

NZ First at 25

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Whatever you make of its founder Winston Peters, there's no denying that the creature of his dissent against the market orthodoxies that have prevailed since the 1980s – NZ First – has achieved an extraordinary feat to be in govt 25 years after its formation. Assuming the party is more than just Peters, the question now is: who will take the party into the next quarter century?

NZ First – National-lite in its influence

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NZ First is flexing its muscles in some key areas, most notably its antipathy to unrestrained borrowing to fund state sector-led consumption. Acting PM Winston Peters this week offered a doughty defence of the Budget Responsibility Rules, while acknowledging the potential for relaxation in a second term.

US vs Mexico tariff war – an opportunity for NZ dairy?

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Trade Minister David Parker has been in Mexico this week, pursuing a Latin American trade deal, while the president of the Mexican Senate has been in Wellington. As Mexico and the US impose punitive tariffs on one another's agricultural products, an opportunity is opening up for NZ dairy products. NZ cheese sales into Mexico have been good business for many years.

Simon Bridges's first party conference as leader

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The talk of a collapse in private polling for National can be ignored. It is Labour spin. As Simon Bridges heads into his first national conference as party leader, his position may not be rock-solid – he is still proving himself - but he is not under any current threat. The most interesting aspects of the conference will be policy recalibration and whether Bridges can articulate an evolving vision for the party.

Industry sectors – big themes for the next 3-5 years

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A more interventionist govt implies a need for industry to consider whether more direct political lobbying and engagement would be worth considering after a generation in which govts have consistently favoured setting the regulatory environment rather than 'picking winners'.

The Greens take some hits

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NZ First is determined to allow mineral prospecting and potentially mining on so-called DoC 'stewardship land', not yet designated as fully protected, much to the Greens' and some environmental groups' consternation. The Greens have also formally capitulated, agreeing they are bound by their confidence and supply agreement with Labour to support NZ First's 'waka-jumping' bill – legislation that no one in the Greens is happy with.

Employment law reform – a long, slow road

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By doing its major employment law reforms in two tranches, the govt has made opponents' job harder by splitting the issues into two phases. However, the impact of the proposed reforms is likely to be slow, because of the hollowing out of the union movement. By the time the reforms gain momentum, electoral history suggests a change of govt will be on the cards.

US trade war to benefit NZ dairy sector?

Fallout from the Trump tariffs is starting to reach New Zealand. Mexico has imposed a 25% counter tariff on US cheese and a visiting delegation from the Mexican Senate told Speaker Trevor Mallard that Mexico would be keen to import more New Zealand cheese because it will be cheaper than the American product. Trade Minister David Parker has been in Mexico for trade talks this week.

NZ First at 25 years

NZ First celebrated a quarter century as a political party this week. Winston Peters threw a party at Parliament to celebrate a major achievement for any second-tier political movement sustained by representation in Parliament.

The big question now is who will lead the party if it's to last another quarter century.

Peters has only been out of Parliament for one of the nine terms covered by this milestone – ousted by siding with Helen Clark in her last term, 2005-08, before she was swept aside when John Key became Prime Minister.

This time, NZ First has backed a popular Labour PM in her first term and Peters is not necessarily the party's leader in a second term of a Labour-led coalition.

He has not announced an intention to retire or any succession plan, but he is now 73. If he is to signal intentions, some time after Jacinda Ardern returns and before more than half the current parliamentary term is up would seem logical. That suggests clarity may start emerging towards the end of 2018, early 2019.

One-time pretender **Ron Mark** appears to accept that he has been sidelined from leadership aspirations and is pessimistic about NZ First returning to Parliament at all.

Peters backed the appointment of **Fletcher Tabuteau** as deputy leader earlier this year partly to head off Mark and to spur **Shane Jones** to prove that he should lead rather than Tabuteau.

The result is Jones playing up a populist, Trumpist style against perceived corporate malfeasance to prove he is the natural replacement for Peters, whose capacity to tap a 'small c' conservative vote based on his own charisma is the key the party's longevity.

Jones's strategy relies on the party deciding it needs a "new Winston", rather than a new style.

As we observed in the last issue, Peters has held the PM-ship during Jacinda Ardern's maternity leave both competently and with occasional flair.

