

An exhausting and tawdry fortnight in politics

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So much dirty parliamentary laundry has been aired in the last fortnight - and so many parliamentary careers unexpectedly ended - that it is hard to imagine there could be much more of the same to come. However, a season of scandal cannot be ruled out as the revelations will be rattling other closets and not all the facts have necessarily emerged in the known cases. The public is wearying of the tawdry detail, though, so fresh attacks are perhaps less likely.

Assessing Judith Collins's impact

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After the chronic indecision and tentative two months leadership by Todd Muller, National has united around an otherwise unpopular member of its caucus, recognising that Judith Collins's toughness and experience are now its only chance of clawing back support into the high 30%s. However, there is no obvious route to power for National on current polls. A fresh covid outbreak remains the main wildcard that could change the election dynamic.

NZ First starting to panic?

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Collins also represents a credible contestant for the 'anti-woke' vote that Peters and Shane Jones have been pursuing, causing further trouble for NZ First, which is finding its Labour and Green partners in govt increasingly emboldened to be critical. The party held a small, lacklustre campaign launch in Auckland and appears considerably less well-funded than in 2017.

Interpreting Marsden Pt's strategic value

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The govt's identification of Marsden Point oil refinery as a nationally strategic asset turns out not to be do with its role in securing transport fuels, but in the role of its non-refining assets and ancillary services such as port, storage, electricity and gas network, and fuel pipeline assets in a planned transition to a low-carbon economy.

Quarantine and border issues

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The current hotel-based quarantine system is bulging at the seams and creating pressure to consider construction of temporary or semi-permanent facilities, particularly because the numbers of NZers returning are far higher than anticipated. Pressure to allow skilled non-citizens into the country for essential industries is also becoming critical.

National's debt target

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By targeting a reduction in net Crown debt back to 30% of GDP by 2030, National's Paul Goldsmith has opened up an attack line for its opponents, who are keen to portray Goldsmith as a doctrinaire throwback who would favour fiscal austerity a la Ruth Richardson to achieve that goal.

NZ-China relations

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NZ's space to manoeuvre between China and the US is narrowing rapidly. There were frank exchanges between the PM and the Chinese ambassador to Wellington at a China business summit this week.

A huge fortnight in politics

It is hard to believe that two weeks ago, Todd Muller was still the leader of the National Party, let alone all the other dramas that have played out since.

Parliament's and **politicians' standings with the general public, always somewhat fragile, have taken a serious hit.**

The new National Party leader, **Judith Collins, has also demonstrated that she is capable of being both principled in some areas and playing old school politics with aplomb** at the same time.

She has been principled in defence of the interests of the young women sent porn texts by disgraced former MP Andrew Falloon.

But she also made deft use, in a traditional political sense, of the information she received about Iain Lees-Galloway to claim a Labour minister's scalp and simultaneously take the heat off her own party's dirty laundry.

The **rumours about Lees-Galloway had been swirling for weeks.** What Labour should be concerned about is whether unreported elements of those rumours, which would bear as much on Lees-Galloway's immigration as his workplace relations role, are known to and verified by National.

There could be more dirt to come, from this and unanticipated quarters.

Jacinda Ardern's squeaky clean approach to politics will probably serve her well in this environment.

At this stage, **the election is still Labour's to lose.**

The Collins factor - a threat to NZ First?

Judith Collins's ascension looks to be worst news for Winston Peters and NZ First.

The **'anti-woke' vote** was being well served by Peters and Shane Jones, but Collins appeals to many of the same people.

Peters is also looking desperate. He is beset by suggestions he rewarded a political friend with a trip to Antarctica, assailed by an unusually aggressive Greens leader James Shaw as being a destructive force in the govt, and subject to leaks that must come from Labour suggesting NZ First stymied a \$100m package of measures for Southland.

