

Zero Carbon Bill likely next week

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The long process of getting NZ First over the line on a package of climate change-related measures capable of allowing introduction of the Zero Carbon Bill is finally complete. Negotiations at party leader level concluded this week and the package is expected to go to Cabinet on Monday, for possible announcement ahead of next week's Just Transitions Summit in New Plymouth.

Infrastructure pressures and the Stiassny resignation

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Parliamentary Questions from National's Paul Goldsmith suggest conduct issues were one of the reasons Michael Stiassny resigned from the NZ Transport Agency unexpectedly last week. Clashes over funding priorities are also believed to have been a significant factor, especially over the govt's Auckland light rail ambitions.

The case for a Cabinet reshuffle

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The govt's 'year of delivery' is being hampered by several areas of significant ministerial under-performance, which in turn make the PM vulnerable to attacks on her competence as a party leader and political persuader, notwithstanding her instinctive capacity for empathy. The case for a refreshment of the Cabinet line-up is growing.

Is Judith Collins the best defence Simon Bridges has?

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There is a growing mood in the National Party membership and parliamentary caucus to replace Simon Bridges. However, if the alternative is Judith Collins, a significant chunk of the parliamentary wing, in particular, appears to be baulking. Realpolitik suggests whoever leads National in 2020 will still lose the election, so there is technically no urgency to move.

MFAT troubleshooter on US social media mission

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Former PR man and consul-general in LA during the last America's Cup, Leon Grice, has been deputised to leverage his extensive US media and entertainment connections to advance the govt's case for social media regulation. It may be an uphill battle in the US, compared to Europe.

Heading for a rate cut?

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While an interest rate cut by the RBNZ looks highly likely next Wednesday, continued full employment and wage growth pressure do make the case for further monetary policy stimulus particularly compelling.

Reminder re HUGOvision

We have been receiving reports recently of HUGOvision being circulated, in one case widely, beyond the membership of The Hugo Group. While in one sense that's flattering, it undermines the exclusive value to members of belonging to The Hugo Group and we request that the exclusivity of the newsletter be maintained. **Please also note:** owing to international travel commitments, **the next issue of HUGOvision will be issued on Monday, May 20.**

Major climate change policy decisions expected next week

The govt has **completed negotiations on key elements of climate change policy** with its coalition and support partners, as well as with the National Party.

Announcements are being pencilled for next Wednesday, assuming the Cabinet signs off on papers that are expected to be on the agenda on Monday.

That will allow the govt, if it chooses, to announce key climate change decisions and perhaps table a draft Zero Carbon Bill ahead of its showcase 'Just Transitions' summit in New Plymouth next Thursday and Friday.

The timing explains the last-minute decision to cancel a three-minister press conference last Tuesday, at which the Interim Climate Change Commission's first report would have been released.

Instead, it appears that Cabinet decisions on that report and on the

Zero Carbon Bill will be packaged up together for maximum political effect and, perhaps, to deflect from any negative publicity that might come with its responses to the ICC's recommendations sought in this first report:

- whether and how to pursue 100% renewable electricity in a typical hydrological year; and
- whether and how to include agriculture in the ETS.

The renewable electricity recommendation will almost certainly say the last 5% or so of renewable electricity would only be achieved at the expense of high cost and reduced security of supply and that some thermal back-up should be retained. If the govt accepts that recommendation, purists will claim another CGT-style sell-out.

The infrastructure conundrum and the Stiassny departure

There is very little detail on Michael Stiassny's sudden resignation last Friday as chair of the NZTA, barely a year into his three year term.

Our **inquiries suggest a number of issues came to a head** and that a string of complaints – including from local govt leaders – about Stiassny's personal style were decisive in his ouster.

The nearest thing to on-the-record evidence for that

is a string of parliamentary Questions for Written Answer to Transport Minister Phil Twyford from National's **Paul Goldsmith seeking detail of the number of alleged complaints received by Twyford and NZTA "regarding the conduct and behaviour of Michael Stiassny"**, along with questions about transparency and governance practice on the NZTA board.

However, it seems also that Stiassny clashed in his well-known take-no-prisoners style over the govt's land transport infrastructure funding priorities.

In particular, he may have been a **sceptic about both the govt's Auckland light rail plans and NZ First's enthusiasm for a \$2b+ rail and port strategy to move Ports of Auckland to Northport** and upgrade rail links to the Whangarei port through Auckland.