That said, very little govt policy of substance has advanced publicly in this period and – nurses' strike action aside – the political agenda has quietened considerably in Jacinda Ardern's absence. This week's post-Cabinet press conference was notably shallow in both questions and answers, other than in Peters's comments on the BRRs and Crown debt.

NZ First's firm fiscal hand

Peters on Monday, at his post-Cabinet press conference, did show that **Grant Robertson** is getting some of his spine for maintaining the Budget Responsibility Rules from NZ First.

NZ First is not a signatory to the BRRs, which Labour and the Greens signed before the 2017 election, but **NZ First is emerging as a guardian of their intent.**

Peters and heir-apparent Shane Jones not only regard low Crown debt-to-GDP ratios as important and only to be cautiously relaxed, but also are deeply sceptical about allowing debt to rise to fund operational spending. Peters backs debt for infrastructure and economic intervention - hence the Provincial Growth Fund – but not a public sector wages spend-up.

Debt target looks sure to loosen in 2nd term

That said, Peters lent weight to the view that the net **Crown debt target ratio at 20% of GDP is likely to be relaxed if the coalition is re-elected.**

"It may be that (when) we've had three years to get on top of things, you may be right (that the rules can be relaxed). But for the time being, I think it's premature to make that stance," he said.

Greens capitulate on 'waka-jumping' bill

The Greens have reluctantly confirmed they will vote for the contentious **Electoral Integrity Amendment Bill**, which co-leader James Shaw allowed the party to be signed up to as part of its confidence and supply agreement with Labour.

NZ First demanded the legislation that allows a party to expel an MP who switches party while in office, but principled opposition from Green Party members was intense.

The outcome was not assured and is an important win for NZ First, albeit a loss for the concept that MPs are members of Parliament rather than solely political parties.

National Party annual conference

The **National Party holds its annual conference this weekend in Auckland** amid what seems to be a

tranquil mood.

While Labour has been running interference by suggesting National's internal polling shows support for new leader Simon Bridges and the party slumping, this appears to be spin.

National's counter-spin is that the party definitely took a dip and Labour rose in polls coincident with the Prime Minister giving birth, but that party ratings have settled back to pre-birth norms, with National still ahead.

Bridges appears not to have taken any big lessons from his swing through the regions, but **is exuding a new confidence handling himself in public after some 70 public meetings** and innumerable regional media appearances in recent weeks. He still feels the regions are natural National Party territory and that employment law reform, a perceived antipathy to farmers, and the oil and gas exploration decision are shoring up National support.

While **NZ First** also targets an older-style National provincial voter, Bridges reckons many provincial supporters are **disillusioned with NZ First, particularly over such unkept promises as slashing immigration**.

Media coverage of the weekend conference is likely to focus on what sort of reception Bridges gets for his first conference as party leader. There are no challenges to any board members, and the most contentious remit is likely to be the one proposing the party enter local govt elections under its own name. But given that it has already been approved by the Auckland division of the party it would seem likely to be passed at the conference.

It will be the first without **John Key, Bill English and Steven Joyce** in key positions, although all three may attend the conference dinner, which is to be addressed by **former Australian Prime Minister, John Howard** – a party choice that Bridges was uninvolved with.

As it regroups from last year's election loss, the party is in policy reset mode, led by **Nick Smith**, who is visiting every electorate. Smith has exhorted members at regional conferences to move out beyond their usual contacts to seek advice and feedback as they develop the policy which will be brought back to next year's annual conference.

With National **cross-party initiatives on climate change and mental health**, the party is also beginning to understand MMP and make progress by forming ad hoc coalitions with other parties.

Labour market law reform – contradictions and momentum

The business lobby group campaign against the govt's employment law reform agenda faces significant tactical and political hurdles and looks likely to struggle for impact.

Firstly, by structuring a two-stage process, the govt has created both a moving target and a process that will require sustained engagement and advocacy by the regional constituent bodies that underpin the national lobby at the BusinessNZ level.

In the first phase – passage of the Employment Relations Law Reform Bill currently before the House – the proposed amendments lay the groundwork for phase 2 but are not, in themselves, especially far-reaching.

