

Robertson's slow reveal

Page 2

Grant Robertson allowed a groundswell of mainstream opinion to build in favour of the increased govt infrastructure spending announced in this week's Budget Policy Statement, effectively snookering one of the National Party's main attack lines in the process. Will he do the same now for benefit levels and income tax threshold adjustments? The strength in the BPS figures suggest he will have scope to be more generous again in his election year Budget.

Auckland port move

Page 2

The Cabinet is still some distance from being able to endorse Shane Jones's cherished desire to favour Northport as the Auckland port's eventual 'replacement'. Labour ministers are as sceptical of the final report from the Upper North Island Supply Chain working group as Northport's detractors. Further work could line up a mid-year decision - or a perfect excuse for NZ First to break away from its formal coalition with Labour in time for the election?

Slower growth, fewer surpluses - does it matter politically?

Page 4

The Treasury's half-year fiscal and economic update forecasts slower economic growth than was in the May Budget and a return to fiscal deficit next year. Yet the Crown's accounts remain sufficiently conservatively geared and robust to mean that there is unlikely to be any backlash from financial markets. In this benign environment, the govt is banking on the public mood changing on the perennial bogey of debt build-up.

EU-NZ trade talks dragging - quelle surprise

Page 3

NZ trade negotiators are coming hard up against the EU's inherent protectionism with so little offered so far on NZ market access that the access negotiating teams did not meet when they last had the opportunity. Meanwhile, the EU is trying to tie NZ down prematurely to a regime on geographical indicator regulation.

Local govt infrastructure funding progress

Page 4

After talking about it since the election, the govt is finally ready to press ahead with legislation to allow local govts to fund infrastructure off-the-books using special purpose vehicles. Importantly, National has indicated its support for the scheme, which has already had a test-run at the northern Auckland suburban development of Milldale.

Compliments of the season

Barring major announcements in the political economy in coming days, this is the last edition of HUGOvision for 2019. We wish all Hugo Group members a restful and deserved Christmas/New Year break. HUGOvision will resume on Jan 24. We will be in touch with dates and guests for our election year programme early next year.

Room for election year largesse

The size and scope of the gov't's re-election narrative is emerging clearly following the Dec 11 release of the Budget Policy Statement.

The \$12b capital splurge is not particularly aggressive and has a positive fiscal impulse in only two of the five years subject to forecasts.

Its primary purpose is to quiet construction sector concerns about the project 'hole' that earlier decisions have created. A very large, more predictable pipeline of national infrastructure requirements is clearly now affordable and in prospect.

The biggest constraint on spending more is not in fact debt levels. At its peak in FY21, the \$12b capital package pushes net Crown debt to a forecast 21.5% of GDP, before falling back below 20% of GDP from 2022 onwards.

Rather, there is insufficient labour and sectoral capacity to handle much more work than is being offered.

However, the newly reset Budget Responsibility Rules now allow the gov't net debt as high as 25% of GDP.

The fiscal impulse dynamic (*see graphic this page*) shows that the gov't starts banking surpluses again from 2022, with a sharp uptick in the Crown's cash fiscal balance. A gov't seeking re-election would be unusual not to be tempted to flatten out that bounceback with more spending.

Grant Robertson was quick to stress his reluctance to commit to large, 'baked-in' opex decisions, such as higher benefits, public sector wage settlements, or dealing with fiscal drag.

He was also clear that the forecasts produced for the HYEUFU and BPS only anticipate election year Budget decisions that have already been made.

Income assistance or tax relief for middle income earners paying the top personal tax rate on significantly more of their earnings could yet be in the mix.

"We're not at the end of the Budget cycle so we continue to look at what we do running into Budget 2020," Robertson said. "The way the order of events works is that I don't dictate what the net debt number ends up being."

The downside, politically, is that extending the fiscal impulse will produce perhaps a second or third year of small Budget deficits on an OBEGAL basis. It may also be inflationary, although that may not be end of the world in a stubbornly low inflation environment. Discussion was already starting to turn to when interest rates will start to rise again (*see Domestic Economy section*).

Running deficits and running up debt is traditionally fertile ground for Oppositions. But Labour is banking on the tide turning to support a looser fiscal policy stance.