In the background, too, lurks the **ongoing possibility of a Serious Fraud Office investigation into the NZ First Foundation.** In the last fortnight, it has been reported that the foundation is no longer taking donations, which also **suggests NZ First's election campaign will be strapped for cash.**

Last weekend's annual conference and campaign launch were held in an obscure, probably donated, east Auckland industrial park venue. That is a far cry from the Vodafone events centre where the 2017 pre-election conference was held.

Peters also faces \$320,000 of costs from his failed court action relating to leaked superannuation details prior to the 2017 election.

Until there are new public opinion polls, it will be difficult to judge Collins's impact, but she has made a stronger start than Muller, drawing strength from the otherwise undeniably damaging Falloon resignation.

However, if she appears to be shoring up National's support, **she may also have some impact on the ACT vote.**

If National supporters with a libertarian bent start to see National looking coherent again, they are less likely to put a vote to ACT in the interests of a National Party caucus of reasonable size in the next Parliament. We still, however, expect ACT to do well and bring three or four MPs to Parliament.

Peters's cynical smelter gambit

Having campaigned against electricity transmission pricing changes that might have assisted the economics of the Tiwai Point smelter, Winston Peters is now trying to make job losses at Tiwai Pt an election issue.

Tiwai Point is also a proxy for wider concerns about loss of heavy industry more generally. The **strategic reviews at Marsden Point oil refinery and Bluescope's Glenbrook steel mill are tailor-made for scaremongering.**

Peters held a rally today in Invercargill to launch a 'join the fight to save Tiwai' campaign. He must know that this is a hopeless cause. However, he may be able to turn any slowing in the path to closure to his advantage.

It is **clear that Rio Tinto wants the smelter closed** - it is no longer for sale and there is **no appetite to find a buyer or to foster a politically inspired staff or management buyout.** It is, however, possible that the smelter could be closed over two or three years rather than by August next year. That possibility appears to be in play. As later items in this issue suggest, neither the refinery nor Glenbrook steel mill are quite as cut and dried an issue as the smelter closure.

Marsden Point as 'strategic asset' - what does that mean?

It was initially tempting to regard Finance Minister Grant Robertson's description of the Marsden Point

oil refinery as a 'strategic asset' as evidence the govt would fight to keep it open.

That is not the case.

The strategic significance of Marsden Pt lies in its role in the transition to a low-carbon economy - i.e., a life beyond local refining of crude oil - rather than a concern about losing access to conventional transport fuels.

That means the primary value of its assets in the long term is its deepwater port at Whangarei, its storage facilities there, and the RAP pipeline to Auckland.

Also significant are the high quality, high capacity electricity and natural gas transmission facilities that supply energy to the refinery.

The govt is also focused on the highly skilled workforce at the refinery, and how those skills should be preserved and redeployed over the medium term into 'green fuels' and other new, low-carbon industries.

None of the existing refining activities themselves are of long term value. In fact, at present, refining appears to be a long term net loss-making activity. Refining NZ can stave off losses with plans to run cash-neutral for a time, but its oil company shareholders - Z Energy, Exxon Mobil and Chevron - will be paying to have refining undertaken there for the foreseeable future following a structural collapse in refining margins.

In short, refinery over-capacity in the Asia-Pacific is permanently killing the economics of the refinery, exacerbated at least in the short term by high NZ gas and electricity prices.

The existing refining facilities cannot be turned to production of bio-fuels and while the refinery is the country's largest producer of hydrogen, it is used on-site to 'crack' hydrocarbons in the refining process.

There is **no viable market for hydrogen as a transport fuel within the timeframe that the refinery is contemplating closure** of its refining operations.

Quarantine constraints

The govt declared this week that it had exhausted its ability to add new quarantine capacity, meaning the most it can handle at any one time is 7,000 people at 32 hotels in Auckland, Hamilton, Rotorua, Wellington and Christchurch.

That means NZ can only handle around 15,000 entrants a month, including NZ residents returning who are given priority, tourists and guest workers.

