

## Nats dictate political agenda pre-Waitangi

Page 2

The govt needed the media attention afforded by a peaceful Waitangi and a splash of Provincial Growth Fund support for Maori economic and social development. Prior to that, National had been scoring hits on numerous govt weak points and announced a fresh-sounding tax policy that will appeal to middle NZ in ways a capital gains tax won't.

## MFAT's Brexit juggling act

Page 3

Brexit will trigger a messy scrap over preferential access to the UK and EU for sheepmeat, beef and some dairy products. But NZ trade negotiators are biding their time. Until Brexit is real, there is nothing to discuss. Nor does NZ want either the EU or UK trying to shoe-horn quota access issues into free trade agreement negotiations.

## Employment law reform – digging in on compulsory unions

Page 3

Expect the govt to dig in on the recommendation from the Fair Pay Agreement working group that all workers covered by an FPA negotiation be covered by a trade union, irrespective of their current employment status. When the most obvious candidates for wage uplift are in some of the most fragmented workforces – food service, hospitality, farm work – unions will argue those workers need compulsory collectivism or will risk being left out.

## Maori funding, law reform and water settlement hopes

Page 6

The bundle of Maori economic development announcements accompanying the Waitangi foray by govt ministers could be mistaken for no more than more than \$100m of pork-barreling from Shane Jones. However, that funding is supported by decisions to make limited Te Ture Whenua Maori Act amendments. Both are groundwork for a settlement with Maori on freshwater claims.

## PM's 'state of the nation' speech

Fresh from five days with Maoridom in the Far North and before that a European swing that included the World Economic Forum annual summit in Davos, PM Jacinda Ardern fronted an Auckland business audience with her first set-piece economic policy and 'state of the nation' speech of the year.

Of greatest policy significance was the announcement that proposals for a major overhaul of trade training will be issued for consultation next week by Education Minister Chris Hipkins.

Three key areas require fixing, the PM said: variable quality of results and engagement with business around the country; course duplication; and institutions that lack scale and capital. **All of that sounds like a precursor to a single national polytechnic rather than the current fragmented system.**

In a speech that mentioned neither NZ First nor the Provincial Growth Fund, Jacinda Ardern talked up the govt's 'just transition' to a low-carbon economy and the Green Investment Fund.

She promised the govt's response to the Tax Working Group report would be "put to voters at the next election before it comes into force" and some speculation on its contents had been "feverish and not always accurate". She subtly warned that the NZ economy is likely to slow as the global economy loses pace.

## National hits the ground running

The National Party has kicked off the new political year with a spring in its step, leaving the govt on the back foot on a range of key issues.

Simon Bridges set the agenda on tax reform with a speech committing National to ending fiscal drag/ bracket creep – a tax cut by proxy for anyone whose rising income moves them into a higher tax bracket.

The issue isn't new. Rather it's been dormant and ignored and up for grabs. It differentiates Bridges from National's tired rhetoric of income tax cuts that are seen to benefit the wealthy. Instead, ending bracket creep can be portrayed as being fair to middle NZers who are getting ahead.

It was smart politics, even if there are questions about National's calculations. Grant Robertson's attempt to find National its own 'fiscal hole' showed Labour in feisty response, but it didn't ignite as a rebuttal.

Instead, National has staked out a position distinct from the complex and possibly disastrous political mission the govt faces in selling whatever it decides makes most sense from the report of the Tax Working Group (*see separate item, p3*).

The Nats were also ahead of the Employment Relations Minister Iain Lees-Galloway when they leaked the key details of the Fair Pay Agreements working group.

The leak dented such good faith as the tripartite working group process had built. More importantly, it set the tone for the report's reception, with maximum focus on the fact that workers on individual contracts will have no option but to be represented by a trade union in an FPA negotiation (*see separate item*).

Lees-Galloway, who first saw a version of the report before Christmas, looked as if his hand had been forced when the report was released at a hurried early morning press conference last week.

