything marked him out as a person to watch within the party, particularly if it goes through a bout of reform and change after the election if it does not get into govt. Constitutional reform of the power of the trade unions on leader and candidate selections is a key issue. Kirton is a pragmatist, and he is clearly frustrated by the constitution and continual internecine warfare, which some believe McCarten has stoked.

## Maori Party adds Pasifika push

Having failed in its strategy to select a slate of big-name candidates, the Maori Party has introduced a new tack: **trying to peel off party votes from Labour**

by attracting support in the Pasifika community with a new arrangement involving the **previously Labour-supporting Pacific Alliance in South Auckland**. The party appears to have plenty of funding and its organisation, though still not slick, is better than it has been. While it looks unlikely to win more than one electorate, the prospect of pushing its party vote to 2% – enough for three parliamentary seats – is viewed as credible by National, whose preferred route back to power remains coalitions with minor party partners. Meanwhile, knowing he faces a tough fight in Ohariu, long-sitting **United Future party leader Peter Dunne** has launched a recreational drugs policy reform platform he hopes will draw votes from Green supporters who have no candidate, freeing them to vote for in a deal to support Labour's former police spokesman candidate, **Greg O'Connor**.

### Clutha-Southland fallout

Labour's intern scheme may have hurt the party's pro-worker brand with voters more than the Clutha-Southland scandal involving retiring youngster MP Todd Barclay has hurt Bill English. However, the Barclay affair has damaged English with his party and become a proxy for debate about his leadership.

The anti-Barclay faction in the electorate were all friends or supporters of English when he was the MP. English's reluctance to intervene much earlier in a dispute which had trivial origins but which got out of hand has raised questions within the caucus and the party.

Support for Barclay is quite extensive. Note that English's two leadership competitors – Judith Collins and Jonathan Coleman – both attended Barclay's re-selection last December and endorsed him.

English's 'man' in the original selection in 2014 but who pulled out, Hong Kong banker Simon Flood, has some powerful backers – Philip Burdon, former Bolger Press Secretary Jim Burns and despite his public denials, Sir Eoin Edgar – but the local party membership is believed to be firmly opposed to him because of his perceived role in the Barclay affair.

Flood is wavering on whether to seek selection now the position has opened up again, while senior party officials are worried with the he may further divide an already deeply divided electorate if he does run.

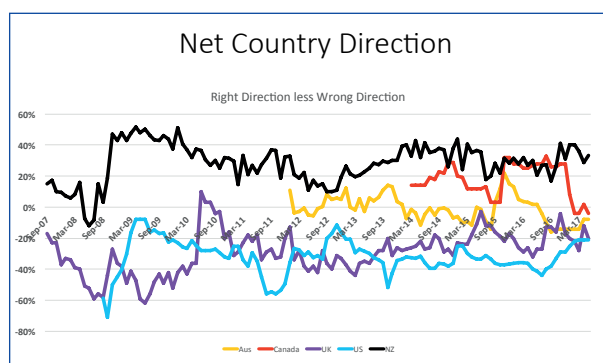
The whole affair has revealed a willingness on the part of both the party and the caucus to question the leader's judgement which is something that simply did not happen under Key.

### Senior Ministers lukewarm to CEOs' lobby on local govt powers

The efforts of a coterie of NZ corporate leaders to convince the govt that **a less centralised approach to local govt policy is falling on deaf ears**. Key Ministers who would need to be swayed – **Bill English, Steven Joyce and Simon Bridges** – are exhibiting varying degrees of scepticism and dismissal. Joyce is particularly uninterested in the increasing pressure he is feeling from many of the 40-strong group of ceo members of the **NZ Initiative** think-tank to reassess the concept of 'localism' as a way to deal with systemic problems with local govt funding and service provision.

Led by **Mercury Energy's Fraser Whineray**, the week-long trip in May to study the Swiss model left a deep impression on many participants, particularly about the potential for a much more devolved approach to local govt to incentivise growth and competition among localities for new businesses, jobs and rate-paying citizens. **All accept the radically decentralised Swiss approach to local democracy is a step too far for NZ**. However, Opposition parties are increasingly offering to reward regions for growth by, for example, allowing local govts to keep some of the fruits of local economic development through 'value capture' rating or sharing GST raised in an area. This is all at odds with the current govt's approach of the last three parliamentary terms. Frustration at the institutional weakness of many local govts has seen Wellington favour ncreasingly directive policy from the centre. The increased use

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### Last 3 polls extrapolated to govt formation