The issue is already well-recognised as an economic problem. As with the question of travel 'bubbles' and new technologies to assist contact tracing, the govt is

hoping to tamp down business lobbies' enthusiasm for border opening prior to the election.

The likelihood of these lobbies bearing fruit pre-election is therefore limited unless the Opposition takes a more pro-business stance.

It is worth noting that so far **Judith Collins has echoed the govt's line that the primary consideration is the safety of NZers already in NZ, living covid-free.**

For all that Collins has shown herself adept at 'playing' Jacinda Ardern over the Lees-Galloway affair, she has been in synch with the govt's stance that **the health and safety of NZers within the border is of greater significance than the economic damage of the border remaining closed.**

At its core, this an argument about whether the health and economic imperatives of the covid response are inherently in conflict, or are mutually supportive.

The prevailing - and growing - view is that a **strong and successful health response and the best possible economic outcome are aligned** in a situation where recession and painful adjustment in some parts of all economies is inevitable.

Current daily international arrivals are averaging about 500, compared with pre-covid arrivals of 11,000 daily. Tourist and guest worker numbers have been squeezed to virtually nothing for the foreseeable future.

However, quarantine capacity is still maxed out, in part because potential facilities in Dunedin and Queenstown have proven unable to be used for logistical reasons. Air NZ has accordingly agreed to extend its ban on international ticket sales until July 29 and to abide by a govt-imposed rolling 14-day quota.

But will it be enough? Over 500,000 NZers are stuck in Australia without the ability to get a regular benefit if they lose their jobs. Currently, NZers who arrived after the Feb 26 2001 cutoff and are one 'Special Category Visa 444' can get the Australian JobKeeper wage subsidy of A\$1,500 a fortnight, but that is due to run out on Sept 27. The subsidy was extended this week, but with more restrictions and at a lower level.

Air NZ and the govt have already been surprised in recent weeks by the high numbers of NZers turning up at Australian airports to fly home. Melbourne's full lockdown and the suspension of flights from

No deal in Akld Central

Labour's Auckland Central candidate Helen White ruled out a deal with the Green's Chloe Swarbrick to ensure the left secures the seat following the resignation from politics of the sitting National MP, Nikki Kaye.

At the last election Kaye had 45.3% of the vote, White 39.8% and Green candidate Denise Roche 9.7%.

Kaye won the seat in 2008 from Labour's Judith Tizard.

there to NZ from July 1 at least until the end of July will help reduce the immediate flow, along with restrictions on Victorian-based Kiwis driving to NSW. However, more than 800,000 jobs have already been lost in Australia since March, creating the risk (or opportunity for employers) of an influx of tens of thousands of NZers coming home in the Dec quarter. This will also squeeze out any room for tourists, international students and guest workers from Europe and Asia.

The bottom line: Employers hoping to bring in guest workers from Europe and Asia will find it extremely difficult until at least the end of the year. Kiwis living in Australia will be the most fertile job hunting territory.

National announces transport and debt policies

National said it would spend \$31b on a four-lane expressway connecting the upper North Island, completing Auckland's rapid transit, fast-track construction of a tunnel across the Waitemata Harbour and expanding the city's ferry network. Some of the roads with alternative routes would be part-funded by tolls.

National's finance spokesman Paul Goldsmith said in govt he would aim to **reduce govt debt to below 30% in around a decade**. Budget 2020 predicts net core debt will remain as high as 42% in 2034. This would be done by cutting by a more rigorous approach to spending, culling and reprioritising inefficient programmes and suspend new payments to the Super Fund for the next four years.

NZ-China relations

The annual China Business Summit - one of the first major conferences to be held in NZ post-covid - proved a forum for both the PM and the Chinese ambassador, Wu Xi, to trade carefully worded statements about the China-NZ relationship.

Against a backdrop of growing US-China tension over Hong Kong, Huawei, the South China Sea and forced internment of Muslim and Kazakh populations in Xinjiang, both were at pains to set limits on how far China could be criticised.