Relations between Stiassny and Auckland Transport board member **Sir Michael Cullen – who is tipped to replace Lester Levy as AT chair** – are said to have become particularly strained.

There were also internal ructions over the Stiassny-initiated review of truck safety regulation, which has seen law firm Meredith Connell become de facto regulator and seen significant staff turnover. Stiassny raised eyebrows, for example, when he said in a television interview that there were plenty more incompetent people still to sack at NZTA.

Twyford appointed Stiassny to oversee a clean-up at NZTA, which was seen both to have lost its way after a prolonged restructuring process.

However, one of the results of upheaval at the agency has been delayed funding decisions on flagship projects, including Auckland light rail.

Jacinda – compassion vs competence

The govt's opponents now realise the PM's personal popularity, based on her compassion and instinctive capacity to lead during crisis, is unassailable.

However, if she wears her empathy like a suit of armour, **questions of competence are an Achilles Heel exacerbated by Cabinet under-performance.**

Phil Twyford looks increasingly embattled in both the housing and transport portfolios. **Chris Hipkins has a tiger by the tail with the reform of the industrial skills training system**, not to mention Tomorrow's Schools. **David Clark** is performing as well as many health ministers - poorly. **Iain Lees-Galloway is a liability** in both immigration and labour reform.

Further down the Cabinet rankings, ministers are either untested, invisible, or accident-prone.

2019 CEO Retreat

The seventeenth annual CEO Retreat at Millbrook is scheduled to run from dinner on **Thursday August 15 to lunch on Saturday, August 17.**

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

Mark your calendar now.

Social Welfare Minister **Carmel Sepuloni's unfortunate misreading of a desire to regulate social media as a policy to regulate news media** was a mighty clanger.

Indications are also that she **will unveil very little of substance in response to the Welfare Working Group's report, to be published in Auckland today.**

While Ardern has grabbed back some control over foreign policy from Winston Peters, Shane Jones remains an untouchable law unto himself.

And the PM herself is vulnerable to charges such as the NZ Herald's highest paid columnist Matthew Hooton's charge that she is 'flaky' and **unable to carry a complex policy argument successfully.**

Meanwhile, her chief of staff **Mike Munro's** return to the role after further medical treatment has been short-lived. He has announced his resignation to deal with ongoing health issues. **Raj Nahna**, his current deputy, will take over the role.

Free speech vs hate speech

Also fertile political ground is the emerging debate on limits to free speech in the wake of the Christchurch mosque attacks. The govt's desire to regulate social media and the backlash among conservative NZers on issues such as renaming the Crusaders or embracing Islam on ANZAC Day, is politically polarising.

As the Christchurch mosque attacker hoped, attacks on his ability to transmit white supremacist propaganda are **morphing quickly into fears that a new wave of 'politically correct' censorship is at hand.**

At a practical level, govt advisers are meeting with telco sector stakeholders next Friday ahead of the PM's trip to France to advance work on social media regulation.

Top schmoozer in harness on social media push

MFAT has contracted the former consul-general in Los Angeles and chair of the NZ-US Council, **Leon Grice**, to liaise with the US social media giants as they prepare for the "Christchurch Call" meeting in Paris on May 15, chaired by the PM and French president Emmanuel Macron.

Grice is also establishing links with US academics and NGOs as he tries to build a lobby behind Ardern and her mission. The US govt is seen as a less likely ally than European govts and the US debate is apparently much more concerned with privacy issues whereas Ardern's focus is on anti-terrorism. Curbs on

social media would threaten US constitutional norms regarding freedom of speech.

Bridges – embattled but not yet beaten

The argument for putting **Judith Collins – formidably technically competent and politically ruthless** – up against an empathic but woolly PM is tempting National Party MPs. But do they really have the bottle to follow through?

There are **serious negatives with Collins and a sound argument that Bridges should be allowed to lead and lose in 2020**, since National stands little chance at the polls then anyway.

In that sense, the debate over Bridges's leadership has only just begun. It has been brought to a head by Collins briefing some journalists, but she is not the only National MP suggesting to media that a change might occur. **Mark Mitchell, Gerry Brownlee and Todd Muller** have all hinted at their support for a change.

Outside the caucus, **Steven Joyce is said to be an influential critic of Bridges.** While the claims are unverified, **Bridges detractors are claiming John Key** has expressed concern about Bridges's performance, if not necessarily backing Collins.