**Bridges has also been cracking the whip on the party's policy revamp**, promising eight new policy discussion papers in coming months.

The first policy paper will focus on the environment. Other topics include the **economy, law and order, infrastructure, education and health**.

Paul Goldsmith is also finally getting traction in his attacks on the Provincial Growth Fund and its presiding minister, Shane Jones.

With limited and dubious evidence, Goldsmith has succeeded in claiming PGF initiatives have created just 54 jobs so far.

Judith Collins has been similarly successful in painting KiwiBuild as a policy train-wreck, focusing on the simple fact that fewer than 50 houses have so far been built.

Phil Twyford's concession in the first serious week back at work that the govt would not achieve its target of 1,000 homes built in the first year of KiwiBuild helped entrench a negative tone in political media in the first weeks of 2019.

While **Bridges is still not a strong or compelling performer, he appears to be safe in his position for now**, and suffered no appreciable blowback from the short-lived return of rogue former whip Jami-Lee Ross's to the limelight.

Ross now faces a lonely two years in Parliament. As other dissident MPs before him have found, being a disgraced independent MP is a recipe for irrelevance.

Nick Smith's proposals to limit political donations from foreign nationals may go some way to dealing with the impression left by Ross that National is willing to give candidate preferment to donor-linked nominations.

**The party caucus meets in Hamilton today and tomorrow.**

## Waitangi success, but icebergs lurk

Perhaps the **most jarring note in what was otherwise a tranquil Waitangi this year was the performance of the PM**. She seemed uncharacteristically disengaged at times; was clearly frustrated with the media and despite making detailed plans to attend, failed to turn up at Shane Jones's legendary Waitangi party.

Had she attended, she would have been one of only a few Labour MPs to show, although there was a wide turnout of corporate hangers-on and media.

Ardern could shed little light on issues like water reform or even fill in the detail on Te Ture Whenua reforms. There was a more sceptical approach from the media to her both at the Labour Party's Martinborough retreat and at Waitangi. The stardust effect may be wearing off.

In part that may be because the govt's communications strategy appears to be siloed and poorly articulated internally. Broad brushstrokes are known – poverty reduction, climate change, wellbeing – but evidence of **a functioning whole-of-Beehive approach to execution is lacking**.

This may reflect some dysfunction in Ardern's office, which is currently requiring that some staff re-apply for their jobs or it may reflect the deadweight that

is the day to day negotiations with NZ First and the Greens before anything can proceed.

## Fair Pay Agreements – the obvious targets

One of the most instructive elements of the FPA Working Group’s report is Annex 2, which lists workforces by size and median hourly wage.

From this table, it’s clear where the effort will go into gaining improved pay and conditions for workers whose wages remain close to the **minimum wage (\$17.70 an hour from April 1, rising to \$20 by 2021)** or below the current Living Wage, \$20.55 an hour.

Occupation	\$ per hour (median)	% below \$20 p/hr	total workers
food prep	16.50	91.27	21,900
hospitality	17	84.34	39,200
cleaners	17.5	73.05	44,900
sales assts	18	72.16%	107,000
labourers	18.5	59.74	40,100
farm/forestry	18.7	57.14	41,400

The list above is a selection only.

This year’s **policy battle on the detail of the FPA framework** will concentrate in three areas:

- compulsory vs voluntary union representation in an FPA;
- whether the trigger for FPA negotiations is too low at 10% of the identified workforce or 1,000 workers, whichever is fewer;
- capacity for opt-out. **SMEs may be particularly vulnerable** to national determinations in which they must not only accept a union as bargaining agent but also a national employer body negotiating on all employers’ behalf. **Conversely, SMEs employ many of the lowest paid workers.**

There will be plenty of devil in the detail. For example, **eligible workforces will have to be identified and accepted as such**, yet that process may only occur through negotiation and mediation after a claim has been lodged. Process delays look likely.