Ardern said "because of our independence it is quite natural for us to raise concerns with this, as it represents real and actual issues for NZers who live there or operate there."

Wu warned against the relationship being infected by "various virus(es)" and the importance of peaceful co-existence while insisting Hong Kong, Taiwan, Xinjiang and Tibet are "internal" matters for China only.

"Instead of trying to change or remodel the other, we respect each other. As comprehensive strategic partners, China and NZ should continue to maintain strategic commitment in difficult times and support each other on issues on sovereignty and territorial integrity."

The exchange highlights to narrowing space that NZ has to manoeuvre in between its relationships with China and its traditional allies, embodied in the 5 Eyes intelligence-gathering relationship.

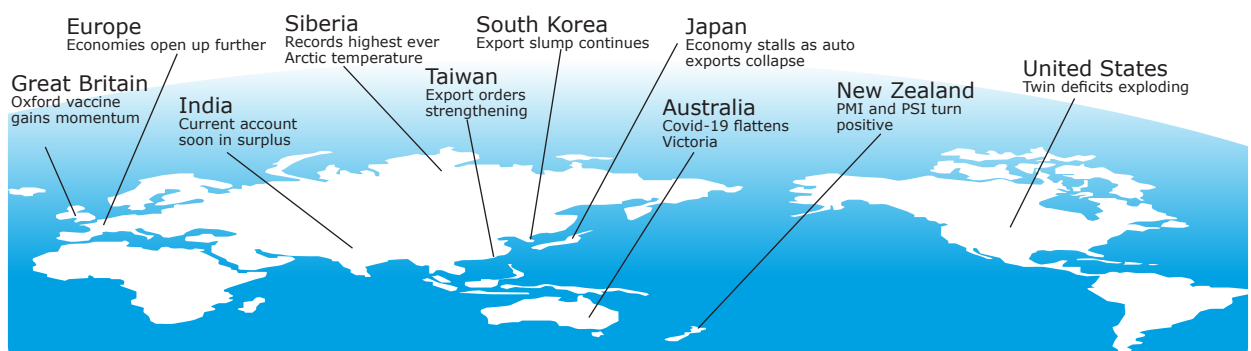
No public evidence exists to link this cooling with the retirement from politics of two Chinese-born MPs in the last fortnight.

Jian Yang, who had long been dodging media inquiry about his role as an English tutor at Chinese intelligence training school announced his retirement in the midst of National's Hamish Walker scandal.

Labour list MP Raymond Huo announced this week, in the midst of the Lees-Galloway scandal, that he will be retiring at the election. Huo was elected in 2008 and was Labour's first Chinese MP. He has been accused of having close links with groups linked to the Chinese state, but has denied this.

Both were important to National and Labour party fundraising efforts in the mainland Chinese migrant

The world at a glance



community in NZ - a source of political funding that has become increasingly fraught with political downside.

Urban legislation among slew of major new laws passed

With the end of the parliamentary term just two sitting weeks away, the House passed a large number of significant pieces of legislation this week.

In all **MPs passed into law 15 bills**, sent another to select committee and made progress on one more - the Smokefree Environments and Regulated Products (Vaping) Amendment Bill – ahead of its passage into law in the final six sitting days scheduled.

These ranged from significant reform - the Public Service Legislation Bill - through to the relatively mundane - the Rates Rebate (Statutory Declarations) Amendment Bill.

Other legislation of note included the **Urban Development Bill**, which lays out the powers of the Crown entity Kāinga Ora – Homes and Communities, to undertake its urban development functions. National opposed the bill saying its processes were costly and not better than the Resource Management Act. Others have raised issue with its ability to acquire land. Its companion legislation - the **Infrastructure Funding and Financing Bill** –establishing the use of a multi-year levy to fund infrastructure from its beneficiaries was supported by National.

National opposed the **Forests (Regulation of Log Traders and Forestry Advisers) Amendment Bill**, which on the surface sets up a registration system for log traders and forestry advisers. National and many in the sector see it as a trojan horse to give the state greater control over how and where logs are sold and their pricing.