	With United Future	Without United Future	With UF, Maori win 2 electorates
National	58	58	58
Act	1	1	1
United Future	1	0	1
Maori	1	1	2
<b>TOTAL SEATS – centre-right</b>	<b>61</b>	<b>60</b>	<b>62</b>
Labour	34	34	34
Green	15	15	15
Lab-Green	49	49	49
NZ First	11	11	11
<b>TOTAL SEATS – Lab/Gr/NZF</b>	<b>60</b>	<b>60</b>	<b>61</b>
<b>TOTAL SEATS</b>	<b>121 – 1 seat majority</b>	<b>120 – hung Parliament</b>	<b>122 – 2 seat majority</b>

## DOMESTIC ECONOMY

### Global players see earlier-than-expected RBNZ rate hike

Some market tension is building between the RBNZ's view that interest rates can remain on hold and the growing sentiment among other central banks to withdraw monetary stimulus. Heavyweight research house BCA, for example, judges the RBNZ should be among central banks next to raise rates soon among a group that includes the Bank of Canada, where a rate rise is suddenly expected next month.

### Sentiment consistently strong

The latest NZIER Quarterly Survey of Business Opinion remained consistent with GDP picking up from its recent slow patch, offset by capacity constraints, and with firming inflation. Its net confidence reading was a seasonally adjusted +18, from +17 in the March quarter and trading conditions were at +23 for the next three months, from +25.

Capacity utilisation at 92.1% dropped from 93.6% in the March quarter, a record high, with the long term average 90.5%. Exporters drove that softness whereas non-exporters held up at a very high 94.4%, from 94.5%. Manufacturers lagged builders.

Cost pressures remained strong, while selling price expectations for the coming three months moderated a touch, to +24, from +29, still consistent with annual CPI inflation running above 2%, compared to the RBNZ's May MPS forecasting an annual CPI rate of 1.1% by Q1 2018.

Investment intentions remain substantially above long-term norms although building softened.

Labour appears to have overtaken capital as a source of constraint, with difficulty in finding skilled staff now at its most intense since 2005.

Regional sentiment was strongest in the Waikato, Bay of Plenty, Wellington, Gisborne and Southland. We observe that sentiment may be stronger than measured because the QSBO tends to miss factors

such as the fiscal stimulus announced in the Budget and recent record terms of trade results. The survey tends to under-survey public entities and farmers.

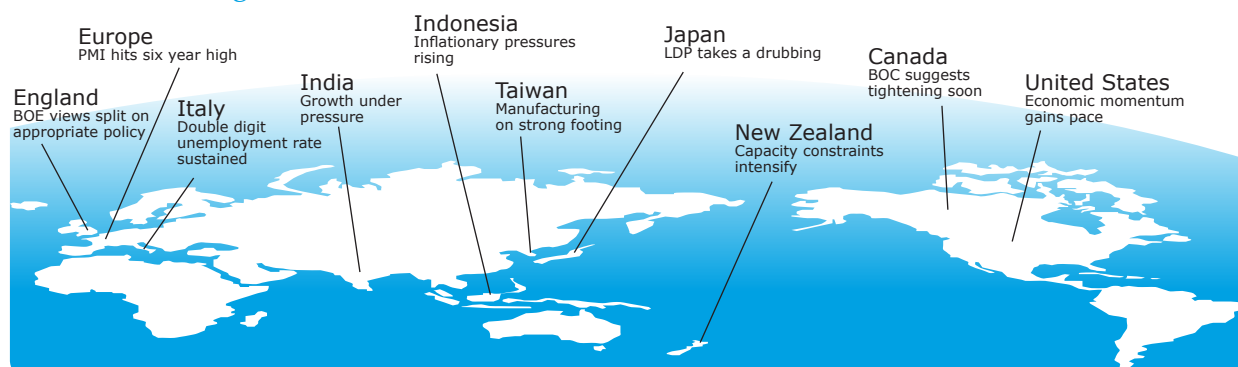
The Westpac McDermott Miller employment confidence index rose 3.5 points to 113.4 in the June quarter, the highest level since before the global financial crisis in 2008, with the present conditions index up 4.5 points to 113.9 and the employment expectations index gaining 2.8 points to 113.1.

### Economic indicators

Monthly **new car sales** rose to a record in June as the ongoing themes of cheap finance and an expanding population were given a boost by the recent Fieldays event, where resurgent rural confidence spurred farmers to buy commercial vehicles. Registrations rose 17% to 15,985 in June from a year earlier, MIA figures show. Of that, passenger car sales rose 11% to 10,181 and commercial vehicles surged 29% to 5,804 with strong demand at Fieldays.