His decision to go hard this week on the Corrections Dept's purchase of **slushie machines** for prison guards was fuel to critics.

At the moment, Bridges's biggest problem is not so much the caucus as the party. Immediately after the party's central North Island regional conference last weekend, where his keynote speech got a lukewarm reception, electorate chairs from the region met with party president, Peter Goodfellow, to express their reservations about their leader's performance. A similar meeting occurred next day with Auckland electorate chairs.

Expect more of the same as the regional conferences move around the country. Collins will be pleased with this development since she has strong support from the electorate organisations.

She has told journalists **she would prefer the leadership resolved before the national conference in July.** She is claiming currently to have the support of 29 of the 55 person caucus. That's not enough to become leader, but it effectively stops anyone else.

Bridges can survive, but former party President

Tuuta replaces Prendergast as Tourism NZ chair

Jamie Tuuta, the former Maori Trustee and rising star in governance and Maori business, has been appointed chair of Tourism NZ, replacing **Kerry Prendergast**. He has been on the board since 2013.

Webjet chairman and current Tourism NZ board member **Roger Sharp** has been appointed to the deputy chairmanship.

Michelle Boag has suggested he needs better political advisers and probably a front bench reshuffle, which would which would need to see Todd Muller and Nikki Kaye brought forward and Gerry Brownlee reinstated in foreign affairs.

A ray of light for Spark/Huawei

Leaks to UK media suggest Theresa May's govt has decided it is willing to buck US opposition to the use of Huawei equipment in any part of the country's 5G network. The leaked material, which came to light just as Chancellor of the Exchequer Philip Hammond was heading to Beijing on a trade mission, suggests the UK may be comfortable allowing Huawei to supply 'non-core' elements of 5G.

The leak also cost the UK Defence Minister Gavin Williamson his portfolio after he refused to take part in an official inquiry. But there is no sign so far that the UK is changing its mind on the substance of the decision.

US reaction was swift and negative, claiming particularly that the disaggregated nature of the 5G network means there is effectively no or very little distinction between 'core' and 'non-core' elements.

The UK is being threatened with reduced Five Eyes intelligence-sharing - the sort of threat that would make NZ worried but seems a bit hollow when applied to Britain.

Spark issued a cautiously worded statement saying it had noted the reports and was continuing to discuss its rejected application to use Huawei in its 5G network with the GCSB.

Huawei's NZ deputy MD, Andrew Bowater, said the UK position was consistent with emerging European govt attitudes and reflected the kind of arrangements proposed for 5G involvement in NZ.

The govt's greatest fear remains an appeal to ministers on the issue from Spark, which would make it almost impossible to argue to Beijing that the decision is not politically dictated.

Govt banks support for Belt and Road to smooth China relations

NZ First was not advised of the govt's enthusiasm for China's Belt and Road project before David Parker went to Beijing last week. That left Winston Peters still muttering that more detail was needed but effectively sidelined over the whole issue.

This strengthens indications that **the PM has decided to excise Peters from the relationship with China.**

That was apparently what former Prime Minister, Helen Clark, was suggesting to influential figures within Labour when the NZ-China relationship appeared to go backwards in March.

For NZ, supporting Belt and Road is relatively painless and has long been focused on assisting China to develop best practice food safety regimes for imported products rather than seeking subsidised Chinese capital or infrastructure providers for national projects of significance.

The govt's position is also no more than a continuation of the previous National-led govt's early endorsement of the initiative.