In addition, not all its most contentious points have a bearing on phase 2. For example, abolishing 90 day trials for new employees of large firms is widely opposed by employers and may soak up considerable lobbying energy. However, that opposition is unlikely to go anywhere. Small firms keep the ability to use 90 day trials, so they have no interest in pursuing that cause.

And both the govt-majority select committee and Cabinet show no inclination to change their view. Even if they did, a backdown on 90 day trials would have no useful impact on the proposed phase 2 reforms.

The most significant element of phase 2 is the Fair Pay Agreements element, although on-the-ground expectations are that there will be few such agreements pursued in the first instance. They are likely to be in areas where central or local govt funding is involved.

Major policy questions are unanswered, particularly on whether FPAs will apply to industries, or occupations, or both.

BusinessNZ itself is meanwhile constrained in public comment by the fact that its ceo Kirk Hope, is a member of the tri-partite "Bolger Committee" that will produce the detailed proposals for Fair Pay Agreements.

The bottom line is that the reforms represent the inevitable corrective pendulum swing in the contest between capital and labour in NZ politics.

Given how weak the trade union movement has become since the 1990s, **it is entirely possible that the impacts of the reforms will take years to gain momentum, by which time the electoral pendulum will swing centre-right again.**

Kitteridge for MFAT?

State Services Commissioner Peter Hughes is understood likely to recommend appointment of SIS director Rebecca Kitteridge to replace Brook Barrington as head of the Ministry of Foreign Affairs and Trade. Hughes is under pressure to appoint a senior woman public sector chief after taking flak for an 'old boys club' approach to a recent shuffle of top roles.

MEDIUM TERM PROJECTIONS

Key trends for the next three to five years

- 'Active govt': assuming re-election of a Labour-led coalition, NZ govts will operate in the belief that **activist intervention to nurture economic opportunity is more effective** than setting regulatory parameters to facilitate competitive, market-led outcomes and largely standing back;
- One consequence of this new activism is that **old-style special interest group lobbying may enjoy a resurgence** as potential recipients of Crown largesse seek attention;
- **Climate change response** and resilience will spur infrastructure investment, especially '3 waters' and transport corridors. With just \$100m seed funding, James Shaw's Green Investment Fund will stand or fall on its capacity to leverage private sector funding. **Liability for uninsurable real estate**, e.g., coastal areas facing inundation by sea level rise will mature;
- The **Zero Carbon Bill, due in Parliament in October**, will also become a compliance investment driver, particularly once a revised **ETS** in place and carbon prices begin to mature;
- **More fractious industrial relations**. Employment law change will be slow, unions are weak, and many workers refer 'gig economy' and portfolio/short term contract working. Reforms will not especially slow economic growth, but unemployment may rise if they favour those in work vs those seeking it;
- **Skills shortages will persist**, driven in part by how strong the Australian and rest-of-world economy is for skilled workers. Wage pressure must emerge;
- **Motivating and keeping talent in large organisations will become increasingly challenging**. Digitisation of skilled work and the comparative attraction of self-employment among the highly skilled will require increasingly sophisticated, culture-focused management in large firms. **Professional services firms are particularly vulnerable**;
- **Foreign direct investment** will be more difficult if land purchase is involved. NZ's positioning in a more polarised, less orderly international environment could also affect FDI trends. On one hand, NZ is attractive for its institutional integrity, democratic

stability and educated populace, but it remains almost irrelevant market in global investor terms.

NZ risks 'bolthole' status rather than attracting investment capital.