Local councils approved 7% more residential **building consents** in May, with house consents at a 13-year high as the trend for new dwellings continues to increase. The seasonally-adjusted gain in May followed falls in March and April. A total 2,794 new dwellings were consented, including 2,039 houses, the highest monthly number since June 2004. On an annual basis, dwelling consents rose 8% to 30,645. **Property values** rose at their slowest annual pace in more than two years in June, in part because of a fall in Auckland sales. The **QV House Price Index** rose 8.1% in the June year, from 9.7% in the year to May, for the smallest annual increase since March 2015. National average values increased 3.2% in the June quarter to \$639,051. Auckland realtor **Barfoot & Thompson's** June figures mirrored the result. It reported the average price of houses sold in the city last month fell 3.1% to \$913,606, while the median price slipped 0.7 percent to \$840,000. The result was consistent with slower winter sales, B&T noted. ■

### The world at a glance





## Aussie PM instability – again

The popularity of Aust PM Malcolm Turnbull and his Liberal coalition continues to sag, leading to renewed white-anting by the former leader Tony Abbott. In recent days, Turnbull has said he will resign from Parliament if he is replaced as leader, while a poll by the Aust edition of The Guardian found 43% of those polled want Abbott to leave Parliament rather than continue to destabilise the govt.

The same poll showed the ALP pulling ahead of the Liberals by 53% to 47% on a two-party preferred basis.

## RBA on hold

The Reserve Bank of Australia made very few changes to its monetary policy update this week and seemingly has declined the invitation to join hawkish soundings from global central banks (*see Domestic Economy item*). It appears the RBA expects to keep the benchmark rate on hold at 1.5% for some time.

## Pacific Alliance FTA

A new FTA push into Latin America has been announced by Trade Minister Todd McClay. After two years of preparatory talks with the members of the Pacific Alliance – **Chile, Peru, Colombia, and Mexico**. No timetable for completion has been announced. Meanwhile, a Japan-EU FTA is also reported to be advancing in further evidence that many nations continue to demonstrate a commitment to global economic liberalisation, notwithstanding rising protectionist sentiment in many developed

economies.

## Brownlee in Cuba

Foreign Minister Gerry Brownlee's trip to Cuba was about to be cancelled when US President Trump announced some restrictions on US travel to Cuba. Brownlee's visit was meant to be a sort of thank you to Cuba for the support it gave NZ on the Security Council and evidence of a desire to maintain the relationship, so it wasn't critical. But Brownlee decided to go after all because not to go, he argued, would be seen as being too easily influenced by Trump.

## G-20, North Korea to test Trump

North Korea's Independence Day launch of an ICBM that could theoretically target the mainland US appears designed to attempt to fray relations between the US and China. US president Donald Trump and his Chinese counterpart, Xi Jinping will be on the same stage at this weekend's G-20 meeting in Berlin. Mr Trump has already tweeted aggressively about his belief that the solution to the growing crisis is in China's hands. However, China is highly unlikely to abandon its client state. US media are pointing to the lack of a coherent Trump administration strategy on North Korea, and that inflaming the US-China relationship risks spilling over into the quietly escalating tensions in the South China Sea, where the US Navy has conducted recent provocative patrols. The US abdication of traditional leadership would appear to be playing into Pyongyang's hands. 🇳🇵

