

The other agenda in the NZ-EU FTA

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The EU's geo-political interest in getting closer to its remaining friends is the obvious top-line reason for pursuing a long-shunned FTA with NZ and Australia. However, the other reason is that the EU wants to find a way out of its obligation to take all meat and dairy products covered by historical 'tariff rate quota' arrangements after the UK leaves the EU.

Nurses' strike action – a one-off?

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Senior ministers are betting on the NZ Nurses' Union taking only one day of industrial action, on July 5, before agreeing to a new pay deal ahead of a second strike, planned for July 12. Grant Robertson is hanging tough on the total size of the package – already roughly doubled from the original – so some rejigging of the existing proposal will be necessary.

Pre-fab housing – watch the Super Fund

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The NZ Superannuation Fund has been in Europe with govt officials in recent weeks examining models and possible partners for pre-fabricated housing manufacture. The Fund confirms it is taking an active interest in the potential to invest in the sector, with involvement already in the large-scale housing development at Hobsonville.

November rate cut on the cards?

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The RBNZ's six week update on monetary policy suggests the central bank is less committed than it was to leaving the Official Cash Rate unchanged for the foreseeable future, with the prospects of a rate cut late this year rising.

Regulation looms on nutrient allocation

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The Land and Water Forum has placed itself "in abeyance" after 9 years of efforts to find consensus among habitual combatants on freshwater policy. In failing to come up with a nutrient allocation scheme to deal with nitrogen run-off, the forum has effectively invited the govt to regulate in this area.

Pohokura outage costing Methanex

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The Pohokura oil and gas field has been subject to an unscheduled partial outage for the last 13 weeks – an energy security issue at the country's largest source of oil and gas which has gone almost unnoticed because the only user to suffer commercial harm is Methanex.

Here comes Hart Jr

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Harry Hart, son of billionaire Graeme Hart, is assembling a food business at scale with purchases of Hubbard Foods, Hansell Food Group, and the Gregg's sauce unit.

Govt hopes July 5 nurses' strike will be one-off

The govt is hoping public sector nurses will treat their July 5 day of industrial action as all that is required for them to demonstrate the depth of feeling that exists around their current pay claim.

Further action is scheduled for July 12, but ministers believe it won't go ahead. Instead, a face-saving compromise will need to be found between the NZ Nurses Organisation and the DHB employer group.

That **compromise cannot involve extra funds** as the value of the nurses' offer has already been doubled from the original \$250m. Ironically, that package was initially recommended by the NZNO to its members.

The **most likely area for wiggle room appears to be in juggling with the proposed two new top pay scales for senior nurses.** Much of the reaction from nurses to the upgraded package revolved around concern that junior nurses deserved a better offer.

Meanwhile, more than 4,000 PSA members at MBIE and Inland Revenue staff will take part in two 2-hour stoppages on July 9 and July 23.

The build-up of state sector industrial action creates inevitable political headaches for the govt as it gives the Opposition free rein to compare current conditions with the relative industrial peace under National-led administrations over the previous nine years.

It is correct to observe that current levels of industrial action are a fraction of the turmoil experienced in previous decades. However, memories of those times have faded and the current disruptions play into the narrative of a govt under political and fiscal pressure.

Super Fund and prefab housing

Ministerial briefing papers seen earlier this year were explicit in their expectation that the NZ Super Fund would consider a large-scale, central North Island investment in a pre-fabricated housing manufacturing plant.

NZSF is already developing housing at Hobsonville and has now confirmed it's interested in expanding its development capabilities by **exploring commercial investment opportunities in modular/pre-fabricated housing.** Staff recently made an exploratory visit to Europe to research technology and potential partners for a pre-fabricated housing factory in NZ.

"While we have kept the Minister informed of the work we are doing, it remains at an early stage and no specific proposals have been developed or

presented," the Fund says. "Given the possibility of some kind of competitive process we will refrain from commenting further at this point."