The **Dairy Industry Restructuring Amendment Bill (No 3)** was supported by all parties as it further loosened regulatory control around Fonterra and milk supply. It notably ends the right of dairy farmers for “open entry” to supply Fonterra and lays out on what grounds the milk processor co-operative can decline supply.

The latest attempt to untangle the complex web of issues around Maori land also passed with the **Te Ture Whenua Maori (Succession, Dispute Resolution, and Related Matters) Amendment Bill** supported by all parties.

The Taumata Arowai—the **Water Services Regulator Bill** also completed its third reading laying out the broad powers of a regulator with the actual regulatory framework still being developed.

Greens energy policy

The Green Party energy policy would immediately ban new industrial coal boilers and end all coal use by 2030. It would subsidise rooftop solar PV and instal PV and battery arrays on 63,000 social and community homes. The party’s **official campaign launch is this weekend.**

Trading partner growth

(2018-2019 actual; 2020-2022 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
China	31.9	6.8	6.1	1.7	7.9	5.5	2.1	2.9	2.7	1.9	2.4
Australia	17.8	2.7	1.8	-3.8	3.3	3.3	1.9	1.6	0.7	1.5	2.1
United States	11.3	2.9	2.3	-5.3	4.0	2.6	2.4	1.8	0.8	1.7	2.2
Japan	7.1	0.3	0.7	-5.1	2.5	1.1	1.0	0.5	-0.2	0.1	0.7
Eurozone	5.8	1.9	1.2	-8.1	5.9	2.0	1.8	1.2	0.4	1.0	1.4
South Korea	3.4	2.7	2.0	-0.8	3.4	2.9	1.5	0.4	0.3	1.0	1.9
United Kingdom	3.1	1.3	1.5	-9.2	5.9	2.0	2.4	1.8	0.8	1.3	2.0
Singapore	2.3	3.5	0.7	-6.1	5.6	3.1	0.4	0.6	-0.4	0.9	1.9
Hong Kong	2.6	2.9	-1.2	-5.6	4.5	2.5	2.4	2.9	1.3	1.7	2.2
Taiwan	2.4	2.7	2.7	-0.2	3.3	2.6	1.4	0.6	-0.1	1.0	1.3
Malaysia	2.1	4.7	4.3	-4.1	5.8	4.5	1.0	0.7	-1.2	1.8	2.5
Indonesia	2.0	5.2	5.0	-1.3	5.4	5.2	3.2	2.8	2.4	2.9	3.7
Thailand	2.1	4.1	2.4	-6.6	4.6	3.6	1.1	0.7	-1.3	0.9	1.3
Philippines	1.7	6.3	6.0	-4.3	7.5	6.0	5.2	2.5	2.3	2.7	3.0
Vietnam	1.5	7.1	7.0	2.4	8.0	6.4	3.5	2.8	3.3	3.1	3.8
India	1.4	6.8	4.2	-4.6	7.7	6.9	3.4	4.8	3.7	4.2	4.7
Canada	1.5	2.0	1.7	-6.5	5.2	2.7	2.3	1.9	0.6	1.7	2.1
NZ Trading Partners	100.0	4.1	3.3	-2.6	5.5	3.8	2.0	2.0	1.3	1.6	2.1
Forecasts for New Zealand											
Consensus		3.2	2.3	-5.8	4.7	3.8	1.6	1.6	1.4	1.2	1.5
BNZ Forecasts		3.2	2.3	-7.8	3.0	4.2	1.6	1.6	1.5	0.7	1.3
The World		3.2	2.5	-4.7	5.0	3.5	2.9	2.7	1.9	2.3	3.1

Monetary policy implications in holding back covid funds?

Grant Robertson's announcement this week he would put \$14b of the Budget's \$50b covid-fighting fund into a deep freeze made sense politically, depriving National of its own fund to throw promises into.