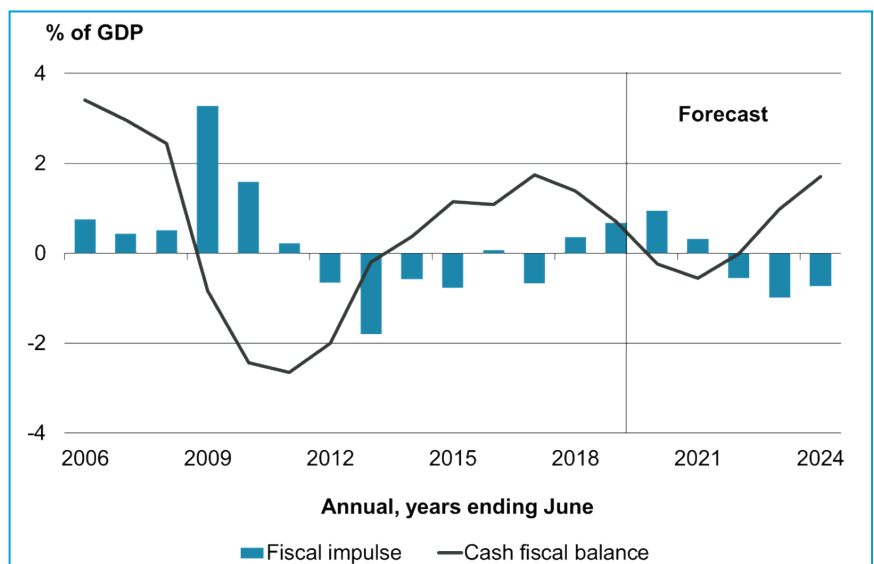
With rating agencies, the IMF and OECD all encouraging more capital spending and the latter two highlighting income inequality, National risks looking as if it's missed the memo on the legitimate use of fiscal firepower.

Greens abandon BRRs

The Green Party dropped its commitment to the Budget Responsibility Rules on targets for lowering gov't debt and spending, which they agreed to with Labour at the last election, saying the rules had limited scope for change.

Port move and election year dynamics

Shane Jones has tried to mask his disappointment that the Upper North Island Supply Chain study final report has failed to find support from Labour Cabinet colleagues. Led by Grant Robertson, they want further work on the highly contested proposal to make Northport the natural replacement for Auckland's CBD port. Jones says the Transport Ministry and Infrastructure Commission will run the rule over the report for Cabinet recommendations



in May. It is inconceivable that the Treasury won't be involved as well, although Jones didn't cite their involvement.

The delay gives time for the heated political environment created by extensive leaks and lobbying by Northport's supporters and detractors to cool off and, presumably, to better involve key players Auckland Council - which owns the Auckland port and is aggrieved by the UNISC process to date - and Port of Tauranga, which has also been somewhat marginalised.

It is too early to know how the port issue will affect coalition dynamics in election year. However, we **note an upsurge in talk of NZ First's likely desire to find a differentiating issue that might allow it to end the coalition agreement** and support the govt through to the election on confidence and supply only.

Note also that while Simon Bridges remains as reluctant as ever to work with NZ First, he has not yet definitively ruled the party out.

We expect a lot of feverish speculation from now until mid-year about electorate accommodations that might guarantee NZ First's return to Parliament even if it doesn't make the 5% MMP threshold. However, no clarity is likely to emerge until well into the year.

Labour picks a manager as president

Labour will shortly release the report by Maria Dew QC into allegations of sexual assault involving a staffer in Jacinda Ardern's office. The report is thought to largely exonerate the party from charges that it ignored or covered up the original allegations. However, it is likely to raise questions about the way Labour's head office is run. Already the party has moved to elect a new president, Claire Szabo, who has strong managerial experience (CEO, Habitat for Humanity). There are suggestions that it may soon be looking for a new general secretary to replace Andre Anderson, who came to Labour after a long stint at MBIE.

Fraught road to 2017 election report

After a long delay a select committee report into the 2017 general election was released. It makes recommendations around the conduct of future elections, including the potential for foreign interference. These include banning election advertising from foreign sources on social media and further tightening of loopholes around foreign donations.