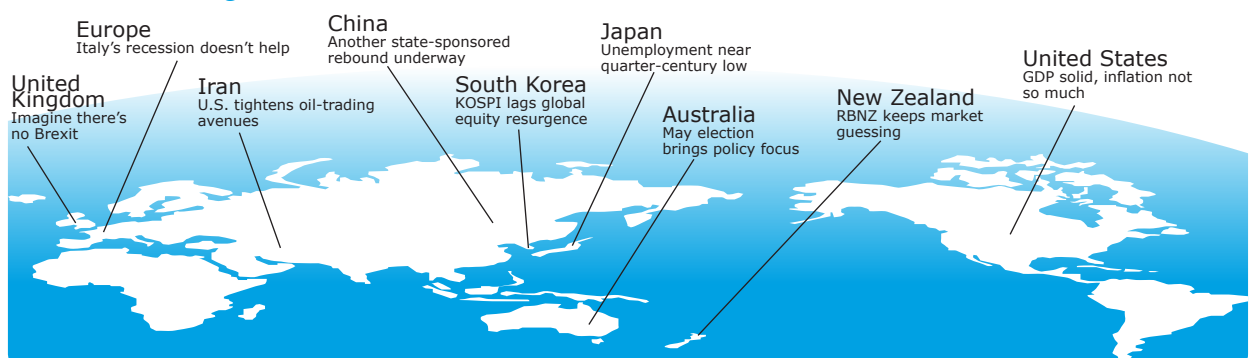
Future of work

The Prime Minister and her Business Advisory Council launched a Skills Pledge which commits signatories to doubling investment in re-skilling and training hours by 2025, and to report on progress. Ardern said most BAC companies have agreed to sign the pledge, as have Fonterra, Foodstuffs, Bunnings and Auckland International Airport.

The PM also asked the State Services Commission to see which departments are best placed to sign up. The Pledge is the first recommendation from the 'A Future that Works: Harnessing Automation for a More Productive and Skilled NZ' report, developed by the BAC and McKinsey & Company.

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The world at a glance



Rate cut next week?

Financial markets are, on balance, expecting a cut to the Official Cash Rate from 1.75% at next Wednesday's monetary policy, most probably by 25 basis points.

To the extent that the RBNZ may feel guided by relativity to Australian interest rates, note that Australian business leaders have been cautioning against further rate cuts. In part, this appears based on a concern that lower rates may boost the chances of a Labor win at the federal election on May 18.

Labour market not justifying rate cut

The seasonally adjusted unemployment rate fell to 4.2% in the three months ended March 31, from 4.3% in the Dec quarter. Annual wage inflation rose a quarterly 0.4% and an annual 2.0%, largely on the back of several collective agreements including the nurses' agreement last Aug.

The figures suggest a slight softening of labour market conditions. The participation rate fell slightly from its continuing high levels by OECD standards, the rate of job growth has slowed, and total employment contracted in the March quarter. The only caveat here is that Stats NZ is struggling to measure migration flows, so there could be some noise in labour market numbers.

However, unemployment remains exactly at the point the RBNZ judges to be the non-inflationary rate

of unemployment, so there is no justification for a rate cut in the figures.

Looking ahead, labour market conditions are unlikely to tighten significantly from current levels. Annual employment growth, which has already fallen to 1.5%, is expected to soften further and there is no significant downside left in the unemployment rate. However, wage pressures are significant and wage inflation is likely to be maintained at or above current levels for some time to come.

Fiscal position

The Crown financial statements show a surplus of \$2.5b in the operating balance before gains and losses for the nine months ending March 2019. The result is \$329m higher than Treasury forecast in Dec 2018. Net core Crown debt sat at 20.6% of GDP at March 31, compared to the 20.9% expected.

The gov't's capital investment programme got further behind in March, with new purchases of physical assets almost \$1.4b below Treasury's Dec forecast. In Dec, Treasury anticipated a spend of \$10.67b in the year ending June 30, up from \$7.67b in the 2018 financial year. However, after nine months of the current financial year, the Crown had spent a net \$6.26b buying physical assets, \$1.35b behind expectations.

Confidence and activity

A net 37.5% of the 353 respondents to the ANZ business outlook expect the economy will slow