Housing Minister Phil Twyford says he hopes pre-fab construction and the KiwiBuild volumes in general will lead to productivity improvements that lower the cost of house construction.

KiwiBuild visas

Immigration Minister Iain Lees-Galloway announced a new KiwiBuild visa category to try and ease the chronic shortage of tradespeople in the construction sector.

Lees-Galloway has also been more forthright in recent weeks about the fact that **Labour's pre-election rhetoric about cutting net annual immigration by more than half has been abandoned.** There is no official numerical target and a focus only on skills requirements and on reducing the potential for migrant exploitation.

EU-NZ free trade agreement – two agendas

There appears to be remarkable impetus for the swift conclusion of an EU-NZ free trade agreement, based on the rhetoric from the EU's Brussels-based Trade Commissioner, Cecilia Malmstrom, during her visits to NZ and Australia last week.

However, it is also clear that the FTA negotiation represents the venue in which the **EU will attempt to reduce its tariff rate quota obligations, binding under the WTO,** to continue taking the same quantities of beef, sheepmeat and butter as it currently does, notwithstanding Brexit.

The EU has proposed an 80/20 EU-UK split in the current tariff rate quotas – an offer immediately rejected by Trade Minister David Parker. **NZ's position is that the TRQs were signed with the EU and that no renegotiation is required.** If new quotas are required for market access to the UK, they can be negotiated with post-Brexit Britain. In theory, **there may be no such issue with Britain if a new FTA is signed with NZ.**

The EU is clearly expecting to use the FTA negotiations with NZ as the bargaining chip to push back on current quota levels. Its only other option is to face NZ and Australia in the WTO. Australia, in the same position as NZ, has already formally declared its intention to take the EU to the WTO over its TRQs.

Wider strategic objectives also underpin the EU's new-found enthusiasm for an FTA with NZ, having shown little appetite in the past because of its

protectionist farm lobby. With Brexit looming, the US pursuing an antagonistic trade agenda to both friends and competitors alike, and the rise in the influence of autocrats, the calculus has changed.

Malmstrom spoke repeatedly about the EU's desire to work with "friends" who share "common values" at a time when the post-WW2, rules-based international order is under unprecedented pressure.

She appeared to **confirm PM Jacinda Ardern's personal representations on the issue to French president Emmanuel Macron during her visit to Europe and the UK in April were important in getting France over the line.**

"There were some hesitations. Not against New Zealand per se, but because of these agricultural sensitivities," she said. FTA negotiations with Latin American beef producers, in particular, made some EU member states cautious about starting more negotiations.

"It played in," she said of Ardern's intervention. "Some countries thought that maybe it's a little bit too much at the same time. It did play in, absolutely."

Closer to home, a key issue will be whether there are changes to current arrangements for parcelling out access to tariff-free EU market entry. The trade is **highly profitable for those NZ exporters able to exploit the quotas.**

Parker also announced that **Mexico has become the first CPTPP signatory country to complete parliamentary ratification.** The agreement will come into force 60 days after six of the 11 member states have ratified. NZ parliamentary deliberations on the treaty have concluded.

TPM review advances

After a 14 month hiatus while new Electricity Authority board members got up to speed with the issues, the EA is **proposing to press ahead with a 'benefits-based' approach to its transmission pricing review.**

Work on the TPM stalled in early 2017 when cost-benefit analysis by Australian consultants Oakley Greenwood was found to contain too much error to be salvageable. In April 2017, the EA said it would commission a replacement study.

This week's EA statement coincided with the **last week for Carl Hansen**, the outgoing CEO, who established the agency almost eight years ago.

The TPM has been something of a bete noire during much of that time, as the competing interests of deep south and northern electricity consumers have been pitted against one another in the argument

about where grid costs should lie. That argument intensified after costly upgrades to the HVDC link across Cook Strait and upper North Island grid investments, which benefit northern consumers more than southern.