Without waiting for the report, the govt had the week before introduced a bill to tighten rules about donations to political parties from foreign sources. Amongst other things it requires party officials to take reasonable steps to ensure donations over \$50 are not from an overseas person. However, the move was something of an own-goal for Labour. The new regime does not catch foundations such as the one NZ First has been using and the Bill's passage under urgency without a select committee process was unnecessary, let alone mistaken for such a weak piece of legislation.

Freshwater reforms progress

The independent advisory panel on freshwater reforms chaired by Judge David Sheppard is questioning some of the assumptions contained within attribute limits on freshwater such as dissolved inorganic nitrogen or phosphorous. The panel has asked the Science Advisory Group which worked on the draft to review them. The panel is believed to be concerned by the regional and topographical variations in the impact of the attributes, consistent with the need for establishing targets on a catchment by catchment basis.

EU-NZ FTA trade talks dragging

Observers of the talks to progress the EU-NZ FTA say the Europeans have yet to make any reasonable offer to NZ for market access. Yet they are pressing on with an agenda that will inevitably restrict the use of common food names that are protected 'geographical indicators' in the EU.

The latter issue is only relevant if there's an outcome to the negotiations that then requires legislation.

"What are we getting in return?" asked veteran former trade negotiator Charles Finny on Twitter. "The market access offer from (the)

EU (is) so far from the mark that the market access teams are not even bothering to meet?"

Cheese names are particularly affected by GI restrictions. EU Trade Commissioner Cecilia Malmstrom claimed last year in NZ that the cheese names issue would not be significant. But the Dairy Companies Assn of NZ notes that "the **ongoing expansion of the EU's GI agenda will now prevent NZ dairy producers from exporting feta and other commonly produced cheeses to the high value Chinese market, as part of a recent agreement**

Former A-G launches inquiry petition

Former Auditor-General Martin Matthews is petitioning Parliament to reopen his employment case saying he was unfairly forced out of his job by MPs in the fallout over how the Transport Ministry was defrauded while he was charge of it. Matthews claims his ousting was politically driven and a breach of due process.

between the EU and China.”

Recently, Havarti had been accepted as a protected GI term by EU regulators, who are inserting such terms into bi-lateral and multi-lateral trade agreements wherever possible. **“If Havarti meets the definition of a GI, then there are no cheese names that wouldn’t.** There is no certainty around where this attempt to claw back commonly trade cheese names will end,” said DCANZ’s Kimberley Crewther.

Meanwhile, because the US would not agree to the appointment of a new judge, the **WTO appeals system ceased to function** on Wednesday.

Waste management

The govt’s phase out of more single-use plastics accompanies further evidence of the difficulty for recycling schemes created by Asian countries’ unwillingness to import other nations’ waste. A potent example: from Jan, the collection cost of **Oji** paper recycling will rise 80%, on top of another, less steep increase in July. Oji says more countries were restricting imports of recovered paper.

Climate change policy

The govt released amendments to the Emissions Trading Reform Bill to reflect the previously announced plans to bring agricultural emissions into the ETS. **Cabinet papers** will also now include a **‘climate impacts assessment’** for policy and legislative proposals designed to reduce emissions, or which are likely to increase greenhouse emissions more than 250,000 tonnes a year.

NIWA said last month was **NZ’s hottest Nov on record at 1.55C above the 30-year average.** The latest **Ipsos NZ Issues Monitor** found climate change and the environment are trending up in the list of issues, sitting in 6th and 7th position respectively. However, the top three issues concerning NZers are the cost and availability of housing, followed by poverty and inequality, with healthcare/hospitals and inflation/

cost of living in third equal position.

Insurance law reform

The govt is planning changes to insurance contract law with draft legislation to be released next year. Amongst the changes will be requiring insurers to ask consumers the right questions when writing policies, rather than leaving it to consumers to know what to tell them.