FPA working group chair **Jim Bolger defended the reforms as essential to NZ avoiding the kind of ‘yellow vests’ unrest sweeping Europe** and the populist politics blighting the UK and US.

**Compulsory union representation in an FPA was essential**, on balance, in industries with fragmented workforces and where there would always be some bad employers.

Compulsion was a “reasonable compromise,” said Bolger, who was impatient with Lees-Galloway’s

vagueness about the timetable for legislation.

Having mistakenly issued and then withdrawn a statement on the working group that was deemed too triumphal, **Lees-Galloway was on business-friendly script with assurances the govt would take its time to consider the recommendations.**

Coming a day after the PM’s promise of 2019 as the “year of delivery”, Bolger jibed that he hoped the report wouldn’t end up “on a shelf somewhere”.

## Trade strategy challenges as Brexit approaches

NZ trade negotiators are playing a **complex waiting game** as the deadline for the UK to leave the EU approaches. Until that happens, there is no impetus for NZ to accelerate progress on the multi-faceted issues created by simultaneously seeking to:

- maintain or replace existing preferential access for sheepmeat, beef and some dairy products to both the UK and EU;
- negotiate an EU FTA;
- negotiate a UK FTA.

Already, **Brussels is manoeuvring to reduce the tariff rate quota (TRQ) access** that NZ negotiated when the UK first entered the Common Market in 1973. The **mantra from NZ Inc is ‘we’re not paying twice’** for the UK’s decision first to go into the European customs union and then to leave it.

In principle, that is right. The EU TRQs should not have to change simply because one member nation has left the Union. However, realpolitik will force some change to valuable NZ market access.

**NZ officials have already attempted a fix for this:** proposing a protocol that would allow NZ to manage the total volume of TRQ-compliant exports between the UK and the EU in exactly the same way as it has done already for years.

However, that **proposal has been rejected by the EU**, which gives a sense of the determination among Eurocrats to try and extend **instinctive European protectionism where opportunities present themselves in the context of Brexit.**

Further evidence of that: the EU is basing proposals to split existing TRQs 50/50 between the EU and UK on annual averages between 2013 and 2015, when volumes were lower than the longer term average. The European Parliament has ratified unilaterally

### Feb 21 for TWG

The Tax Working Group will publish its recommendations on Feb 21. Some four ‘packages’ are expected, each a mixture of extending the current capital gains regime while offsetting revenue gains with cuts elsewhere.

Grant Robertson’s use of the reframed ‘capital income tax’ phrase is a harbinger of what some ministers are promising will be a **‘class warfare’** strategy to win the CGT argument.

reducing NZ's quota rights if and when Brexit occurs.

None of this is consistent with the negotiation of an FTA between the EU and NZ. One of the challenges for NZ diplomacy will be to manage the two issues separately. In theory, any threat to the TRQs could be dealt with by filing a dispute with the WTO. However, as the European side well knows, the **WTO's dispute system is in disarray** because the US has blocked the appointment of new judges. By the end of this year, there may be no working process to appeal to. **That may help the EU force NZ to deal with TRQs in the FTA negotiation itself.**

Meanwhile, other countries benefiting from TRQ access that might be allies for NZ have their own focus. Australia hopes to win additional quota access, perhaps at NZ's expense, while the **US administration supports Brexit** and so is not focused on the same issues as NZ.

From an NZ trade negotiator's perspective, these are all issues for the future. **Until it's clear whether the UK is really leaving the EU, there is nothing to be gained from attempting to push the issues forward.** As it is, there is a two year window from the date of Brexit during which the TRQs continue.

However, given that it has taken other countries an average of 7 years to negotiate an EU FTA, excluding ratification, the pressure will be on, assuming Brexit does occur.