Hansen says the long silence reflected the importance of getting new board members familiar with the issues, which they have now done, apparently backing the view that, if anything, TPM reform is more important than ever.

"Batteries are getting cheaper, which will be great for managing pressure points in the electricity system. However, the current transmission pricing approach will encourage businesses to buy them when the purpose is largely to shift their transmission charges to other customers. This will make electricity more expensive for others and not reduce the total cost. This is clearly not sustainable," Hansen said.

However, the EA says it will look for "pragmatic" solutions and avoid price shocks.

In effect, this appears to mean pursuing more rational cost-sharing on future investments in the grid, rather than those that have already occurred.

Proposals released in 2016 included transitions that would have avoided price shocks.

The long-awaited new **CBA project is now out to tender** with potential providers. An update on the process is scheduled for late this year,

The EA had previously targeted 2018 for final decisions in the long-running saga.

Kirton to AirNZ

Air NZ has replaced its long-serving govt relations manager Duncan Small with the outgoing Labour Party general secretary Andrew Kirton.

Small, who is married to National Party MP Nicola Willis will move to a role at MBIE.

Kirton impressed as a new broom at Labour, but was caught in the scandal over drunkenness at Labour's youth camps.

Baby politics

The Prime Minister's extraordinary capacity to gain political capital from her personal style has again been demonstrated by the general warmth and enthusiasm that flooded the country's mainstream and social media in the aftermath of the birth of her first child.

It is not unreasonable to suggest that where John Key was National's key electoral weapon for his projection of a "competent everyman" persona, Jacinda Ardern may be attracting, from a large chunk of the electorate, **something akin to love.**

As long as she manages to maintain the personal authenticity that underpins this positivity, she holds a very powerful political weapon for a Labour-led govt's re-election.

POLITICS AND POLICY

Simon Bridges, on the other hand, mishandled an attempt at humour on Radio Hauraki and compounded the error of making off-colour remarks about a new-born by insisting he was being “very light-hearted”.

There is certainly a constituency for the view that focus on the birth of the “Prime Miniature” has been excessive and gushy. Lining up with that view against a PM at a moment of intense personal popularity, however, is not politically astute.

LAWF hands govt permission to regulate nutrient discharges

The nine year-old Land and Water Forum’s failure to come to consensus on how to allocate nitrogen run-off from farmland – otherwise known as nutrient allocation – means **Environment Minister David Parker is now invited to regulate in this vexed area.**

Parker had given the LAWF a mid-year ultimatum to come up with an allocation system that would be fair to both existing and future potential land-users.

Included in the reasons for failure to reach agreement is the **ongoing lack of resolution to iwi claims to rights and interests in freshwater** – an issue the fifth and final report from the LAWF says remains urgently in need of an answer.

The report, the first to this govt, also called for the creation of a Land and Water Commission to give urgency and focus to freshwater policy development.

Envisaged as something like the Climate Change Commission, Parker has said only that he will consider the idea. The report says initiatives stemming from previous LAWF work have been “haphazard with different regions doing different things”.

It also recommends the Ministry for the Environment be given new powers to use prohibited activity status or moratoria to prevent further activity worsening water quality in catchments where pollution levels

are already “dire”. Parker intends moving on this recommendation immediately, although at this stage is simply ordering the **creation of a nationally coherent database which, after nearly 20 years of govt focus on freshwater issues, still does not exist.**

LAWF itself has announced it will go “into abeyance”.

Transport investment confirmed

The final version of the **Govt Policy Statement on Land Transport** largely confirms the draft version, with reduced emphasis on new highway construction and additional capital funding to increase public transport, road maintenance and safety investment, and increased investment in commuter rail services.

No decisions on funding for rail freight capacity improvements have been made yet.