Cannabis referendum

The govt released the draft bill on legalising recreational cannabis to be put to a non-binding referendum at the 2020 election. It proposes a minimum purchase age of 20, limits its use to private homes and licenced premises, with a state-licenced regime for growing and supply with sales only in licenced physical stores. In its latest member survey, Auckland business lobby EMA found that **concerns about the impact of decriminalising marijuana outweighed members’ concerns about the difficulty of finding skilled labour.** The EMA Employers’ Survey recorded 73% of firms were worried about a negative impact on their business.

A 1 NEWS Colmar Brunton poll found **43% support for legalising cannabis and 49% opposed.** The poll was conducted before the Bill was released.

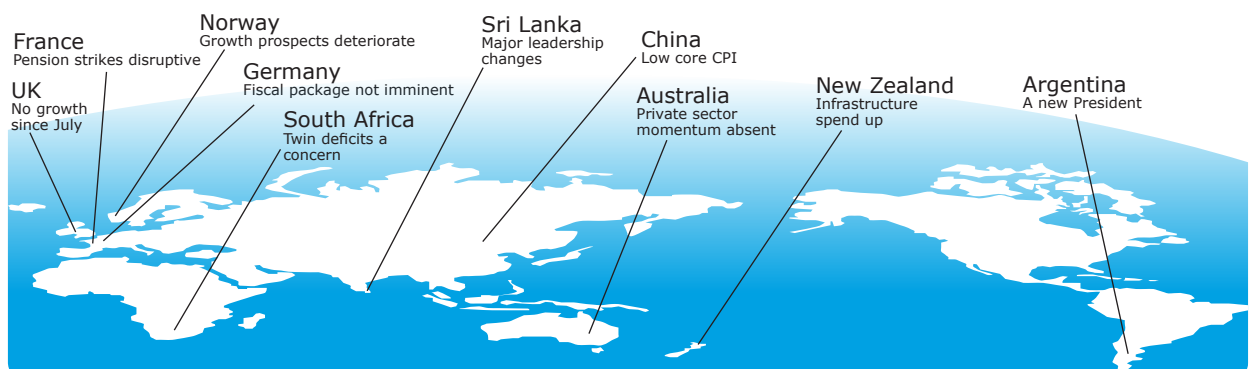
Progress at last on local govt SPVs

The govt says it has bi-partisan support for legislation to **allow local govt to fund infrastructure projects by off-balance sheet borrowing** using Special Purpose Vehicles.

These would be able to charge a special levy for 25-50 years, to be paid by communities most advantaged by the investment.

A foretaste of the approach was the 2018 SPV created by Crown Infrastructure Partners to borrow \$50m for infrastructure at the north Auckland suburb of Milldale. 🇳🇿

The world at a glance



Slower growth, knife-edge fiscal balance

This week's half-year fiscal and economic update from the Treasury estimates a fiscal surplus at 2.4% of GDP in the year ended June 2019, well up on the 1.2% estimated in the May Budget. However, the June 2020 year produces the first OBEGAL basis deficit for some years. At just 0.3% of GDP, that could still be a small surplus or a bigger deficit, depending on growth out-turns and any further govt spending plans (see *Politics section p1*).

Again, the forecast to return to surplus (0.5% of GDP) in the year to June 2022 could as easily be a deficit. For now, however, that is raising no concerns in principle with rating agencies or most economic commentators. Of greater concern is the quality of the spending the govt has already and may yet commit to.

Treasury forecasts GDP growth of 2.2% for the year ended June 2020. Growth of 2.8%, 2.7%, 2.5% and 2.4% are then expected in the years ended June 2021, 2022, 2023 and 2024 respectively.

The labour market remains tight, with unemployment stuck at around 4% and nominal wage growth forecast at around 4% p.a. through to 2024.

Strongish manufacturing data

The BNZ-BusinessNZ performance of manufacturing activity index eased 1.2 points to 51.4 but remained

above the 50 level that separates expansion from contraction in Nov, following a solid bounceback into positive territory in Oct.

Stronger-than-expected manufacturing data may mean the economy grew more in the third quarter than the 0.3% forecast by the central bank. As a result, ASB lifted its third-quarter GDP forecast to 0.7% from 0.5%. The GDP data is due Dec 19.