## Trading partner growth

(2015-16 actual; 2017 Consensus Forecasts; 2018-19 figures Hugo estimates)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
China	23.7	6.9	6.7	6.6	6.2	5.8	1.4	2.0	1.9	2.2	2.4
Australia	20.8	2.4	2.5	2.2	2.8	2.6	1.5	1.3	2.2	2.2	2.4
United States	13.4	2.6	1.6	2.2	2.4	2.1	0.1	1.3	2.3	2.2	2.3
Japan	7.5	1.2	1.0	1.4	1.1	0.9	0.8	-0.1	0.6	0.8	1.2
Eurozone	7.3	1.9	1.7	1.8	1.6	1.4	0.0	0.2	1.6	1.4	1.7
South Korea	3.8	2.8	2.8	2.7	2.6	2.3	0.7	1.0	2.0	1.8	2.1
United Kingdom	3.7	2.2	1.8	1.6	1.4	1.5	0.0	0.7	2.7	2.7	2.3
Singapore	2.8	1.9	2.0	2.4	2.2	2.3	-0.5	-0.5	1.0	1.4	2.0
Taiwan	2.7	0.7	1.5	2.2	2.0	1.7	-0.3	1.4	1.1	1.4	1.2
Indonesia	2.2	4.9	5.0	5.2	5.4	5.1	6.4	3.5	4.3	4.2	4.6
Thailand	2.1	2.9	3.2	3.4	3.4	2.9	-0.9	0.2	1.0	1.7	1.8
Hong Kong	2.0	2.4	2.0	2.6	2.2	2.3	3.0	2.4	1.8	2.3	2.3
Malaysia	2.0	5.0	4.2	4.9	4.6	4.3	2.1	2.1	3.9	2.6	2.5
Philippines	1.6	6.1	6.9	6.4	6.4	5.9	1.4	1.8	3.3	3.4	3.1
India	1.6	7.9	7.1	7.3	7.6	7.4	4.9	4.5	4.4	4.9	5.1
Canada	1.5	0.9	1.5	2.5	2.0	1.9	1.1	1.4	1.9	2.0	1.9
Vietnam	1.3	6.7	6.2	6.4	6.3	6.3	0.9	2.7	4.1	4.7	4.7
<b>NZ Trading Partners</b>	100	3.6	3.4	3.5	3.5	3.2	1.1	1.3	2.0	2.1	2.3
<b>Forecasts for New Zealand</b>											
Consensus		2.5	3.1	2.7	3.0	2.8	0.3	0.6	2.0	1.8	2.0
BNZ Forecasts		2.5	3.1	2.5	3.1	2.4	0.3	0.6	1.7	1.6	1.9
<b>The World</b>		3.0	2.5	2.9	3.0	2.7	1.9	2.5	3.1	2.9	3.1

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of National Policy Statements under the RMA, the unwillingness to allow councils to raise funds from new sources, and the development of joint central/local govt special purpose vehicles to fund new infrastructure are all indicative of the same impulse.

The **SPV work is said to be advancing purposefully**, but is complex and may not occur swiftly enough to allow major new Auckland infrastructure projects that such SPVs might fund to be under way in the 2017/18 summer construction season.

## MBIE chief progress

The delay in finding a new ceo for MBIE to replace outgoing **David Smol** appears to boil down to a lack of high calibre private sector applicants. While Minister Simon Bridges has no direct say in who's hired, the SSC is **seeking a leader with deep, current commercial experience** rather than a public sector leader for the role.

However, it seems attracting that kind of talent both to Wellington, and to the sprawling responsibilities of the super-Ministry, has proven difficult. A **fresh search is expected after the Sept 23 election** is out of the way.

## Misuse of market power

The govt is showing limited enthusiasm at this stage for amending **Section 36** of the Commerce Act, dealing with misuse of market power, from the current 'counter-factual' to an 'effects' test, but is moving ahead to **allow the Commerce Commission to undertake 'market studies'** in areas where there are concerns about competitiveness.

A decision on S36 is now delayed to mid-2018, reflecting in part to see how the Aust federal parliament ends up legislating a new effects test, which has been contentious, and further consideration as to **whether an effects test might have an unduly chilling effect on commercial conduct of incumbent market players**. There are fears that normal commercial responses from a large or incumbent player to a new market entrant may be judged post facto as anti-competitive, leading to reduced competitive responses. Exercising the market studies power will require a ministerial direction but the ComCom's powers of discovery and inquiry will be broad. The latest **OECD report on the NZ economy identified the construction sector as a possible target**. Legislation will be required to implement the market studies decision.

Energy Minister **Judith Collins** was quick to point out, in the release of MBIE's inconclusive report into fuel price competition (*see next item*) that the market

studies policy "will give the govt the option to direct the ComCom to undertake a further competition-specific fuel market study, backed by the ability to require comparable data across companies. There is currently no legal mechanism to do this".

## Weak findings on fuel competition

If Collins was hoping for a pre-election stick with which to beat petrol retailers, the inquiry undertaken for MBIE into fuel margins offered strong headlines but rather less substance than it might at first appear. The report is heavily hedged and fails to take into account two key issues: the unsustainably low margins that characterised the industry in the early part of this decade and the pervasive impact of loyalty schemes on real prices paid at the pump by between 40% and 50% of motorists.