Infrastructure NZ welcomed the decisions but remains concerned at a **gap created in the pipeline of forthcoming work in 2019/20.**

University funding

Complaints from the university sector that the Budget had ignored them saw funding ministers admit there had been a “mistake” made and undertook to find some additional funding. The result of that process saw universities receive a **1.6% increase in tuition subsidies.**

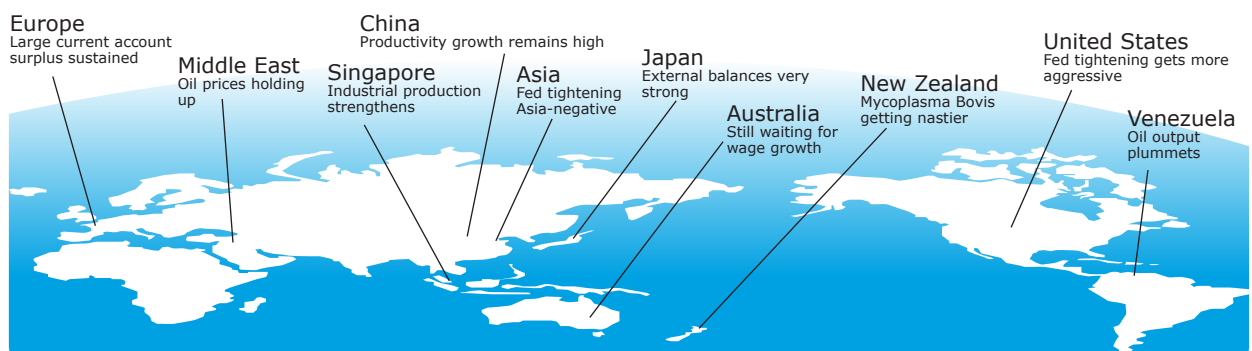
Public service cap lifted

State Services Minister Chris Hipkins announced removal of a cap on core public servant numbers to reduce reliance on external consultants.

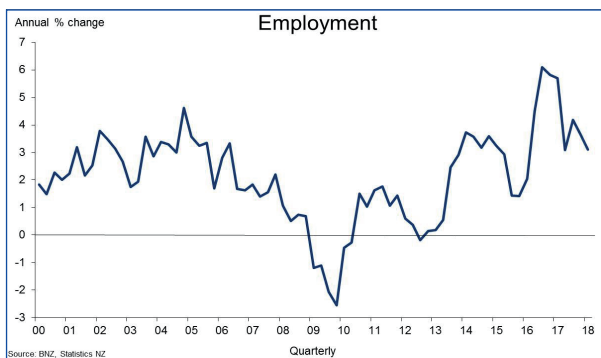
Directors’ address disclosure review

The long-standing requirement of company directors to file a home address for public disclosure on the Companies Office register looks likely to be amended to an ‘address-for-service’ requirement. Safety and privacy may justify the change. ■■

The world at a glance

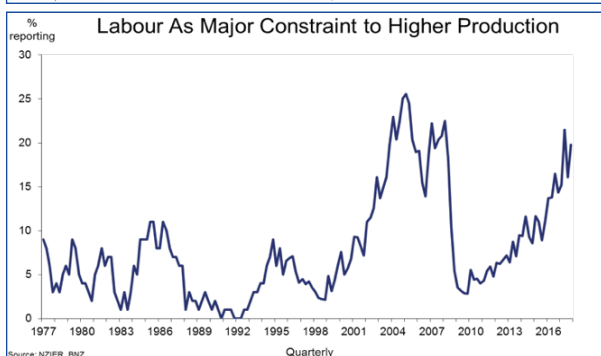


DOMESTIC ECONOMY



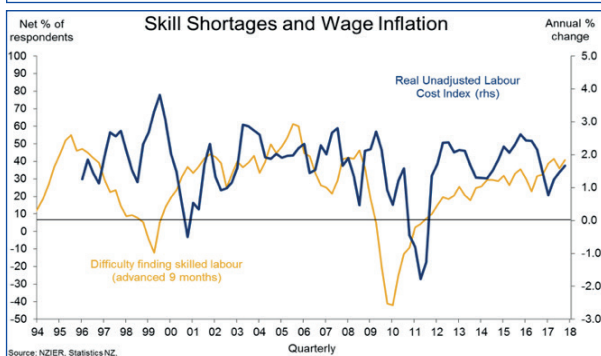
Moderating employment growth

- Employment growth has been very strong through the last 12 months;
- But is set to moderate, in part reflecting easing immigration and skills shortages;
- And somewhat more moderate economic growth, also caused in part by capacity constraints in key sectors, which will stifle expansion.