Economic activity indicators

The **ANZ-Roy Morgan consumer confidence index** rose for a second month, up 3 points at 121 in Nov. A net 4% said they expect good economic conditions in the coming 12 months, up from the net 3% who predicted things to get worse in Oct.

Paymark said its seasonal lift in spending ahead of Christmas is running ahead of last year, up 5.6% to Dec 7, compared to last year.

Tourism spending reached \$40.9b in the year ended March, up 4% (\$1.6b), following an 8.1% increase in the previous year. However, tourist arrivals in Oct stalled from the US and other key long-haul markets.

Analysts say **uncertainty among builders and farmers and tighter credit** probably weighed on sales of new commercial vehicles in Nov, which dropped 12% from a year earlier. **Motor Industry Association** figures showed there were 4,210 new commercial vehicle registrations last month, down from 4,816 in Nov 2018. In contrast, new passenger vehicle registrations edged up 1.1% in the month.

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	31.9	6.8	6.6	6.1	5.8	5.8	1.6	2.1	2.6	2.7	2.4
Australia	17.8	2.4	2.7	1.8	2.4	2.6	1.9	1.9	1.6	1.9	2.4
United States	11.3	2.2	2.9	2.3	1.8	1.8	2.1	2.4	1.8	2.0	2.3
Japan	7.1	1.9	0.8	1.0	0.2	0.7	0.5	1.0	0.6	0.7	0.8
Eurozone	5.8	2.5	1.9	1.1	1.0	1.2	1.5	1.8	1.2	1.2	1.6
South Korea	3.4	3.1	2.7	1.9	2.1	2.5	1.9	1.5	0.5	1.3	2.0
United Kingdom	3.1	1.8	1.4	1.3	1.1	1.6	2.7	2.4	1.9	1.9	2.1
Singapore	2.3	3.9	3.1	0.5	1.4	2.5	0.6	0.4	0.6	1.0	1.6
Hong Kong	2.6	3.8	3.0	-0.8	0.7	2.4	1.5	2.4	2.8	2.2	2.3
Taiwan	2.4	3.1	2.6	2.4	2.1	2.1	0.6	1.4	0.7	1.0	1.4
Malaysia	2.1	5.9	4.7	4.5	4.2	4.7	3.8	1.0	0.7	1.9	2.5
Indonesia	2.0	5.1	5.2	5.0	5.0	5.1	3.8	3.2	3.1	3.4	3.6
Thailand	2.1	4.0	4.1	2.8	3.0	3.4	0.7	1.1	0.8	1.0	1.4
Philippines	1.7	6.7	6.2	5.8	6.1	5.8	2.9	5.2	2.6	3.0	3.6
Vietnam	1.5	6.8	7.1	6.8	6.6	6.2	3.5	3.5	2.7	3.4	3.8
India	1.4	7.2	6.8	5.8	6.7	7.4	3.6	3.4	3.5	3.9	4.6
Canada	1.5	3.0	1.9	1.5	1.6	1.7	1.6	2.3	2.0	1.9	2.0
NZ Trading Partners	100.0	4.2	4.1	3.4	3.3	3.5	1.8	2.0	1.9	2.1	2.2
Forecasts for New Zealand											
Consensus		3.1	2.9	2.4	2.2	2.4	1.9	1.6	1.5	1.9	2.0
BNZ Forecasts		3.1	2.8	2.2	2.2	2.0	1.9	1.6	1.6	2.2	1.8
The World		3.2	3.2	2.5	2.5	2.7	2.5	2.9	2.7	2.7	2.9

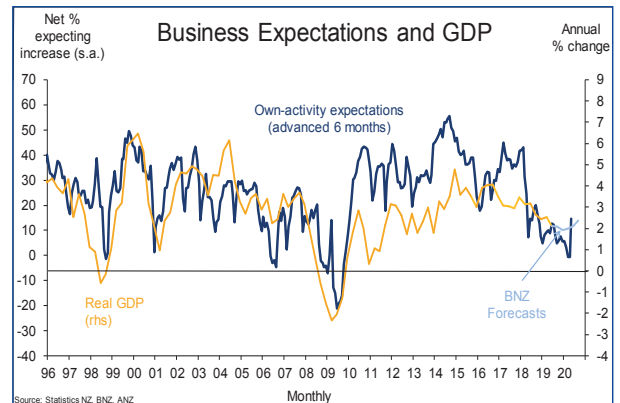
DOMESTIC ECONOMY

Leading indicators rise

The NZ economy appears to be regaining some momentum after a soft third quarter as the country heads into election year.