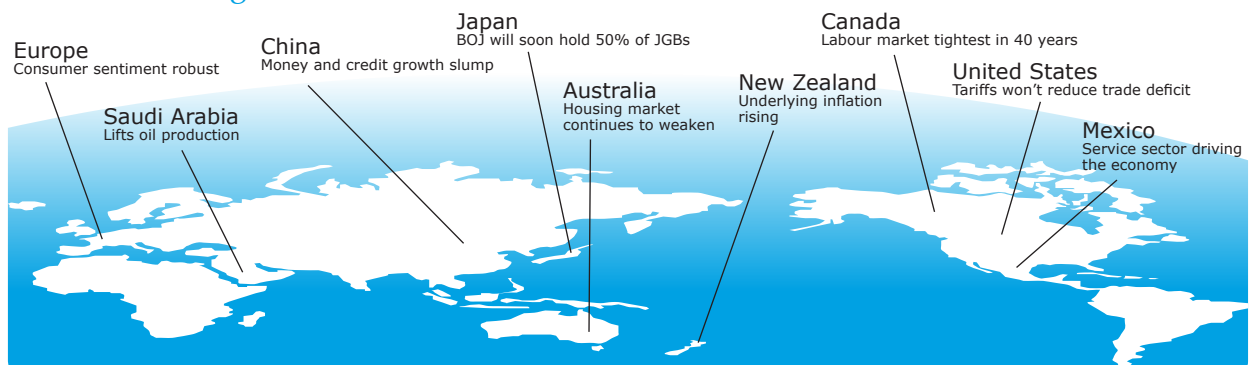
Primary sector

- Dairy: ending open entry rights to supply milk to **Fonterra** fundamental to the co-operative reorienting to value-adding strategies and investment, as are choices of new leadership;
- Risk of sub-optimal policy decision-making in DIRA review because Labour/NZ First administration more hostile than National to intensive agriculture and environmental degradation caused by farming;
- **Methane** likely either excluded or temporarily carved out when bringing agriculture into ETS;
- Demand for protein remains, but geo-political competition and trade tension between **US and China** and the rise of **alternative proteins** are major challenges. Non-Fonterra dairy processors are more likely to thrive, especially if trade wars open opportunities for NZ product into markets where punitive tariffs have been imposed bi-laterally.
- **Aquaculture's** potential to remain under-recognised while wild fisheries management remains fraught;
- Large-scale **forestry** planting assured; emergence of local processing industries less clear.

Energy

- **Electricity**: the retail side of the sector has become far more competitive but there will be no certainty for capital-heavy generator-retailers until the govt's electricity sector review is completed; sector falling over itself to demonstrate engagement with climate change, IoT, digital economy, EVs, replacing fossil fuels in industrial heat processes; demand growth resuming after a long hiatus. New renewable options abundant and may start to require capital by 2020; **three-way regulator overlap** needs addressing; Transmission Pricing Methodology reform may remain unresolved, go to court;
- **Gas market** inherently tighter barring a major discovery in existing offshore exploration permits. Methanex's 'swing' consumer status dictates methanol production and national supply conditions;

The world at a glance



MEDIUM TERM PROJECTIONS

- Govt procurement drives second-hand EV market by early 2020s.

Telecommunications, media, entertainment

- Spectrum allocation** for 5G networks looming and crucial, as is settling the role of **Chorus** in 5G. Existing retail competitors vehemently oppose giving Chorus UFB-style monopoly opportunities in 5G; **privacy** and **corporate social responsibility** challenges associated with digital information capture and social media; returns on capital remain low despite constant requirement for capital upgrades;
- Digital convergence further pressures **Sky TV**, requires telcos to have digital content offerings; govt will not sell **TVNZ**, making **TV3** vulnerable to eventual closure (though Mediaworks radio assets still perform, could fit with FairfaxNZ/Stuff); RNZ will develop as a repository of 'serious' news across multiple channels, but not as a competing linear TV broadcaster;
- NZME/FairfaxNZ** merger will require renegotiated terms if cleared by the courts. Fairfax/Stuff developing monetised digital channels supported and augmented by news. NZME to launch premium content/subscription experiments by year-end; trend will accelerate to subscription models for specialist and serious news; **SpinOff** emerging as viable commercial model to support journalism.

Construction

- NZ Super Fund** brings confident long term capital to create scale in pre-fabricated, low-cost healthy housing; relatively uncompetitive materials supply chain and tight labour market keep construction costs high; some progress on **training** a new cohort of

skilled builders to replace migrant labour and ageing existing workforce; seismic strengthening and leaky building/unfit materials-type issues continue to dog construction quality and cost.

Infrastructure

- Key decisions pending on **rail** upgrades and extensions, particularly Akld-Northport; reorientation of transport infrastructure budget to public transport and away from new highways creates **project pipeline disruption** through 2019/20; **local govt** ability to fund new infrastructure hampered by political aversion to capital 'recycling'/asset sales.