Impacting businesses

- Shortage of skilled or available labour has become an increasingly significant issue for employers;
- In the aftermath of the GFC, fewer than 5% of employers were citing labour shortages as a problem;
- Today, approximately one in five businesses is constrained by a lack of available labour;
- Creating pressure on wages.



Wage growth building

- Labour market pressure produced wage growth only slightly in excess of inflation in recent years;
- However, that may change this year, thanks to:
 - high public sector wage settlements;
 - the upward path for the minimum wage through to 2022;
 - the gov't's employment law reforms increasing union power.

Trading partner growth

(2016-2017 actual; 2018-2020 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2016	2017	2018	2019	2020	2016	2017	20187	2019	2020
China	26.2	6.7	6.9	6.6	6.4	6.0	2.0	1.6	2.2	2.3	2.3
Australia	20.3	2.6	2.2	2.8	2.8	2.6	1.3	1.9	2.2	2.3	2.5
United States	12.5	1.5	2.3	2.9	2.6	1.8	1.3	2.1	2.5	2.2	2.2
Japan	7.6	0.9	1.7	1.1	1.1	0.5	-0.1	0.5	1.0	1.1	1.6
Eurozone	6.7	1.8	2.6	2.2	1.8	1.4	0.2	1.5	1.6	1.6	1.7
South Korea	3.6	2.9	3.1	2.9	2.8	2.5	1.0	1.9	1.7	1.9	2.0
United Kingdom	3.3	1.9	1.8	1.3	1.5	1.6	0.7	2.7	2.5	2.1	2.1
Taiwan	2.6	1.4	2.9	2.7	2.4	2.1	1.4	0.6	1.4	1.3	1.1
Singapore	2.3	2.4	3.6	3.2	2.8	2.4	-0.5	0.6	0.8	1.4	2.0
Malaysia	2.3	4.2	5.9	5.3	5.0	4.8	2.1	3.7	2.1	2.4	2.9
Indonesia	2.1	5.0	5.1	5.2	5.4	5.2	3.5	3.8	3.6	3.8	3.9
Hong Kong	2.1	2.1	3.8	3.5	2.7	2.4	2.4	1.5	2.3	2.2	2.4
Thailand	2.1	3.3	3.9	4.3	3.8	3.2	0.2	0.7	1.2	1.5	1.6
Philippines	1.6	6.9	6.7	6.6	6.5	5.9	1.8	2.9	4.4	3.7	3.5
India	1.6	7.1	6.7	7.4	7.6	7.5	4.5	3.6	4.8	4.7	4.8
Vietnam	1.6	6.2	6.8	6.6	6.5	6.2	2.7	3.5	4.0	4.2	4.2
Canada	1.5	1.4	3.0	2.0	1.9	1.8	1.4	1.6	2.3	2.0	2.0
NZ Trading Partners	100.00	3.6	3.9	3.9	3.8	3.4	1.4	1.8	2.2	2.2	2.3
Forecasts for New Zealand											
Consensus		4.0	2.9	2.8	2.7	2.6	0.6	1.9	1.7	2.0	2.0
BNZ Forecasts		4.0	2.8	2.9	2.8	2.3	0.6	1.9	1.7	2.3	2.0
The World		2.5	3.3	3.3	3.2	2.9	2.4	2.5	2.8	2.6	2.7

DOMESTIC ECONOMY

A 'subtle easing bias' at RBNZ?