But it may have created a **headache for the Reserve Bank**, which is expected to announce more stimulus with a bigger QE programme in its Aug 12 Monetary Policy Statement. That Large Scale Asset Purchase plan has already been doubled to \$60b or half of bonds on issue, but economists see it rising to \$90b or \$120b. The problem is the **RBNZ needs the govt to be issuing plenty of fresh bonds or it will come up against its own self-imposed limit** of half of the bonds on issue or around 30% of GDP.

That will create **pressure for the RBNZ to find other ways to stimulate**, including either negative interest rates or buying foreign bonds. The pressure keeps increasing as inflation expectations turn into deflation expectations and as the NZ dollar rose to a six month high of US66.4c this week.

One of the counter-intuitive results of the covid-19 crisis has been a sharp improvement in savings rates and a contraction in the current account deficit, along with a surge in the trade deficit.

Wealthier property owners with solid incomes can't travel overseas and have also paused using their equity to buy more rental properties. Credit card repayment levels also surged during the lockdown.

The result is a sharp reduction in the **funding gap between household deposits and offshore borrowing that had pushed out to near \$10b shortly before covid-19 struck, but had collapsed to less than a \$1b at the end of May**. That reduces pressure on banks to keep term deposit rates much above zero and helps bolster margins.

It has also **increased incentives for banks to lower their special mortgage rates to try to revive lending growth**. That has seen the cheapest fixed rate mortgages drop to 2.55% this week, with some mortgage brokers expecting a sub 2.0% rate before the end of the year.

Real estate

The Real Estate Institute reported 1154 farm sales in the year ended June 30, a 13.9% decline. Dairy farm sales fell by 29%, grazing farms 19.2% and finishing farms 21.9%, while 7.7% more arable farms were sold over the past 12 months.

Some 6625 houses were sold in June, according to

REINZ, up 7.1% from a year earlier and up more than 60% from May. It was the highest sales volume for June in four years with prices nationally up 8.6% from a year earlier.

New rental home contracts in the South Island are almost 10% lower than a year earlier. Throughout the South Island, excluding Canterbury, new rental prices dropped 2.5% in June, adding to an 8.6% drop in May - the biggest monthly fall in any region since Stats NZ started collecting the data in 2006. The move has been driven by falling prices in Queenstown-Lakes District.

Activity and labour market indices

Online **jobs site Seek ads** were up 49.6% from May, but still down 57.4% for the three months ended June compared with the same quarter last year.

The BNZ/BusinessNZ **performance of services index** jumped 16.6 points to 54.1 in June from the month prior, the first time activity has grown since Feb. A level above 50 indicates growth. In April, the reading was 25.8. The employment sub-index showed the sector still shedding staff, with a reading of 45.1 in June, despite improving almost 5 points from May.

The **performance of manufacturing index** rose to 56.3, its highest level since early 2018, and up from 39.7 in May and an all-time low 25.9 in April. The employment component was 48.5, an improvement from 39.2 in May, but still indicating job losses.

An **MYOB survey of over 400 small/medium businesses** showed almost two-thirds (64%) expect the economy to decline over the next 12 months - more than a quarter (26%) significantly - 29% believe it will improve, putting sector confidence at net negative 35%.

While still strongly in negative territory, this is a marked improvement on March, when confidence was at net negative 71%. The agribusiness sector has the most confidence with a 4% net negative rating, compared to retail and hospitality (-48%) and personal and other services (-52%). 60% of SMEs reported a decline in revenue, compared with the same period 12 months ago, with retail and hospitality, manufacturing, construction and trades and personal services all hit hard.

Next official fiscal and economic update

The Treasury will release its mandatory pre-election fiscal and economic update on Thursday, Aug 20.