Trading partner growth

(2017-2018 actual; 2019-2021 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
China	29.1	6.9	6.6	6.2	6.1	5.8	1.6	2.1	2.1	2.1	2.4
Australia	19.1	2.4	2.8	2.2	2.6	2.6	1.9	1.9	1.8	2.2	2.4
United States	11.5	2.2	2.9	2.4	2.0	1.8	2.1	2.4	1.9	2.2	2.3
Japan	7.3	1.9	0.8	0.6	0.5	0.7	0.5	1.0	0.6	1.0	0.8
Eurozone	6.5	2.5	1.8	1.1	1.3	1.2	1.5	1.7	1.3	1.4	1.6
South Korea	3.6	3.1	2.7	2.4	2.4	2.5	1.9	1.5	1.2	1.7	2.0
United Kingdom	3.2	1.8	1.4	1.3	1.5	1.6	2.7	2.4	2.0	2.1	2.1
Singapore	2.7	3.9	3.2	2.4	2.4	2.5	0.6	0.4	0.9	1.3	1.6
Hong Kong	2.4	3.8	3.0	2.2	2.3	2.4	1.5	2.4	2.2	2.2	2.3
Taiwan	2.5	3.1	2.6	2.0	2.0	2.1	0.6	1.4	0.8	1.1	1.4
Malaysia	2.1	5.9	4.7	4.4	4.4	4.7	3.8	1.0	1.2	2.2	2.5
Indonesia	2.1	5.1	5.2	5.1	5.1	5.1	3.8	3.2	3.2	3.6	3.6
Thailand	1.9	4.0	4.1	3.6	3.5	3.4	0.7	1.1	0.9	1.2	1.4
Philippines	1.6	6.7	6.2	6.1	6.1	5.8	2.9	5.2	3.3	3.3	3.6
Vietnam	1.5	6.8	7.1	6.6	6.2	6.2	3.5	3.5	3.1	3.8	3.8
India	1.5	7.2	7.1	7.2	7.3	7.4	3.6	3.5	3.9	4.3	4.6
Canada	1.5	3.0	1.8	1.5	1.7	1.7	1.6	2.3	1.8	2.0	2.0
NZ Trading Partners	100.0	4.1	3.9	3.5	3.5	3.4	1.8	2.0	1.8	2.0	2.2
Forecasts for New Zealand											
Consensus		2.8	2.8	2.5	2.5	2.4	1.9	1.6	1.7	1.9	2.0
BNZ Forecasts		3.1	2.8	2.4	2.6	2.5	1.9	1.6	1.7	2.0	1.7
The World		3.2	3.2	2.7	2.8	2.7	2.5	2.9	2.5	2.6	2.8

over the coming year, in line with the 38% reading in March. There was a small improvement in expectations for firms' own activity with a net 7.1% anticipating an improvement, compared to 6.3% a month earlier. A net 46.6% of firms anticipate higher costs, but just 26.7% plan to raise prices. A net 13% expect profits to fall in the coming year, a slight improvement from the 14.4% expecting weaker profits a month ago.

Real estate

Annual house price growth accelerated to 2.7% in April from 2.5% in March, though still down from the 7.6% pace in April 2018, according to Quotable Value. Auckland values declined at a 1.5% annual pace, unchanged from March. Several regions registered double-digit annual growth in property values, and the Wellington region was up 8.2% in the year.

Overseas house buying activity, as measured by LINZ, has slumped after restrictions to bar foreigners from buying existing homes took hold. There were 204 home transfers to those without citizenship or residency in the March 2019 quarter versus 1,083 in the March 2018 quarter.

Disaster insurance

IAG NZ said it would move to ascribe higher risk weightings for insurance premiums to reflect severe weather and natural disaster risk. From July, IAG will begin the changes which will also account for the Earthquake Commission increasing house cover, but withdrawing contents cover.

Wellington Mayor Justin Lester intends calling a forum on the emerging issue.

Census 2018 patch-up

Extra funding has been confirmed in this year's Budget to fix issues arising from the 2018 Census. Statistics Minister James Shaw said delays and extra work required a \$5.76m top-up, and there would be an additional \$10.36m to enable Stats NZ to get ahead of the next census.

An independent expert review into the 2018 Census is due to give its findings by July.

Govt Statistician Liz McPherson outlined two key areas where last year's census failed to collect sufficiently robust data: household and family information, and iwi affiliation data. Census data is now scheduled to be released in Sept.

McPherson and Shaw both declined to comment on whether her job could be under review. Her current term does not expire until Aug 2021. ■

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Consumer protection law proposals

Proposals to change protections for consumers in their dealings with banks and insurers were released, with the government planning to introduce legislation this year. The measures include a ban on target-based remuneration and incentives, imposing new legal duties on financial institutions and ensuring products sold to consumers are fit-for-purpose and sold to the right people.

Proposed changes to insurance contract law will be consulted on at the same time as the broader financial sector measures, with the govt considering making unfair contract terms protections in the Fair Trading Act apply to insurance.

Loan sharks bill completes first reading

The Credit Contracts Legislation Amendment Bill completed its first reading and was sent to the Finance and Expenditure Committee for consideration with an Oct 30 report back. All parties supported the Bill, though National's support was conditional. The intent of the bill is to limit usurious lending.