This week's RBNZ OCR review saw a shift in language. The OCR is on hold "for now" rather than "for some time", as it was in the May MPS. Reference to an equal balance between the risk of a rate cut and rate hike has disappeared.

While that leaves a statement that still betrays little guidance on future direction, there has been a **rise in reasons to anticipate a rate cut before an increase**, including: trade tensions tempering global optimism; weaker than expected GDP implying marginally more spare capacity; and a slightly smaller, later fiscal impulse than previously anticipated.

Headline CPI inflation is still expected to pick up through the rest of 2018, but the RBNZ's preferred measure of core inflation, the Sectoral Factor Model, is still only at 1.5% and has historically been very slow-moving. It is likely still to be below the 2% midpoint in the 1-to-3% target range by year-end.

On that basis, the **chance of a rate rise by the end of the year must be rated as close to zero** while there are several scenarios where the market might start to price in the risk of rate cuts.

Foreign buyers withdrawing

The rate at which potential foreign buyers of NZ farms **withdrew applications to the Overseas Investment Office tripled** in the past 12 months, OIO figures show.

The data captures the period since the govt's directive to the OIO to tighten rules for overseas applications to buy sensitive NZ land (which includes any farmland over 5ha).

GDP growth – slightly deflating

GDP grew 0.5% in the first quarter of 2018, a less than stunning outcome that yielded an annual expansion of 2.7%. The result was in line with private sector economists' expectations, with activity in the quarter dampened by several one-off factors, but below the forecasts from both the Treasury and Reserve Bank.

Reasons for a slightly soft outcome included: a fall in vehicle sales because of the marmorated stink bug bio-security issue on car-importing ships; bad weather affecting forestry, construction and perhaps even retail spending; an end to major works caused by the Kaikoura earthquake; gas supply constraints; a drop in meat processing after a jump in early summer when dry weather was a concern; and the impact of a March Easter on Q1 activity.

Focus now goes to the second half of the year, with the July 1 Families Package representing a substantial

loosening of fiscal policy. Annual growth at 3% for the year to Sept looks likely.

Some commentators have assumed weakening business and consumer confidence contributed to the weak Q1, but that is premature.

Nonetheless, it does appear that policy uncertainty and rising input costs, such as higher transport fuels, are starting to have an adverse impact on investment activity.

Anecdotal feedback suggests investment decisions are being put on hold while businesses come to grips with the new operating environment. Any reduction in uncertainty can only help support future activity while any increase in concerns would most definitely negatively impact future growth.

Meanwhile, CPI inflation may yet surprise on the upside. We are forecasting Q2 CPI inflation of 0.6% compared with the RBNZ's 0.4% pick.

Confidence indicators

Business confidence plunged to a seven-month low in June with retail most gloomy as costs, credit and capacity weigh on firms. A net 39% of firms in the ANZ business outlook survey expect general business conditions to deteriorate in the coming 12 months, 12 points lower than May's result. ANZ said business sentiment "is only one input into the decision-making that drives the economy" and "firms' expectations of their own activity are a better gauge of future GDP growth." That measure was down but remained positive, with a net 9% of firms predicting increased activity in their own business, from net 14% last month.

The **Westpac McDermott Miller consumer confidence index** fell 2.6 points to 108.6 in the June quarter, taking it below the survey's long-run average of 111.4. "The drop in consumer confidence is consistent with the recent evidence that the edge has come off the economy's upturn," said Westpac chief economist Dominick Stephens. Six of the country's 11 regions showed an improvement over the previous quarter, offset by pessimism in Auckland and cooling optimism in three key dairy and oil exploration regions.

Economic indicators

NZ's unadjusted **current account surplus** was \$182m in the three months to March 31 versus a revised fourth-quarter deficit of \$2.75b, Statistics NZ said.

Annual **net migration** was at 66,200 in the year to May, down from 72,000 in the year to May 2017. A net 67,600 foreigners immigrated to NZ in the May year, while a net 1,400 Kiwis left the country. ■

Key appointments

The **NZ Superannuation Fund**'s board has appointed **Matt Whineray** as CEO, a role he has been acting in since March after Adrian Orr left to become Reserve Bank governor. Whineray, who was previously the fund's chief investment officer, first joined the organisation in 2008.