Meanwhile, there is **some dissonance between the PM's editorial comments in UK media during her recent trip and the response from Trade Minister David Parker on the TRQ issues.**

Where Ardern struck a supportive note with the UK, irrespective of whether it Leaves or Remains, Parker was clear that the govt has **"not ruled out any options for pursuing an outcome that makes sure our exporters are no worse off."**

Elsewhere, hopes for the **RCEP** trade deal that would pull India into a regional free trade arrangement

have cooled again. India is reportedly concerned that RCEP could create opportunities in the Indian market for Chinese producers, who will be seeking outlets for product if the China-US trade war materially reduces Chinese access to the US market.

### China FTA update

There are few signs of progress on the NZ-China FTA upgrade and **hopes for a PM visit to Beijing anytime soon are fading.**

The PM made a number of carefully soothing noises about the somewhat tense relations emerging between China and NZ, at Chinese New Year celebrations in Auckland.

China was "incredibly important to NZ", she said, stressing long political, trade and cultural links and an ability to discuss issues on which the two countries disagree.

As well as working on the FTA upgrade, she said NZ and Chinese officials are **"negotiating a workplan under the Belt and Road Initiative"**.

It was important that NZ and China work to understand one another better, with the two aligned on pursuit of a **rules-based international order and policies to combat climate change.**

### E-commerce initiative

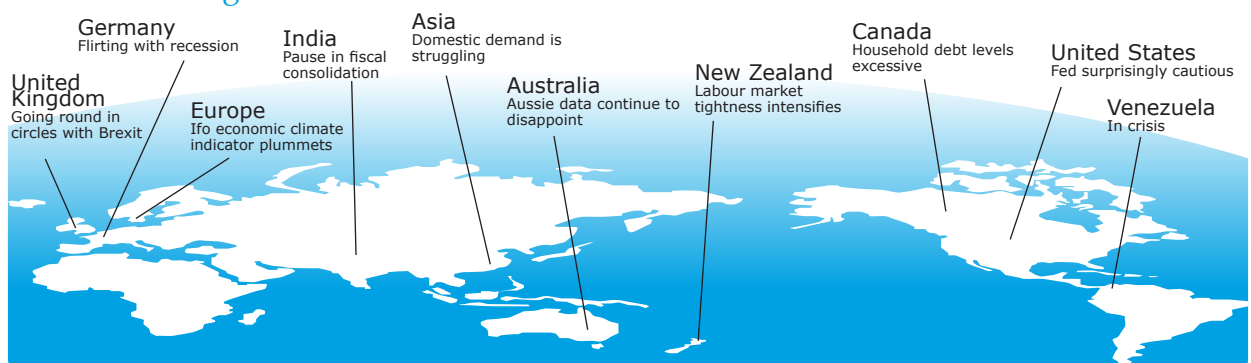
NZ's decision to support a voluntary initiative among a large number of WTO member countries for an international agreement on the rules of e-commerce indicates how trade officials are seeking to back **pragmatic opportunities for advances in the more uncertain global trade environment now operating.**

### RBNZ facing a fight

Opposition to the scale of proposed new capital adequacy rules proposed by the RBNZ may only just have begun.

*Continued p6*

### The world at a glance





## Full employment

With unemployment in the Dec 1/4 at 4.3%, the NZ labour market remains very tight and **very close to what might be conceived as maximum sustainable employment**. Next Wednesday's RBNZ's MPS – to be delivered mid-afternoon for the first time – will be a near repetition of the November MPS.

## Credit rating agencies positive on NZ

Standard & Poor's revised NZ's outlook from stable to positive saying budget surpluses in the early 2020s would provide resilience to macroeconomic or financial sector risks. Fitch Ratings believes the Govt's new well-being measures will mean a shift in spending priorities but no undermining of fiscal prudence. Fitch affirmed NZ's long-term foreign currency issuer default rating at 'AA' and retained a stable outlook.

At the half-way mark for the fiscal year, the gov't's operating balance before gains and losses (obegal) was a surplus of \$1.11b at Dec 31, compared to \$1.1b a year earlier, and tracking ahead of the \$859m forecast in the Dec HYEPU. Core tax revenue rose 7.6% to \$40b on higher than forecast GST, customs and excise duties offsetting smaller-than-expected personal income and company tax receipts.

