

## Big end of town goes rogue on anti-gen testing

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An impressive array of large NZ firms is coalescing around a plan to force reconsideration of the ban on rapid antigen testing. The list of firms involved spans civil engineering, food and other manufacturing, freight and logistics, energy, telecommunications and retailing. While the process for overturning the ban is not clear, the momentum this group is likely to create will be difficult for ministers and officials to ignore.

## A ragged covid response

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The push on antigen testing is just one highly visible aspect of the rapidly growing political problem the government has in managing the current Auckland outbreak with elimination tools when it is obvious to all that the country is in transition from virus-‘free’ to ‘living with it’. The public trust that has underpinned the administration’s middling performance is eroding swiftly.

## Mahuta pushes ahead with Three Waters

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Council opposition to Nanaia Mahuta’s Three Waters reforms reached a crescendo this week, egged on by a re-energised Opposition. But Mahuta has indicated Cabinet will push on regardless, albeit with some tweaks. A ‘forced’ reform through legislation remains on the table.

## More trouble ahead on local government reform

As we went to press, we also became aware that next Thursday’s publication of the long-awaited Future of Local Government report is likely to be a huge disappointment to local body politicians. Rather than outlining a vibrant, albeit three-waters-free future, it is likely to be seen as a precursor to further amalgamations. Peak body Local Government NZ, which has burnt much political capital supporting the 3 waters reforms, is likely to feel betrayed and to lose members. Timaru District Council pulled its membership this week.

## LVR discomfort grows as DTIs loom

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The Reserve Bank ploughed ahead with plans to tighten LVR restrictions from Nov 1 and remains keen to bring in DTIs next year. Grant Robertson remains very wary, given the LVR tightening has already stripped \$5b of buying power from first home buyers.

## Tax exemptions for new builds and build-to-rent

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Under enormous pressure to increase supply as house price inflation still rumbles on over 20%, the govt unveiled exemptions to its landlord interest tax deductibility rules for new builds for 20 years, and is set to extend the exemption to build-to-rent projects as well.

## White heron poised to strike

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After a false start in mid-August just as the latest lockdowns started, the RBNZ is expected to start normalising interest rates when it makes its next monetary policy decision next Wednesday. The first hike in the official cash rate in seven years is expected to be 25 basis points to 0.5%. Talk a few weeks ago of a 50 basis point hike to kick things off was hosed back down last week in a speech from Christian ‘the white heron’ Hawkesby.

## A ragged covid response

The government has entered a politically – not to mention medically and economically – **dangerous phase in its management of covid-19**.

**Public goodwill is dissipating quickly** and leaving exhausted ministers and officials looking flat-footed.

When NZ public trust in the elimination strategy was high, so was the willingness to forgive mis-steps including: slow moves to vaccinate; botched saliva and other fast testing rollouts; neglect of the need for increased ICU that was known even before the pandemic broke out; and the shortcomings of the **Ministry of Health** – a policy agency thrust suddenly into being a national epidemiological crisis responder despite having very little execution capacity.

Now that **we are locking down while most of the rest of the world is opening up**, the costs of those policy failures is both more apparent and, for business owners and Aucklanders in particular, infuriating.

There is impatience on many fronts, including the government's apparent unwillingness to take a lead on vaccination mandates. Jacinda Ardern reaffirmed this week that it would take a **"guidelines' rather than a regulatory or legislative approach to the 'no job, no job' concept**.

A government and PM who are used to being popular and highly trusted are getting pummeled. **A volatile and sharply divisive political mood is emerging**.

**Opposition parties have also struck some solid blows**. Act's leader, David Seymour, continues to hardly put a foot wrong while **National this week looked unified for the first time in months**. The obvious team effort that went into its thoughtful 58-page covid recovery **policy package was the perfect antidote to talking about yourself**.

Key developments indicating the government is losing its grip on the covid narrative include:

- The announcement without detail of a desire for Aucklanders going to work in level 3 to get two nasal pharyngeal swab tests over a two week period. There was no supporting documentation, no apparent way to seek even soft enforcement, and a backlash from employers already struggling with the economic impact of lockdowns. Previous experience with periods of high demand for NP tests suggests that if the call were widely heeded, turnaround times would slow to 5-7 days.
- The communications blunder created by releasing modelling from **Auckland University's Shaun Hendy**. The way Hendy was beamed into the daily press briefing was clunky and embarrassing.