Leon Clement, formerly managing director of **Fonterra Brands NZ**, has been hired as **Synlait Milk's new CEO** starting in mid-August. Synlait co-founder and CEO **John Penno** will continue in a governance role from August and is looking at start-ups and young companies to work with once he steps down.

Trade Me Group CEO **Jon Macdonald** intends to exit the company in about six months, leaving a position he held for more than a decade and a company he joined in 2003.

Tech, services and innovation

Gentrack Group agreed to acquire UK-based Evolve Analytics, an energy data analysis software and services provider, for GBP23m. With a settlement date of June 29, the deal will be funded through an extension of Gentrack's debt facilities with ASB Bank.

Xero is confident of tripling its UK customer base in the next few years, saying the compulsory digitisation of tax returns provides a tailwind. It counts the UK as its second-biggest market with 312,000 subscribers as at March 31, up 47% from a year earlier, and delivering \$79.6m of revenue, about a fifth of all sales.

Pushpay Holdings completed a \$100m bookbuild to let executive director Eliot Crowther exit the mobile payment app company he co-founded. 25m shares were sold at \$4.04 each. The bookbuild was oversubscribed, with bids subject to scaling, and got offers from 19 institutional investors across NZ, Australia and the US.

Powerhouse Ventures will trim its stake in Invert Robotics after shopping the investment for several months. It plans to sell up to 57,000 of its 247,000 Invert Robotics shares at \$17.51 apiece.

Construction and infrastructure

Fletcher Building CEO Ross Taylor said the company expects to take restructuring charges of \$85m to \$95m in its 2018 results as it moves to a decentralised operating model with more divisions and will also write down the value of its Rocla and Roof Tile businesses. Taylor plans to restructure the company into seven operating divisions from five currently, saying a move to a decentralised operating model will cut annual overheads by \$30m. The company

affirmed its ebit guidance for 2018 earnings.

Construction has begun on **Lyttelton Port's** cruise berth, which the company says is the first custom-built cruise ship facility in NZ designed to accommodate the world's largest cruise vessels.

Energy and resources

Methanex is losing an estimated \$2m a day in foregone revenue as the unscheduled partial outage at the Pohokura oil and gas field continues, without clarity on when it may be resolved, according to analysis by John Kidd at **Woodward Partners**. The outage has run to 13 weeks so far and would excite national concern about energy security if it were not being borne entirely by a single user, Kidd says.

Z Energy says its Z card online **customer database was breached** due to a security flaw and has advised affected customers and the Privacy Commissioner of the failing. It learnt of the breach via news media.

NZ Refining's hydrocracker unit has been shut down after a newly installed valve failed, lengthening delays from its scheduled refinery maintenance shutdown. The shutdown will cost \$25m-\$30m more than the \$85m it previously forecast and will cut \$40m from profit in calendar 2018.

Healthcare and retirement

Retirement village operators are disappointed that the select committee considering the Overseas Investment Amendment Bill did not exempt them from having to get approval before buying sensitive or residential land to build new villages. The retirement villages are considered foreign entities due to more than 25% of their shares being held by overseas investors or institutions. **Metlifecare** and **Ryman Healthcare** and representatives from the retirement village sector had lobbied for an exemption from the bill.

Banking, finance and insurance

The **SFO** has launched an investigation into **CBL Insurance** and associated entities, adding to probes by the RBNZ and FMA.

A survey of 600 BNZ, Westpac Banking Corp and ANZ Bank NZ staff by the **First Union** shows **bank staff feel under more pressure to sell financial products to customers than they did this time last year**, when an Australian banking report into staff remuneration recommended sweeping changes to ensure customers' interests were protected.