## Immigration/ tourism slowing fast

Short and long term migration patterns are in flux after a sustained period of strong growth.

At the same time as Stats NZ has revealed it seriously

overestimated total net long term immigration, there are signs of a slowdown in tourist arrivals. (*See also Air NZ profit downgrade in Corporate Roundup.*)

Net long term migration is now seen to have peaked in mid-26,000 at 64,000, a year earlier than the previously recorded peak of 72,500. The revision is expected to see economic growth and housing demand forecasts lowered.

## Consumer confidence

The ANZ-Roy Morgan consumer confidence index dipped 0.2 of a point to 121.7 in Jan, marginally above its historical average. Optimism was higher about the present than the future. The current conditions index was up 0.6 of a point to 124.2, while the future conditions index decreased 0.7 of a point to 120.1.

## Residential construction consents boom on govt demand

Councils consented 32,996 new dwellings in 2018, up 6.1% on the year before. Stats NZ said this was driven by an 18% increase in Auckland and 19% in Wellington. In Auckland 12,862 new homes were consented in 2018, down slightly from the year ended Oct 2018 (13,078, the highest since the early 1970s). There were 2,731 new homes consented in Wellington in 2018. Nationally, townhouses, flats and units were up 33.1% while apartments lifted 9.6% versus 2017. Home consents issued to central government agencies reached a 40-year high in 2018 with 1,999 new homes granted consent, mainly in Auckland. 🏠

## 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	27.7	6.7	6.9	6.6	6.2	6.1	2.0	1.6	2.1	2.2	2.2
Australia	19.8	2.6	2.4	3.0	2.7	2.7	1.3	1.9	1.9	2.0	2.4
United States	11.6	1.5	2.2	2.9	2.5	1.8	1.3	2.1	2.4	1.9	2.2
Japan	7.2	1.0	1.9	0.8	1.0	0.4	-0.1	0.5	1.0	0.9	1.3
Eurozone	6.8	1.8	2.5	1.9	1.5	1.4	0.2	1.5	1.7	1.5	1.5
South Korea	3.5	2.9	3.1	2.6	2.4	2.4	1.0	1.9	1.5	1.7	1.8
United Kingdom	3.2	1.8	1.7	1.4	1.5	1.6	0.7	2.7	2.4	2.0	2.1
Singapore	2.7	2.4	3.6	3.3	2.6	2.4	-0.5	0.6	0.5	1.2	1.4
Hong Kong	2.7	2.2	3.8	3.4	2.4	2.4	2.4	1.5	2.4	2.3	2.3
Taiwan	2.5	1.4	3.1	2.7	2.1	2.1	1.4	0.6	1.5	1.1	1.2
Malaysia	2.2	4.2	5.9	4.7	4.5	4.5	2.1	3.7	1.0	1.8	2.2
Indonesia	2.1	5.0	5.1	5.2	5.1	5.1	3.5	3.8	3.3	3.5	3.8
Thailand	1.9	3.3	3.9	4.2	3.7	3.6	0.2	0.7	1.1	1.1	1.3
Philippines	1.6	6.9	6.7	6.3	6.2	6.1	1.3	2.9	5.2	3.9	3.5
Vietnam	1.6	6.2	6.8	7.0	6.6	6.3	2.7	3.5	3.7	3.8	3.8
India	1.5	7.1	6.7	7.3	7.3	7.4	4.5	3.6	3.8	4.5	4.7
Canada	1.5	1.4	3.0	2.1	1.8	1.8	1.4	1.6	2.2	1.9	2.0
<b>NZ Trading Partners</b>	<b>100.0</b>	<b>3.6</b>	<b>4.1</b>	<b>4.0</b>	<b>3.6</b>	<b>3.5</b>	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>
<b>Forecasts for New Zealand</b>											
Consensus		4.0	2.8	2.8	2.7	2.6	0.6	1.9	1.6	1.8	1.9
BNZ Forecasts		3.9	3.1	2.8	2.6	2.6	0.6	1.9	1.6	1.6	1.8
<b>The World</b>		<b>2.5</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>2.8</b>	<b>2.4</b>	<b>2.5</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>

*Continued from p4*

So far, the main expression of that opposition has come from a string of similar analyses from bank economists and financial market analysts. The latest, from Milford Asset Management, echoed concerns that the new proposals would drive up interest rates, reduce available credit and slow economic growth.