Its **basic finding was inconclusive**, saying: "We cannot definitely say that fuel prices in New Zealand are reasonable, but we have reason to believe that they might not be." Elsewhere: "The limitations in data have meant that we have only reached tentative conclusions on each of these questions." **High South Island and Wellington fuel prices were not explained** by local cost factors and the report found mass-market fuel margins had expanded in the last five years while those for aviation and commercial users had remained flat.

However, it also conceded that thin margins for mass-market fuel in the early 2010s may have reflected a low-margin strategy pursued by Shell prior to selling its downstream assets to Z. "It is possible that Shell's strategy caused margins at the beginning of our study period to have been unduly suppressed, and that some of the observed margin increase since then was simply a recovery from that position." **Collins appears keen on exploring a wholesale market for transport fuels as a solution.**

## Dam decision

The Supreme Court's rejection of the Ruataniwha Dam/DoC land-swap is a serious blow to the govt's irrigation policy, but a rallying point for National, which seeks to portray environmental interests as anti-farmer and anti-growth. Bill English is talking law change.

## Copyright Act review

A review of NZ's copyright regime will get under way early next year, with the publication of an issues paper for submissions, based on the work undertaken already to produce last Dec's "Copyright and the Creative Sector" report. ■

## CORPORATE ROUND-UP

## Capital markets

NZX will carry out an extensive review of its business with the results due in Nov. Ceo **Mark Peterson** said the review “will determine the shape of our business and influence the strategies we will adopt in growing the business and NZ’s capital markets for the long-term.” The **NZAX** and two year-old **NXT** platforms are likely to be closed. **G3** announced it is leaving the **NXT** board while app developer **GeoOp** also announced plans to transfer from the **NZAX** to the **ASX**. The **Financial Markets Authority** has reported NZX is meeting its obligations by ensuring the market works in a fair, orderly and transparent manner; that adequate systems to ensure participant disclosures exist; that conflicts of interest are managed effectively; and that it monitors conduct and enforces compliance and is appropriately resourced. There are indications a **re-elected National Party-led govt would devote resource to examining whether post-GFC financial and capital market regulation has created barriers to investment that might be loosened.**

Former **Milford Asset Management** portfolio manager **Mark Warminger** has been ordered to pay \$400,000 after the High Court ruled he manipulated the NZ stock market on two occasions in 2014. Warminger is appealing the judgment, with the FMA cross-appealing.

## Shareholder activism

KiwiSaver market disrupter **Simplicity** has launched the latest element of its strategy to position itself as the champion of both the small NZ investor and NZ Inc’s overall performance. Using pro bono researchers from **AUT** and one of its directors, economist **Shamubeel Eaqub**, **Simplicity** is **challenging all NZX50 companies** to demonstrate they have a diversity policy in place within the next five years. **Simplicity** principal **Sam Stubbs** says he’s spoken to the CEOs of those companies in recent weeks and claims support for the long term return focus of the initiative. Companies with more diverse boards and senior management have higher average rates of return than those not exhibiting diversity, he says. Further such initiatives are likely. **Stubbs** says the new focus won’t compromise **Simplicity**’s low fee strategy as most of the work will be measured by benchmarks and undertaken by academic researchers.

## Financial services and insurance

The **Commerce Commission** has delayed its decision on whether Aust-owned **Vero Insurance NZ** will be allowed to buy NZX-listed rival **Tower** after raising some competition concerns. The commission pushed

out its deadline to July 26 .

The **Reserve Bank** says compliance with **disclosure rules by licensed insurers falls well short of minimum requirements** and needs to “markedly improve”. “The level of compliance was generally disappointing,” the central bank said. Of 36 insurers surveyed, 53% were assessed as complying at a low or poor level. Only 22% ranked ‘good’, but with room to improve. Only three insurers demonstrated excellent compliance.

## Primary industries

State-owned **Landcorp** has repeatedly clashed with the Treasury over wishing to retain earnings rather than pay dividends, papers released under the Official Information Act show. Separately, Deloitte has recommend **Landcorp**’s sale.

**Livestock Improvement Corp** is planning to use its increased shareholding in the UK’s **National Milk Records** business both to ramp UK and Irish sales and to help grow NMR. A capital restructuring this month unshackles NMR from propping up a pension scheme. **LIC**’s likely to seek board representation, now that the NZ cooperative owns 19.8% of NRM, up from 2.6% previously, but has no takeover plans.

Fish oil supplement maker **SeaDragon**’s annual accounts were tagged by auditor PwC over the value attached to its long-delayed fish oil refinery.