Manufacturing and innovation

- Replacement of Callaghan Innovation Growth Grants by **r&d tax credit** makes innovation investment easier, but only once implemented. Details of **support for pre-profits** under intense scrutiny. Details slow to emerge; **Callaghan** finds its feet as an exemplar of public sector entrepreneurialism/connector role.

Educational services

- Major **polytech reforms** looming - possibly to a single national institution, vital to higher quality and volume of skills and vocational training for areas suffering skills shortages; **universities** vulnerable to cooling relations with China, as the single largest source of international students.

Health and retirement services

- Wage pressure** created by wage and pay equity settlements in the public sector + restrictions on land purchases by foreign-owned operators create barriers in a sector where demand growth remains assured.

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	2018	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	1.7	1.6	1.7
South Korea	3.6	2.9	3.1	2.9	2.8	2.5	1.0	1.9	1.6	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	1.5	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	1.6	2.3	2.9
Indonesia	2.1	5.0	5.1	5.2	5.3	5.2	3.5	3.8	3.5	3.8	3.9
Hong Kong	2.1	2.1	3.8	3.7	2.8	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	6.6	5.9	1.8	2.9	4.5	3.7	3.5
India	1.6	7.1	6.7	7.4	7.5	7.5	4.5	3.6	4.9	4.8	4.8
Vietnam	1.6	6.2	6.8	6.7	6.5	6.2	2.7	3.5	4.1	4.4	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	2.8	2.7	2.6	2.6	0.6	1.9	1.6	1.9	2.0
BNZ Forecasts		4.0	2.8	2.9	2.9	2.7	0.6	1.9	1.5	2.2	2.2
The World		2.5	3.3	3.3	3.2	2.9	2.4	2.5	2.8	2.7	2.8

Continued from page 3

- We erred in the last edition of HUGOvision in suggesting there had been discontent at the board of Business NZ about the involvement of Kirk Hope in the 'Bolger committee'. The board debated and endorsed Mr Hope's involvement in this process.

NZ First vs Greens on mining

NZ First MPs are confident they can head off Green opposition to mining on West Coast DoC stewardship land. Regional Economic Development Minister Shane Jones has already publicly declared his support for the move to reclassify some low-grade DoC land on the coast to free it up for mining. Other NZ First MPs see the move as of particular strategic importance since it would demonstrate to the party's provincial base that it can be an effective foil against the Greens.

Jones's comments coincide with NZ Petroleum & Minerals's publication on July 9 of a fresh prospecting permit application round for some 7,828km² of land in Nelson, Marlborough and Southland that had been subject to a three year moratorium. Applications for areas in Central Otago remain suspended.

The moratorium allowed collection of new regional aeromagnetic surveys and geochemical sampling.

Forest & Bird is outraged, but Labour's response will be interesting. Resources Minister **Megan Woods** has previously backed extractive mineral operations where they might contribute to new technologies and greening the economy.

Polls show shifting views on cannabis and climate change

While the National Party has been fronting its medicinal cannabis legislation, its pollster – **Curia Research** – has been polling public attitudes to the decriminalisation of cannabis as a recreational drug for the **NZ Drug Foundation**. It found 72% support for either legalising or decriminalising cannabis use, split 35/32, slightly in favour of legalisation.

Separately, a June **IAG-Ipsos** poll found that while **NZers accept that climate change is coming** and acknowledge the need to prepare, **few believe enough will be done**.

Of those polled, 84% said humanity can reduce climate change but 60% are unclear whether we will do so and only 10% believe that we will take appropriate action. Only 43% thought NZ's current response is right, and only 21% approved of the international response so far. ■

Economic indicators

The June monthly **trade balance** was a deficit of \$113m, below economists' expectations for a \$200m surplus. The annual trade deficit widened to \$4b in the June year, from a deficit of \$3.66b a year earlier as imports outstripped exports, largely due to fuel imports.

Annual **net migration** dropped in June as fewer foreigners arrived and more Kiwis left, but remains high. Net migration was at 65,000 in latest 12 months from 72,300 in the year to June 2017. A net 66,800 foreigners immigrated to NZ in the June year, while a net 1,800 Kiwis left the country.