However, **much more muscular pushback is in the works**. The one month extension of the deadline for submissions on the proposals is a sign of that.

The NZ board of at least one major Australian-owned bank is known to be considering its options for an all-out push to roll the proposals back on the grounds they are excessive and would be unduly economically counter-productive.

## Cabinet reshuffle postponed to post-Budget

Jacinda Ardern keeps her options open for a bigger Cabinet reshuffle by postponing until after the Budget, expected late May.

That also allows ministers to complete the crucial first WellBeing Budget without unnecessary disruption. Given the air of suppressed chaos in parts of the Beehive, that's probably a wise move.

Some media have speculated the timing also gives Ardern the **option of moving against Housing and Transport Minister Phil Twyford** if he doesn't start to turn around the impression that KiwiBuild is failing.

We are **sceptical**. Twyford remains a member of the kitchen Cabinet, which still believes that NZers are more forgiving than Judith Collins about how long it will take to materially alter current housing unaffordability.

## The new 'blue-green' alternative to the Greens

Media attention to the proposed **new centre-right environmental party** touted by former Green Party candidate Vernon Tava may have created the impression this is a viable political project.

The history of one-person party launches suggests it **will sink without trace**.

While a small catchment for such a vote exists, it is the same space as **The Opportunities Party** is attempting to fill. The two are more likely to stumble over one another than to unearth 5% support.

## Maori land reform

The govt will advance **smaller, more targeted reforms than the previous govt proposed to Te Ture**

**Whenua Maori Act**. One key change: allowing a Maori Land Court registrar to record uncontested land succession applications rather than an MLC judge **has potential to accelerate extremely slow process for Maori land transfers**.

Issues such as landlocked parcels, ratings and valuation, and Public Works Act protections, will go back to consultation. Maori Development Minister **Nanaia Mahuta will be watching this year's Waitangi Tribunal hearings on landlocked title for direction**.

In the meantime, \$100m from the Provincial Growth Fund is being provided as loans and grants to help develop Māori owned land.

**These initiatives are integrally linked to the govt's desire to reach a freshwater settlement with Maori, who will need water rights for under- or unused Maori land if it is to be developed.**

## Fisheries policy

Fisheries policy is shaping as a **point of serious tension between the three parties of govt**, creating headaches also with both **Maori commercial interests and environmental activists**. The Greens are alive to the accusations that Shane Jones has undue influence over Fisheries Minister Stuart Nash, who is struggling to assert leadership in the portfolio. Decisions not to have an independent review of existing fisheries policy and using MPI officials instead can be portrayed as a backdown to pressure from **NZ First, which supports fast-tracked, smaller scale revisions to current policy and monitoring practice**. The release of fishing industry leaders' opposition to compulsorily carrying cameras on fishing boats **exposes the industry to the accusation that its environmental claims are 'green-washing'**.

Nash's discussion document on proposals for reform include amending rules for what fish must be landed and species that can be returned to the sea, as well as streamlining and updating the ministerial decision-making process for setting catch limits.

## Foreign policy

The govt has been slow to make a formal response to the crisis in **Venezuela**. The US is backing the self-proclaimed president Juan Guaido while key EU states are insisting that President Nicolas Maduro schedule fresh elections urgently. The PM and Foreign Minister Winston Peters have made verbal comments saying NZ backs democratically elected leaders, but no official statement has been issued.