A sharp improvement in firm's 'own activity' expectations in the back end of this year is consistent with both statistical and anecdotal evidence that conditions are improving.

Discussion of the potential for negative interest rates and unconventional monetary policy is giving way to speculation on how long it will be before the RBNZ might raise the OCR. Further cuts appear less likely.

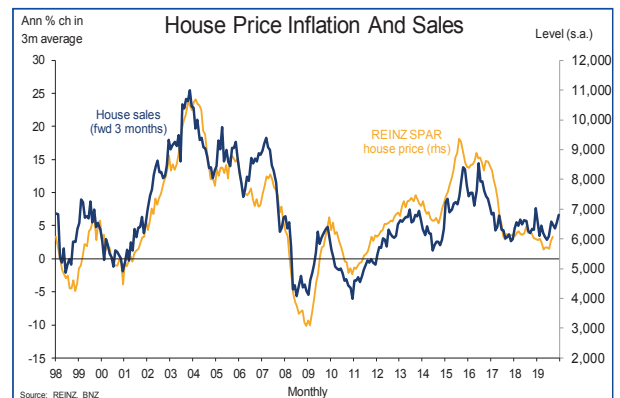


Housing turns

The housing market appears also to be in a new upturn, led first by increasing numbers of properties turning over and followed by a lift in selling prices.

REINZ's national house price index rose 5.6% to a record in Nov from a year earlier and by 8.3%, excluding Auckland, up from 3.9% and 8.2% respectively in Oct.

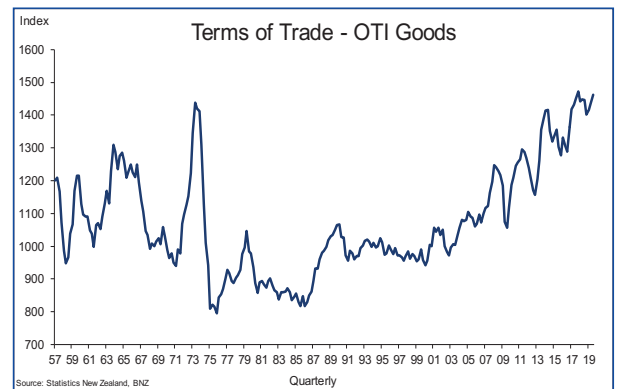
Barfoot & Thompson sold 960 homes in Auckland last month, up 16.5% from Oct and up 2% from last Nov, with the median price up 4.7% year-on-year.



Terms of trade supportive

For all the angst in the NZ farming community about new environmental regulation, international prices for NZ's primary exports remains very solid, with terms of trade now approaching levels not seen since the 1950s 'Korean war wool boom'. This is a far cry from the mantra of the 1980s, when it became fashionable to believe that agricultural products were not part of NZ's long term future prosperity.

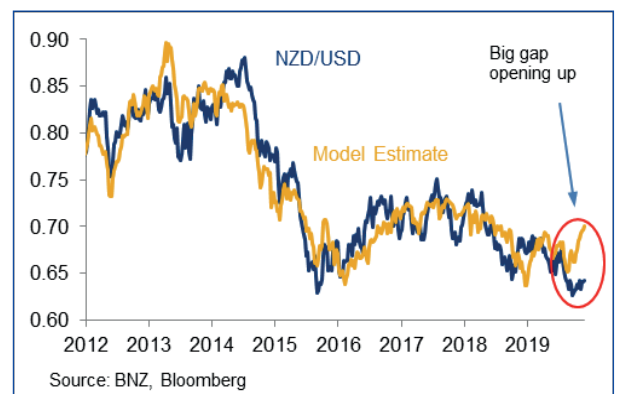
The country is making food that the world wants.



NZD undervalued

A slightly stronger outlook than was apparent mid-year, less pressure for interest rate cuts, and the very strong terms of trade all suggest the NZ dollar is undervalued.