Primary sector

Four new South Island farms have been confirmed as infected with the cattle disease **Mycoplasma**

CORPORATE ROUND-UP

bovis. The properties are near Tapanui, Waimate, Invercargill and Darfield and bring the total number of actively infected farms to 42.

Fonterra is satisfied **Beingmate Baby & Child Food** is taking the right steps to deal with a labelling issue after the Chinese company was among a number of infant formula firms found to have breached their licensing conditions by regulatory authorities.

Synlait Milk will develop its second nutritional powder manufacturing factory for an estimated initial investment of \$250m at its new Pokeno site in Waikato, which will be commissioned for the 2019/20 season.

The company also launched a sustainability policy, winning praise from the Green Party.

NZ milk production may grow to a record of nearly 23b litres in the 2018/19 season, bolstered by a favourable milk price and adequate feed reserves, and assuming normal weather conditions, according to Rabobank.

The **value of the organic sector rose** to \$600m in 2017, from \$467m in 2015, according to the Organics Aotearoa NZ (OANZ) 2018 report. Over that period, the value of organic exports jumped 42% to \$355m. Europe, North America and Australia were the sector's primary export destinations, taking 69% of all exports. There was limited growth in the value of exports to Asia, with exports to China sitting stable at about 10% of total exports.

NZ structural log prices rose to the highest level for 25 years as local mills compete with the export market to secure supply for the domestic construction market amid strong demand from China. The average price for structural S1 logs increased to \$135 a tonne this month, from \$134 a tonne last month, and marking the highest level since 1993, according to AgriHQ.

Comvita has acquired 20% of Uruguay's Apter for US\$6.3m and signed a long-term supply agreement to secure another source of propolis for sales into Asia. The purchase price is comprised of US\$5.7m in cash and milestone earnouts and US\$600,000 of Comvita shares, with settlement due on July 2.

Three North Island iwi have pooled their resources to buy three **kiwifruit** orchards in Te Puke for an undisclosed sum in a tender that was pitched to foreign buyers. Rotorua-based **Te Arawa Group**

Holdings and Rotoma No. 1 Inc. teamed up with Whakatane-based **Ngāti Awa Group Holdings** to buy the Te Matai, Pacific Gold and Coachman orchards, spanning 98 canopy hectares.

Freight and logistics

Australia's Federal Court has ordered **Air NZ** to pay A\$15m for its role in a global air cargo cartel through the middle of last decade. Air NZ and Indonesia's PT **Garuda** were the two hold-outs in the long-running price-fixing claim, which spanned multiple jurisdictions and ran for more than a decade.

Capital markets

NZX is to hire an additional staffer to its market surveillance team in response to an FMA finding the sharemarket operator failed in certain respects in its surveillance function in the last financial year.

The hire is occurring despite NZX disagreeing with the FMA finding, which noted "enhancements were made to the surveillance team's training programme, processes and infrastructure", NZX said.

Retail

Restaurant Brands affirmed guidance for annual earnings to rise 10% to between \$43m and \$45m in FY19 and is looking for a US director as it scouts out new opportunities in mainland America.

Kathmandu Holdings expects to increase profit this year on higher sales and better margins. Net profit is seen at \$48m to \$52m from \$38 in 2017.

Failed children's clothing retailer **Pumpkin Patch** is unlikely to be able to pay back the millions it owes to ANZ Bank while unsecured creditors will get nothing, say receivers KordaMentha.

Manufacturing

Harrison Hart, the son of billionaire **Graeme Hart**, is on his way to building a locally owned food empire with the purchases of **Hubbard Foods**, **Hansell Food Group**, and the **Gregg's sauce unit**. **Walter & Wild**, formerly **HFG Group**, bought the entities in three separate deals, bringing 500 brands under one umbrella. Harry Hart is described as the owner of Walter & Wild, which has entity names reserved with the Companies Office, and is a 33% shareholder of HFG Holdings, the ultimate parent of HFG Group, with Graeme Hart holding the other 67%. ■