The govt has a request from **NATO** to make a fresh commitment to training the **Iraqi Defence Force**. ■

## Banking, finance and insurance

The **life insurance industry is rife with misconduct and is too slow to make changes**, the **Financial Markets Authority** and the **Reserve Bank** said in a report issued last week a week ahead of the final report of the Hayne commission of inquiry into Australian financial institution misconduct.

The govt announced it would fast-track customer protection measures in the financial sector. **Finance Minister Grant Robertson** wants clearer duties on banks and insurers to consider a customer's interests and outcomes, an appropriately resourced regulator to monitor banks' and insurance companies' conduct, and a strong response to internal sales incentives and soft commissions. The work would run alongside an update of insurance contract law which should be introduced in 2020. The NZ report did not name and shame or recommend prosecutions despite finding various evidence of questionable conduct. The industry promised to clean up its act.

**Fitch Ratings** says growth of the NZ life insurance industry is likely to be hampered in the short term while insurers address the issues raised by the report.

The implications for NZ banks of the Hayne report are still emerging. **Heartland Bank's** Australian operation, which has thrived in the Aussie reverse mortgage market as competitors abandoned the high moral risk sector, is concerned at the likely banning of commissions for mortgage brokers in Australia.

**Westpac NZ** is refunding more than \$6m to 30,000 customers who had Access transaction accounts, which were phased out last year, and did not receive the correct discount on fees.

## Primary industries

**Former Fonterra chairman John Wilson** died from cancer at age 54. Wilson announced his intention to step down in July last year and left the Fonterra board in Nov.

**Fonterra** milk collection was up 4.1% for the season-to-date in Dec as a mild start to summer supported pasture growth. It collected 913.6m kgs of milk solids in the seven months to Dec versus 877.6m/kgMS in the same period a year earlier. North Island collection was up 3.7% at 566.6m kg/MS while South Island production lifted 4.8% to 347m/kgMS. **Synlait Milk** cut its forecast payout to farmers, following Fonterra's lead, as weaker global demand and strong domestic production weighs on international prices. It expects to pay \$6.25 per kilogram of milk solids for the 2019 season, down from its previous forecast of \$6.75/kgMS. This week's **GlobalDairyTrade auction** recorded the sixth consecutive lift in the GDT index, with a 6.7% lift over the last auction, three weeks ago.

**Whole milk powder jumped 8.4% to US\$3,027/t.**

**NZ Apples & Pears** is forecasting a crop of 604,500 metric tonnes in 2019, 2.5% up on 2018 production. The area planted in apples and pears continues to increase at about 3% to 4% per annum and is now at 10,189 hectares.

## Transport, tourism and logistics

**Air NZ** warned annual earnings may fall by as much as 37% as it deals with disruptions caused by Rolls Royce engine issues and slowing travel growth. The national carrier expects pre-tax earnings of \$340-400m in the year ending June 30, compared to earlier guidance of \$425-525m and earnings of \$540m in the 2018 financial year.

## Energy

**Hydrogen** is unlikely to be a cost-competitive option for reducing emissions from heavy industry – even at carbon prices of more than \$100 a tonne, govt officials say. Another report by Concept Consulting says hydrogen may have a role in niche freight and heavy transport operations, but is unlikely to be competitive against gas or electricity in other transport or industrial applications.

The Commerce Commission's initial issues paper in its **retail fuels market study** highlighted access to the country's fuel logistics chain, and the rules for its use, as an area for deeper examination.

**PEPANZ** launched television advertisements as part of its campaign against the end to new oil and natural gas exploration permits outside onshore Taranaki.

## Media and entertainment

**Vista Group International** has renewed its agreement with **Viacom Media Networks** to use the Movio Media data platform and marketing campaign solutions under confidential terms.

**SkyCity Entertainment Group's** first-half profit beat guidance as high rollers and its Auckland casino delivered strong performances. Normalised earnings before interest, tax, depreciation and amortisation rose 10% to \$189m in the six months ended Dec 31.