The PREFU is expected to show significantly altered forecasts from the May Budget, and to include several scenarios, owing to current covid-induced uncertainties. 🇳🇿

Primary sector

NZ is on track to eradicate **mycoplasma bovis**. Three years after the cattle disease was first discovered here, the number of infected properties is down to four from a peak of 250. Agriculture Minister Damien O'Connor said, "There is still work to be done, and there will be more infected farms to find, but we're well and truly on track to do what no other country in the world has done and eradicate this disease".

Fonterra trimmed its forecast payout for the finished season due to the rapid gains in the NZ dollar and lifted the outlook for the current year on resurgent Chinese demand. It cut 10 cents from the top of its range for the 2019/20 payout to \$7.10-to-\$7.20 per kilogram of milk solids and lifted the bottom end of the 2020/21 forecast by 50 cents to \$5.90-to-\$6.90/kgMS.

The **Global Dairy Trade price index** eased 0.7%, but the result was better than expected with whole milk powder prices lifting 0.6% to an average price of US\$3,218 per tonne after jumping 14% in the prior auction.

Milk formula exporter **Mataura Valley Milk** said it had breached its banking covenants and will require a financial lifeline to keep its head above water - making it a likely target to help A2 Milk scale up capacity. The Southland processor had a \$47.1m loss on the back of high start-up and loan-servicing costs in 2019 and now faces a funding shortfall of \$26m, with additional funding necessary to keep its plant running past Dec.

The govt launched a refreshed strategy to promote growth in NZ's **agritech sector**.

Delegat Group's unaudited profit after tax for the year to June 30 rose 37% to \$64.1m. Delegat said it had achieved record case sales, up 9% to 3.3m cases, a touch above its Feb guidance of 3.2m case sales.

PGG Wrightson forecast full year operating earnings of between \$23m and \$24m, compared to \$24.5m a year ago. At the end of March, PGG Wrightson withdrew a forecast of \$30m because of uncertainty caused by the pandemic.

A joint govt and industry taskforce will help commercialise the under-invested agritech sector, helped along by \$95m in innovation funding.

Aquaculture

Signals at the time of the Tiwai Pt smelter closure that the govt may be about to announce support for open ocean aquaculture have proven overblown.

An \$8m funding package for a hatchery for Sanford in Bluff was announced this week, but there is **no timing yet for an announcement on open ocean aquaculture** but a **draft proposal will emerge shortly**.

Officials across three portfolios are working on policy options and considering fisheries management, conservation, environment, RMA, iwi rights, regional council, commercial industry, environmental NGO, and biosecurity issues.

The intention is to create a high level framework for managing open ocean aquaculture, which would then be tested by external interests.

Transport, logistics and tourism

Negotiations between the govt and contractors building the billion-dollar **Transmission Gully** highway north of Wellington will run to Aug 7 with NZTA making a further advance payment of \$5m to keep the winter programme running while talks over cost overruns and a timetable for completion continue.

The govt is loaning **Hawke's Bay Airport** \$4.5m on commercial terms, and fellow shareholders - Napier city and Hastings district councils - will provide a further \$4.5m to ensure the region's air transport can survive through the pandemic.

Christchurch Airport has invested \$45m in buying land and developing concepts for a new central Otago airport near Tarras, which it says it is committed to proceeding with despite the uncertain long term impact of covid-19 on international air travel.

Freight volumes through **Napier Port** rebounded from April but remain below last year's levels. Container volumes in the June quarter were 18% less than in the same period last year. Nine-month volumes were 3% lower at 210,000. Bulk cargo was 24% lower at 628,000 tonnes, with nine-month volumes down 13% at 2.23m tonnes. Logs drove this decline, with exports down 31% in the June quarter.

Oceania Aviation said it has addressed Civil Aviation Authority concerns that grounded 21 helicopters in March over safety issues related to their Rolls Royce turbine engines.

Mandatory isolation 'guests' accounted for 40% of all Auckland **hotel bookings** in June, 31% of Christchurch hotel rooms, and 20% of Rotorua bookings, according to Colliers International. Only 3% of Wellington hotel bookings related to guests undergoing quarantined isolation.