Second-quarter **inflation** was slightly lower than economists had expected but in line with central bank forecasts as housing-related prices continue to push higher. the CPI rose 0.4% in the three months ended June 30, while annual inflation was 1.5%.

Real estate

REINZ statistics show farm sales fell 7% on the year in the three months to June and the median price per hectare was down 16.3% although horticulture farm prices continued to push higher. The median sale price per hectare for a dairy farm was \$31,881 from \$34,789 in the same period a year earlier, a decline of 8.4%.

Horticultural properties, however, saw a median price-per-hectare jump 75.6% on the year to \$279,543.

REINZ reported **house sales** fell 1.6% in June from a year earlier and available listings were also down. The seasonal slowdown didn't weigh on prices, with the **house price index gaining 3.8% in June from a year earlier**. ■

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Primary industries

Fonterra chairman John Wilson, already under fire over the co-op's performance and strategy, announced his retirement following a "serious health scare" from which he is now recovering. **John Monaghan**, a director since 2008, will take his place. Wilson will resign as a Fonterra director in Nov.

Dairy product prices fell at the last **Global Dairy Trade** auction. The GDT price index retreated 1.7% from the previous auction two weeks ago. The average price was US\$3,222 a tonne. Whole milk powder gained 1.5% to US\$2,973 a tonne.

Livestock Improvement Corp reported a 55% drop in FY profit to \$9m on non-recurring restructuring costs but was upbeat about the current year.

MPI wants feedback on whether **honey** produced and sold in NZ should meet similar requirements to exported mānuka honey, given some of the domestic supply ends up overseas. Since Feb, all exported mānuka honey must meet a specific definition to support authenticity.

Manufacturing

Sydney-based **Linx Cargo Care Group** is planning to buy wood processor **Pedersen Group** for an undisclosed amount. The two have entered into a conditional purchase agreement. Rotorua-based Pedersen, owned by private equity firm **Maui Capital**, services the Kinleith and Kawerau mills in NZ, **Norske Skog's** pulp mill in NSW, the Maryvale paper mill in Melbourne and the Vanua Levu chip plant in Fiji.

Telecommunications

Hawaiki Submarine Cable has begun commercial operations for its 15,000 km fibre optic deep-sea cable linking Australia, NZ, the Pacific and the US. The US\$300m Hawaiki Cable System, which has enough fibre to run more than twice around the equator, can transmit 43.8 terabits per second or 80,000 times the average satellite link.

Technology and innovation

Xero has stopped developing a payroll product in the US and will instead team up with existing payroll services provider **Gusto**, integrating their respective platforms. The company said the decision to stop development will incur an impairment charge of \$16.2m in the first half of the March 2019 year, freeing up resources to work on payroll in other markets, where Xero already covers 1.3m employees.

IkeGPS said sales of its laser measurement tools rose 48% to \$1.9m in the quarter ended June 30. It said two pilots of **IKE Analyze**, a new product which

delivers pole analysis and asset reports, had been concluded successfully in the quarter, and "follow-on contract opportunities have the potential to deliver significant revenue from Q2 FY19."

Energy

Methanex NZ has signed supply agreements for more than half its annual production for the next 11 years. Its plants on the northern Taranaki coast use about 40% of all natural gas produced in NZ to manufacture methanol, with annual production capacity of 2.4m tonnes. The announcement was used by **Climate Change Minister James Shaw** as evidence the oil and gas industry was scaremongering about future supply in light of the gov't's offshore exploration ban, while the **Petroleum Exploration and Production Assn of NZ (PEPANZ)** said the fact the contract only covered half Methanex's production capacity was evidence the firm was likely to reduce operations in NZ. Methanex itself made no comment beyond announcing the supply agreement.

NZ Refining has been granted resource consent to dredge Whangarei Harbour by the **Northland Regional Council**, something it says will let larger crude cargoes of around 1m barrels to be shipped to Marsden Point. The project is expected to cost \$37m. The refining company has reported negative margins for the first time in five years after a major maintenance shut had to be extended last month. The company reported gross margins for May and June of -71 US cents a barrel. That is in contrast to the US\$6.82/barrel achieved for March and April, and the US\$7.63 reported for May and June last year.