NZ Herald publisher **NZME** looks certain to announce a start date for its long-delayed move into paywalled 'premium' content at its full year results announcement on Feb 19.

## Innovation

**Scott Technology** and **Mt Cook Alpine Salmon** are working to automate the removal of pin bones from king salmon with backing of more than \$500,000 from Seafood Innovations.

## CORPORATE ROUND-UP

Possible changes to the way cannabis is classified by the UN could open up new export opportunities, say licensed medicinal cannabis operators.

### Courts and regulation

**Hellers** was fined almost \$40,000 and ordered to pay a total of \$15,000 to children who had allergic reactions after consuming mispackaged sausages. The fine is the first since tougher penalties were introduced in the Food Act 2014.

**2 Cheap Cars** faces 10 charges under the Fair Trading Act over its “must liquidate” and “84% off” advertising claims and its use of “warranty waiver” documents, following a Commerce Commission investigation. The commission said the advertising was misleading and the warranty misrepresented consumer rights.

### Healthcare and retirement

**Orion Health Group’s** founder and biggest shareholder, **Ian McCrae**, is leading a consortium to end the healthcare software developer’s four-year stint as a public company. Macrae personally holds almost 86% of the outstanding stock and has pooled that stake with other investors to make the takeover a certainty by crossing the 90% threshold needed to mop up the remaining shares. The new entity – **Grafton Health Holdings** – will offer \$1.224 a share, or \$5.9m to buy the 7% it doesn’t yet own and will enforce Takeovers Code provisions to do so.

### Corporate actions and appointments

**MinterEllisonRuddWatts** expects the surge in M&A activity it saw in the second half of 2018 to continue this year. The firm points to sustained interest from overseas investors, despite the commentary following the 2017 election and changes to the Overseas Investment Amendment Act.

Former MBIE head **David Smol** and ex-Counties Power chief executive **Sheridan Broadbent** joined the **NZ Transport Agency’s** board after a rash of exits last month.

Fonterra Brands financial controller **Mark Winter** is moving to become **My Food Bag** chief financial officer in late April.

**ASB** has appointed **Lohit Kalburgi**, formerly the Dallas-based global head of customer experience for BBVA, a global financial services group, to be

executive GM, corporate strategy and customer experience.

**Te Puni Kōkiri** chief executive **Michelle Hippolite** is to step down in July after five and a half years in the job.

### Tertiary education and skills

**Victoria University** and **WorkSafe NZ** are establishing a Chair in Health and Safety attached to the University’s School of Health.

The **Provincial Growth Fund** will provide up to \$82.4m towards initiatives to boost skills and employment in a new skills and employment initiative – Te Ara Mahi (Pathways to Work).

**Southern Institute of Technology** is to take over the Telford campus of the financially troubled **Taratahi Agricultural Centre**, which had been slated for closure. SIT will be funded to deliver primary industries training programmes both at Telford and through distance learning. SIT will receive further Crown support for expenses if operations cease at Telford at the end of 2019.

### Govt procurement policy

Submissions are sought on new procurement rules which aim to more closely align the gov’t purchase of goods and services with policy priorities. Favoured policies include increasing the size and skill level of the construction workforce, providing employment opportunities, improving working conditions, supporting the transition to a net-zero emissions economy and waste reduction.

### Climate change infrastructure risk

As much as \$14b of local government infrastructure is at risk from sea level rise, says a report for **Local Govt NZ** that seeks a policy response. Modelling showed \$2.7b of roading, water and building infrastructure is at risk from as little as a 0.5 metre rise in sea level. The value of at risk infrastructure ramped up sharply at each increment of sea level rise with \$14.1b at risk at 3m.

### NZ keeps high anti-corruption status

NZ has again been ranked 2nd for least corrupt public sector and judiciary, swapping places again for first with Denmark in Transparency International’s annual Corruption Perceptions Index. ■