Heavy industry

BlueScope Steel is reviewing its NZ businesses - NZ Steel and Pacific Steel - as it struggles to keep the operations viable, blaming govt policy in carbon, trade and energy for making things harder. BlueScope said it expects to write down the value of the NZ businesses by A\$200m on lower sustainable earnings. **NZ Steel chief executive Gretta Stephens**

CORPORATE ROUND-UP

said the scope of the review is wide ranging, but the focus is on sustainable steel making in NZ and not eventual closure.

Energy and resources

Z Energy warned its first-half operating earnings may be half those a year ago amid low refining margins and tough retail discounting. The country's largest fuel retailer reported \$38m earnings in the three months ended June 30, compared with \$95m a year earlier.

Methanex has sharply cut production, with gas consumption halving from full production levels on Tuesday of this week. The cut comes at a time when Pohokura gas field operator **OMV** is trying to determine why production is fading more quickly than forecast.

OceanaGold hopes to mine at Waihi until 2036 on the strength of a preliminary economic assessment valuing its gold deposits at US\$1.1b over the next 16 years, with a potential increase in gold resources of 240,000 ounces across two open pit mines.

SOE Minister Winston Peters asked **Meridian** to explain the Electricity Authority's preliminary finding it spilled water from hydro stations to drive power prices up.

The govt is seeking tenders for an undersea inspection of the Tui oil field next month as it prepares for decommissioning of the facility.

Establishing an export-scale hydrogen business is a real opportunity but will require a long-term view and strong joint commitment by business and govt, **NZ Hydrogen Association ceo Linda Wright** said. The renewable electricity available from the closure of the Tiwai Point aluminium smelter presents an "intergenerational opportunity" for NZ - and Southland - to become a global leader in renewable produced hydrogen, she said.

Banking and finance

ANZ Bank has reached a settlement with a Taranaki farming family willing to pursue it through the courts over the way it sold **interest rates swaps** rather than prolong the appeal process that was in train and had been given new life by a Supreme Court decision.

Demand for residential mortgages and personal loans contracted more than banks willingness to provide

them in the six months ended June while demand for capital spending loans from business also shrank but demand for working capital loans and stand-by facilities rose, a Reserve Bank survey found.

As multi-billion dollar fraud allegations mount against German digital payment processor Wirecard AG, the NZ business along with its Aust subsidiary were placed in voluntary administration so they can continue operating and possibly sold.

Telecommunications, media and entertainment

Mercury Capital will continue to publish The Listener, NZ Women's Weekly and other titles, after selling some magazines it purchased when Bauer decided to pull out of NZ. Mercury sold North & South and Metro. NEXT, Taste, Fashion Quarterly, HOME and Simply You are still up for sale. The Listener will be on sale again in Sept under previous editor **Pamela Stirling**.

Newsroom journalist and 12.6% owner **Bernard Hickey** has resigned as a director and will leave the start-up news business after the election. He will be replaced by former **Sunday Star-Times** editor **Jonathan Milne**, who has been editing the **Cook Island News** since last year.

Corporate actions

The **Huljich** family sold a quarter of its cornerstone stake in **Pushpay Holdings** with 14.4m shares sold for \$123.8m, or \$8.60 per share, a 6.9% discount from the closing market price of \$9.24. Favourable conditions have pushed its share price up 116% in the year-to-date. The Huljich family will remain the largest shareholder with a 15% stake. A relatively recently appointed director, **Justine Smyth, who is also Spark chair**, announced her resignation from the Pushpay board six days later.

Auckland-based soft tissue regeneration firm **Aroa Biosurgery**'s shares debuted on the ASX today, doubling in price to trade as high as A\$1.56.

Courts and regulation

Former **Blue Chip boss Mark Bryers** has been arrested in Aust as part of an investigation into a A\$17m fraud. He was caught up in police raids against a transnational criminal syndicate using companies associated with the building and construction industry to commit fraud. ■