Z Energy cut full-year earnings guidance by \$30m due to an extended shutdown at the Marsden Point oil refinery and high crude prices in the June quarter. The company is now forecasting operating earnings of \$420m-\$455m for the year through March 2019, down from previous guidance of \$450m-\$485m. It attributed about \$20m of the earnings reduction to the refinery shutdown.

Trustpower says it supports the intent of the gov't's net-zero emissions target by 2050 but warns that decisions such as the recent ban on offshore oil and gas exploration, which deplete the capital needed for the task and don't achieve the objective, "must be avoided". Trustpower chair **Paul Ridley-Smith** says "the (net zero emissions) targets are ambitious and require careful consideration of economic and social impacts".

Tui field operator **Tamarind Resources** has contracted what it says is the most sophisticated drilling rig of its type to operate in NZ waters,

CORPORATE ROUND-UP

starting next year. The firm said it selected the newly-completed rig, the Hai Yang Shi You 982, because of its high efficiency and its strong environmental performance. The vessel, built by **China Oilfield Services**, is the latest generation of semi-submersible rig and complies with the **NORSOK** standards developed by Norway's oil and gas sector.

Tourism, transport and logistics

Auckland mayor **Phil Goff** announced a desire to expand the contract for the **City Rail Lnk**, based on stronger growth in train passenger useage than forecast. The additional works will reportedly cost in the "low hundreds of millions" of dollars, with longer station platforms to accommodate longer trains a key priority.

Associate Transport Minister **Julie Anne Genter** has launched **EVRoam**, a live database to give electric vehicle drivers reliable data on charging stations.

Wholesale and retail

Warehouse Group will cut between 120 and 140 full-time jobs across its flagship 'red shed' stores in a restructure. Warehouse executive Pejman Okhovat said the company needs to "evolve from a traditional, hierarchical structure to one that is fit for the future".

Smith's City announced it would become a **Living Wage** employer, although it noted the commitment was not open-ended. The company said the move was unrelated to its recent court loss involving non-payment of staff who attend 'pre-work' company briefings.

Retirement and healthcare

Abano Healthcare posted a 16% lift in annual profit to \$13m as sales gained 11% to a record \$260m, which it attributed to an improved performance in its dental clinics in Australia and NZ.

Capital markets

NZX's proposals to impose stiffer disclosure obligations received a mixed response, finding favour with investor groups whereas listed companies and law firms were more cautious or outright hostile to the added burden. It wants to align continuous disclosure obligations with the **ASX**, requiring directors and senior managers be subject to those rules where they ought to have that information, rather than the current listing rules which only encompass actual knowledge.

Courts and regulation

The Crown will appeal a High Court ruling that it was negligent in allowing Psa, the virus which devastated the kiwifruit industry, into NZ. Last month, the court backed Kiwifruit Claim in the first stage of the trial, finding the Crown breached its duty of care to growers. It was the first of two stages, with the initial trial for the plaintiffs to prove the Crown breached its duty of care and establish a loss, and the second stage to determine the level of costs incurred and compensation. MPI says the appeal "seeks to clarify the scope for government regulators to be sued in negligence".

The **Commerce Commission** has filed proceedings against **Wilson Parking**, saying NZ's biggest parking company substantially lessened competition for the supply of car parking in the Boulcott Street area in central Wellington when it acquired the rights to operate the Capital car park. Wilson Parking is ultimately controlled by Hong Kong's Kwok family.

The **FMA** may take regulatory action against three financial services firms after its latest probe into replacement life insurance. The market watchdog has been concerned about the sale of replacement life insurance for several years, largely around sales incentives for advisers which may put their interests at odds with those of their customers. Its latest review spanned 11 large firms and just two had internal policies and processes that were high quality and designed with the customer's interests in mind.

The **SFO** has begun an investigation into the affairs of a trust associated with the office of the Maori King, Tuheitia.

Appointments

Catherine Drayton, Simon Botherway and Henk Berkman have been appointed to the board of the **Guardians of NZ Superannuation**.

The **Electricity Authority** has appointed **James Stevenson-Wallace**, who is currently general manager of energy and resource markets at MBIE, as its new CEO. He will start in September.

Lawyer **Julie Hardaker** is the new chair of the **Environmental Protection Authority**, replacing inaugural chair **Kerry Prendergast**. ■