May 6 employment law changes

A raft of new Employment Relations Act provisions come into force on May 6, including meal and rest breaks, 90 day trials, vulnerable workers, union rights, collective bargaining and collective agreements. In an attempt to assuage widespread public transport problems, the govt changed meal and rest break rules for bus drivers after operators said regulations due to come into force in May would cause widespread disruption through cancellations. The change will require employers and employees to reach agreement on rest and meal breaks.

Early budget announcement

The govt announced a \$95m increase in teacher training spending over the next four years to train or support 3280 more teachers. The Public Service Assn accused the govt of "magicking up" new teacher numbers and said fundamentally unappealing aspects of the job remained unaddressed.

Welfare reform

The govt is announcing today that it will scrap welfare benefit sanctions applied to a mother who does not identify her children's father.

Abatement thresholds for beneficiaries who are working will be adjusted to reflect the higher minimum wage. ■

Primary sector

A2 Milk group revenue accelerated in its third quarter, with sales for the nine months through March 31 up 42%. Second-half sales should be broadly in line with the first as it invests in marketing and organisational capacity. Group revenue was \$938m, reflecting continued sales growth in nutritional products and liquid milk.

Alliance Group said meat prices are strong as an African swine fever outbreak slashes Chinese pork production and impacts protein prices in China. The disease has spread to Vietnam, where production losses are expected to exceed 10%, and has also entered Cambodia and could move further into Southeast Asia.

NZ King Salmon has suffered a second summer of unusually high temperatures in its Marlborough Sounds fish farms, leading to higher than usual mortality and a profit warning. The company expects annual earnings will come in at the bottom end of its \$25m-\$28.5m forecast as persistently warmer water increases fish farm mortality rates. It expects to harvest 7,900 tonnes of fish in the year ending June 30, down from a previous forecast of 8,000 tonnes, but up from the 7,779 tonnes a year earlier. CEO Grant Rosewarne continues to place his longer term faith in offshore farming sites to manage temperature and social licence issues, but expressed frustration again at how slowly MPI is moving to approve new, higher-flow sites in the Sounds that NZKS has been waiting to deploy to.

Banking, finance and insurance

ANZ's first-half net profit from NZ operations fell 4% amid a slowing housing market. Net profit for the six months ended March fell to \$929m from \$964m in the same six months a year earlier. This was despite a 3% rise in net interest income to \$1.63b. Profits from retail lending fell 3% to \$510m, while profit from commercial and agricultural lending rose 3% to \$286m. Chief executive David Hisco expressed optimism that the RBNZ will relent on the scale of its proposed new capital adequacy proposals, which he said could lead to higher interest rates and reduced funds available for lending in NZ.

BNZ's first-half net profit jumped 12.2%, boosted by gains on the sale of its 25% stake in **Paymark** and increased business and housing lending. It reported a \$550m net profit for the six months ended March, up from \$490m in the same six months a year earlier.

AMP's NZ wealth management business suffered a net cash outflow of A\$52m in the March quarter, a big turn-around from a net inflow of A\$53m in the same quarter of last year. This suggests the NZ

branch may be suffering a contagion effect after its Australian parent was excoriated in Australia's royal commission into financial service provider misconduct. The net outflow in NZ was despite A\$162m of new money flowing into AMP's KiwiSaver scheme, up from A\$150m in the same three months last year.

Energy

After a long delay, the govt formally launched the **2018 oil and gas exploration Block Offer**. The 2,200 square-kilometres acreage is restricted to onshore Taranaki by the govt's decision last year to ban drilling outside Taranaki and any new offshore exploration.

OMV cancelled a briefing for Dunedin local body representatives on its offshore drilling plans in the Great South Basin after several councillors said they would boycott the event and protests were organised.

The govt will next Thursday and Friday hold its '**Just Transitions' Summit** in New Plymouth, intended to help map a future beyond hydrocarbons for both NZ and the Taranaki region, which hosts most of the country's oil and gas sector activity. Oscar-winning film director **James Cameron** is a star turn. The event is likely to be shadowed closely by the climate change activism group **Climate Justice Taranaki**, for whom one of the four people found guilty on criminal group and firearms charges after the Urewera raids of 2007, **Urs Signer**, is a spokesman.