Dairy prices eased again at this week’s **Global Dairy Trade** auction, posting two straight declines for the first time since March. Prices slid for most products except whole milk powder and butter milk powder. **WMP** rose 2.6% to US\$3,111 a tonne.

## America’s Cup & APEC

The govt will give \$5m to Emirates Team NZ as it prepares for the next America’s Cup, so it can retain key staff. Following the team’s victory in the 35th America’s Cup campaign in Bermuda last week, the govt is keen for the regatta to return to NZ for the next round, which financial backer **Stephen Tindall** has said will be held in Auckland in 2021. Auckland mayor **Phil Goff** has warned the city’s council will not fund infrastructure, although it will facilitate permissions for the event. Bill English noted the Cup will be sailed in the same year as NZ chairs APEC, which involves some 23 international ministerial meetings during the year. The leaders’ summit, usually in November, is most likely to be held in Auckland.

## Telecommunications

**Spark**’s earnings growth will heavily rely on its ability to switch broadband customers to its fixed

## CORPORATE ROUND-UP

wireless network, although the next iteration of mobile technology makes the future murkier for Spark, says brokerage **First NZ Capital**. Auckland-based, ASX-listed wi-fi service provider **Tomizone** plans to raise about A\$2m to repay debt as a boardroom shake-up sees one of its bondholders assume the chair. A report for the **NZ Internet of Things Alliance** found NZ firms relatively unprepared for the IoT revolution. A PwC report, however, finds 90% of NZ businesses are investing in IoT and that 50% are considering IoT investments in the area in the next three years.

### Transport and tourism

**Toll Group NZ** has purchased a new site in Auckland's suburb of Otahuhu for \$59.5m, where it wants to build a new freight forward facility with access to the rail network.

**C3**, the local on-wharf logistics firm owned by **Linx Cargo Care Group**, has been picked to operate **Waikato-Tainui's inland port at Ruakura** on Hamilton's city limits. **Tainui Group Holdings**, the commercial arm of the North Island iwi, has signed up to a joint venture with Linx, which will take a 30-year lease on the inland port land, and use C3 to run the port's day-to-day operations.

### Construction

The govt has taken control of earthquake-prone building regulation, with new legislation that will compel building owners to fix or demolish dangerous structures within set timeframes. The new act removes local councils' requirement to have their own policies, and creates a single national policy framework. It divides NZ into three earthquake categories, with timeframes for building assessment and repair dependent on the perceived seismic risk.

### Energy

**Shell NZ** is keen to find suitors for its remaining NZ assets after the sale of its Kapuni onshore field helped narrow its loss in the year to Dec while Austrian oil and gas producer **OMV AG's** NZ unit moved back into profit after achieving a lower cost of sales. Shell said its total comprehensive loss was \$21m, reflecting asset sale proceeds, versus a loss of \$226.7m in the prior year. OMV's NZ unit made a profit of \$73.9m in 2016 from a year-earlier loss of \$210.8m.

**Tilt Renewables**, the wind and solar generation

facilities which split from Trustpower last year, has warned earnings will be as much as A\$12m lower for 2018 after a weak start to the year. Lower wind conditions across Tilt's Austand NZ portfolios, particularly in South Australia, mean first quarter production across the group will be 30% below expectations.

**Mark Binns** is retiring as ceo at Meridian Energy after six years, which included the renewable electricity generator's partial privatisation. He will be replaced by long-serving senior executive Neal Barclay.

### Resources

ASX-listed **MOD Resources** has sold its 80% holding in Sams Creek Gold, which sits atop what may be NZ's biggest undeveloped gold deposit, to Condamine Resources for A\$3.8m, but will retain up to a 15% stake in Sams Creek once Condamine completes a planned initial public offering this year.

### Tertiary education

**Lincoln University** will receive an \$85m Crown capital injection to ensure its project to create a new innovation hub in Christchurch is completed. The \$206.4m, 27,000sqm joint facility with AgResearch attracted an amber/red rating from Treasury's latests majority projects review.

The govt has launched a **draft international education strategy** aimed at dealing with problems created by low-value providers and exploitation of current immigration settings.

### Innovation

**Plexure Group**, the digital advertising firm formerly called VMob, plans to trim its workforce by more than a quarter in an effort generate positive cash flow by the end of the year.

### Media

Two private equity suitors have dropped their interest in **Fairfax Media**, raising fresh questions about the Aust/NZ group's long term future.

### Corporate actions

**SkyCity Entertainment Group** said chair Chris Moller will retire at the end of this year, and be replaced by its new director Rob Campbell. ■