So, too, does the local currency against the BNZ's currency valuation model, which suggests that in the right conditions, the value of the kiwi dollar may be poised for an uptick, although that may require an improvement in international risk sentiment.



Primary sector

A2 Milk Co chief executive Jayne Hrdlicka resigned with immediate effect with former head Geoffrey Babidge taking charge while a search for a replacement is underway. Hrdlicka cited the “wellness” of her family among a variety of factors in the decision. It is understood a family member’s health is the underlying cause of her resignation, but her departure statement was opaque, leading to speculation that commercial issues had brought about the change.

The **Global Dairy Trade** auction fell 0.5% from the previous auction two weeks ago, its first decline since early Sept. Whole milk powder rose 0.1% to US\$3,331 a tonne, the highest average price in three years.

Fonterra needs to keep disposing of non-core assets, irrespective of performance, if they don’t add to the cooperative’s new strategy to leverage its NZ milk pool to best advantage, says **Jarden**. Once the current round of disposals and decisions on assets such as its Brazilian business and China Farms is made, it could take more than a year for further decisions. That’s because consensus-building will be required with farmer-shareholders about the cooperative’s future capital structure. Elsewhere, **Fonterra’s head of India** says it only needs to capture 4-5% of that country’s dairy market to become a \$1b revenue business, something it could do within seven-to-ten years.

Fonterra lifted its forecast payout to between \$7 and \$7.60/kgMS from a previous forecast between \$6.55 and \$7.55/kgMS. It reported earnings before interest and tax of \$259m in the three months through Oct compared to just \$26m a year earlier, while revenue rose to \$4.3b from \$3.8b.

Scales Corp’s underlying net profit for calendar 2019 will meet guidance at between \$32m and \$37m and the underlying result for 2020 will be between \$30m and \$36m. Ebitda will fall between \$49m and \$55m, unchanged from the 2019 forecast.

Banking, finance and insurance

ANZ Bank NZ’s attestation processes still aren’t up to scratch and the Reserve Bank said an external party must confirm improvements have been put in place by June 2021. A review reported complacency at the most senior levels of the ANZ. The bank’s chairman, Sir John Key, “acknowledged” the FMA’s view that the sale of a bank-owned Auckland home to its former ceo, David Hisco, should have been disclosed in its accounts.

The Reserve Bank ruled banks must increase the capital they hold, but made a few concessions over timing and what sort of capital would count as reserves. The big four - ANZ, ASB, BNZ, and

Westpac - will have to raise capital holdings from 10.5% of their loans to 18%. Smaller banks will have to hold a minimum of 16% of capital. The average minimum for the sector at present is about 14% (*see last Thursday’s HUGOvision Extra for detail*).

Tower chief executive Richard Harding plans to step down towards the end of 2020 as the insurer beds down its new digital sales platform.

Capital markets

Share registry firm **Link Market Services** has launched a micro-investing app in competition with Wellington-based **Sharesies**. The subsidiary of ASX-listed Link Group says the app - called ShareMeUp - has no monthly fees and its brokerage fees start at 99 cents.

NZX and the **European Energy Exchange** signed a cooperation agreement to pursue carbon market opportunities, in particular the government’s plan for NZ emission unit auctions.

NZX expects operating earnings for 2019 to come in at the top of its guidance of \$28m to \$31m, reflecting increased capital raisings, one-off revenue from its data and insights operations and consulting revenue from energy contracts.

ASX has opened a NZ representative office in Auckland, staffed by expatriate NZer **Blair Harrison**.

Energy

Z Energy shares sank 17.3% on a \$40m cut to earnings guidance, citing retail competition and a contraction in margins at the Marsden Point refinery. March 2020 year ebitdaf will be between \$350m and \$385m, down from the \$390m to \$430m signalled in Sept.

Todd Corp is planning to spend \$3b over the next 10 years in NZ on solar electricity, natural gas-fired power stations, with two-thirds going to extract more gas from its Mangahewa onshore Taranaki field. Solar installations of up to 400MW capacity are in prospect, with some of that destined for the Pacific Islands.