Z Energy reported a 13% decline in full-year net profit after an extended outage at the Marsden Point refinery raised its costs and record pump prices reduced sales. NZ's biggest fuel retailer said net profit fell to \$178m in the year ended March 31, from \$205m a year earlier. Earnings fell 3% to \$434m.

Correction: in the print edition of the last HUGOvision, we wrongly reported that Contact Energy had issued a profit downgrade warning. The company in question was Mercury.

Meanwhile, long-term Contact senior executive **Louise Griffin** has been placed on gardening leave pending her heading up govt relations for **Genesis Energy**.

Telco, entertainment and media

2Degrees complained that **Spark** is being slow to reveal wholesale pricing for resellers of its Rugby World Cup packages and accused its rival of exhibiting the same behaviours it had warned could occur in its submissions opposing the rejected **Sky TV/Vodafone** merger.

Vodafone is restructuring its customer service and sales forces and preparing to service a far larger

CORPORATE ROUND-UP

proportion of those activities through Indian provider **Mahindra**.

The five major NZ news organisations have agreed to protocols for covering the Christchurch mosque attacks trial. **RNZ, Stuff, Mediaworks, TVNZ and NZME** agreed to guidelines so coverage does not promote white supremacist ideology.

Media **advertising revenue** was \$2.633b in 2018 compared to \$2.561b in 2017. The Advertising Standards Authority data covers television, newspapers, interactive media, radio, magazines, outdoor, addressed mail, unaddressed mail, and cinema.

NZME launched its partial paywall for premium content on nzherald.co.nz. It hopes to gain up to 100,000 digital subscribers within three years with a starting price of \$5 a week.

It appears **former Finance Minister Steven Joyce's** defamation claim against the **National Business Review** for a column written by its former columnist, **Matthew Hooton**, will make it to court. Proceedings are set down to commence on May 13 at the Auckland High Court, before **Justice Pheroze Jagose**. Hooton has already settled with both Joyce and NBR.

TeamTalk and its fibre business **CityLink** are rebranding with the new name **Vital**.

Retail

Countdown supermarket chain lifted sales 3.2% in the March quarter, which the retailer put down to growth in fruit, vegetables and perishables sales. Across the 180 Countdown stores, total sales were \$1.69b in the 13 weeks ended March 31, up from \$1.64b a year earlier. Adjusting for Easter, the company said sales were up 2.9%.

Innovation

Scott Technology agreed in principle to purchase French technology company **Normaclass** to expand its automated meat processing capability.

The **R&D tax credits legislation** passed its third reading with National opposed. Key points are a 15% credit rate, a \$120m cap on eligible expenditure, and a minimum expenditure threshold of \$50,000 per year. Currently there is limited utility from the credits for unprofitable start-ups. The govt is taking another look at for the next financial year.

Tax system

IRD says it successfully completed the transition of more than 19.7m taxpayer accounts from one Inland Revenue computer system to another with the new system running well so far.

Capital markets

The **NZX 50 Index** broke through 10,000 for the first time on April 23. It took five years to double from the 5,000 level, having taken five years to reach that mark from 2,500 after the global financial crisis.

John Hawkins is stepping down as **NZ Shareholders' Association** chair after 9 years and will be replaced by **Tony Mitchell**, who is CEO of the **NZ Marketing Association**. Mitchell brings online skills and a desire to focus more on KiwiSaver fund manager performance.

Corporate actions

Ebos copped flak from minority shareholders when it raised \$175m from a discounted placement to institutions, \$25m more than it had been seeking. The **Shareholders Association** said the offer should have also been made to retail investors, particularly as the capital raising was not urgent, being intended to fund future acquisitions as they arise.

State-owned enterprises

Former NZ First party president and MP Doug Woolerton, a dairy farmer, has been appointed to the board of **Pamu**, as SOE farmer **Landcorp** is now known. Pamu has been pursuing strategies that envisage reduced dairy production and question the sustainability of current global protein production methods and nitrogen fertiliser use. NZ First leader **Winston Peters** is also Minister of SOEs.

Appointments

Court of Appeal Judge **Joe Williams** is the first Maori to be appointed a **Supreme Court** judge. Wellington Queen's Counsel **David Goddard** has also been appointed a Judge of the High Court and Court of Appeal.

Richard Young is to replace **Rob Hewett** as **Silver Fern Farms Co-operative** chair. Hewett stays on as co-chair and remains a director. ■