Vector agreed to sell its Kapuni gas treatment plant and associated assets to partner **Todd Petroleum Mining**.

Contact and **Meridian** committed \$10m to enable upgrade work on the national grid in the lower South Island to partly reduce the impact of any reduction in production at the Tiwai Point aluminium smelter.

Genesis will keep the certification on its third, currently unused, 250MW gas and coal-fired peaker unit at Huntly power station as back-up generation in the event of renewable energy shortfalls, particularly during various planned transmission

CORPORATE ROUND-UP

and gasfield outages next year.

Tilt Renewables will make A\$455m from the sale of its Snowtown 2 wind farm in South Australia to Palisade Investment Partners and First State Super.

Nine of **Transpower's** towers on one line crossing the Rangitata River were damaged in flooding which cut off road links across the lower South Island. It will be reprioritising its maintenance program as a result.

OMV closed its New Plymouth office while protesters blockaded the company saying it should stop exploring for offshore oil and gas in NZ waters.

BusinessNZ appointed its senior policy advisor **Tina Schirr** as the new head of the **BusinessNZ Energy Council**. She replaces **John Carnegie** who is now ceo at **PEPANZ**.

Telecommunications, media and entertainment

Both **Chorus** and **Spark** suffered damage to equipment in the South Island storms. Spark lost connectivity for about a day in the lower South Island after its two-line resilience was overcome when both lines were broken.

NZME disclosed further detail of its Kiwishare proposal to the govt to allow a merger with its main competitor, **Stuff**. It would see the news publisher guarantee certain levels of staffing, keep regional mastheads open and maintain internal competitiveness between **NZME** and **Stuff** platforms. The proposal would see the govt take a \$1 Kiwishare enshrining those provisions for a two to three year period. It is unclear, but it seems the intention is that such undertakings would be the quid pro quo for the govt then directing the **Commerce Commission** to allow a merger. The commission declined such a merger on grounds of a loss of 'media plurality', a stance upheld by the **Court of Appeal**.

Cabinet consideration of this initiative and a proposal to restructure **RNZ** and **TVNZ** as an integrated public interest broadcaster had been anticipated before Christmas. However, **no decisions are likely before early next year**.

Elsewhere, Australian media is speculating that ASX-listed **Seven West Media** may be in the final stages of an offer for the TV assets of **Mediaworks**.

Transport and logistics

Air NZ alliance partner **Cathay Pacific** will take over

the Hong Kong-Auckland return service for most of the next three months as **Air NZ** deals with the impact of issues with the **Rolls-Royce** engines on its **Boeing 787-9** aircraft.

Ports of Auckland is seeking consents to dredge 2.5m cubic metres of sediment from the **Waitematā Harbour** over the next 15 years in order to take larger cargo ships.

KiwiRail is looking at alternative energy options for its rolling stock as new global shipping regulations threaten to push up the cost of diesel.

Wholesale and retail

Hallenstein Glasson Holdings said its clothing retail chains traded strongly ahead of Christmas, with sales up by 7.1% on the corresponding period. Despite the increased sales for the 16 weeks to Dec 1, margins remained under pressure.

Corporate actions

A family member, **Henry Tait**, will once again chair **Todd Corp** following the retirement of **Geoff Ricketts**, its first non-family chairman in the company's 135-year history.

Receivers were appointed to **Claymark Group NZ** group after **NZ Future Forest Partnership's** deal to buy **Claymark's** local and US operations did not eventuate in time.

Boutique cheese and ice cream maker **Zany Zeus** appointed receivers after getting into cash flow problems as it attempted to expand the business. The Lower Hutt based company is continuing to trade.

Courts and regulation

The liquidators of failed insurer **CBL** have identified €53.7m in voidable transactions which they are seeking to recover from the company's Irish subsidiary **CBL Insurance Europe DAC**.

Microsoft NZ's latest accounts show it made a \$24.7m tax payment as part of a disputed settlement with **IRD** over transfer pricing. The company moved to book more of its NZ revenue in-country.

The **Serious Fraud Office** warned it won't be able to run as many white-collar criminal investigations and prosecutions over the next two years as it copes with budget cuts. ■