But the greater problem was the use of modelling suggesting that perhaps 7,000 deaths would result from failing to control the current outbreak without achieving very high vaccination rates. While there is **some evidence that fear of covid is a driver of longer queues at vaccination stations, the media and commentariat reaction to what were seen as needless fear tactics was savage**.

- The introduction of a **new MIQ lottery** that made worse the already damaging view that too many NZers are unable to come home. By creating a system that will expose a raw number of unrequited expatriates every time MIQ rooms are released, MBIE and ministers have created **an almost foolproof 'bad news machine'**. We note the head of MIQ, **Megan Main**, has been appointed to replace **Scott Pickering** as ceo at **ACC**.
- The **TVNZ-Colmar Brunton** poll taken at around the time of the Hendy modelling release saw support for both Labour and Ardern slip. This is the opposite of the impact of constant media exposure for Ardern in the first lockdowns last year. Her popularity reached stratospheric heights in May 2020 and the elimination policy was decisive in delivering the government the first one-party parliamentary majority since the introduction of MMP. Ardern is now at risk of being over-exposed and leaking credibility if the elimination strategy continues to fail in Auckland, and possibly spreads beyond Auckland's borders.

While the announcement of **immigration changes** give hope to migrants already in the country and waiting for delayed documentation, their announcement was fumbled and exploited effectively by Opposition parties.

Meanwhile, the government remains highly exposed to an outbreak overwhelming the hospital system.

## A significant mood shift

It is too early to call the current shift in circumstances a political threat to the government's re-election in two years' time. However, **there does appear to be a significant mood shift occurring at present and one which the government is not well prepared for**. As the old adage goes: governments lose elections, oppositions don't win them. However, a wounded government can be a powerful incentive for a weak opposition to get its act together.

**The combined National and Act votes are only six percentage points off a parliamentary majority in the latest Colmar-Brunton poll**, and NZ First is within striking distance of political relevance, consistently polling 3-4% in recent polls.

We await with interest the publication of poll results

from the latest round of public attitude polling undertaken by the Dept of PM and Cabinet in recent weeks, testing public tolerance and support for different styles of covid management.

## Auckland cut off

The Cabinet's call next week to either to leave Auckland in level 3 or take it to level 2 therefore represents **a pivotal moment**.

If the government starts to lose the Auckland electorate, it will face the real prospect of electoral defeat.

Ministers clearly recognise this risk. Ardern has indicated they are looking hard at how to drop to level 2 next week, notwithstanding the worrying number of unlinked 'mystery' cases emerging daily, the continued unexpected arrival of covid cases at hospital EDs and the **evidence that marginalised and criminal groups are spreading the virus**.

That is why **she has ruled out removing the boundary restrictions around Auckland**, even with an alert level change. While this will ruin some school holiday plans, it will at least allow families with children at home in Auckland to leave the house and some semblance of normality. If the government cannot deliver this next week, the **Auckland mood may turn sharply more non-compliant than is already apparent**.

Longer term, if Auckland remains cut off, the impact will be disproportionate both politically and economically because so much commerce, travel and community connection occurs between the city and the rest of NZ.

## Big corporates go rogue

A collection of the country's largest companies across manufacturing, telecommunications, energy, logistics and retailing is **working together to procure a large supply of anti-gen rapid tests for use in NZ** in an attempt to force health authorities' hands and end the current ban on their use.

Among participants in the push, we understand, are **Fonterra, Spark, Vodafone, Mercury, DHL, Mainfreight, Chorus, The Warehouse Group, both supermarket conglomerates, Heinz-Wattie, Mainfreight, Downer, Fletcher Building, Fulton Hogan, Auckland International Airport**.

**Ebos**, which already supplies the tests in the Australian market, has said it would expect to facilitate supplies.

Their hope is that combining forces to demonstrate urgent demand will create sufficient pressure for a rapid accreditation process.

Exactly what that process will look like, however, is far from clear.

While the health ministry is currently trialling anti-gen testing in Middlemore Hospital, the tests remain banned in NZ as they have not been approved by **MedSafe**. However, they are in everyday use in many other countries, with rapid tests becoming available from pharmacies in Australia this week.

While rapid anti-gen testing does suffer from delivering a significant number of false negative results, the fact that it takes only 15 minutes to deliver a result has made it a **go-to frontline tool in other countries for testing workforces, audiences and groups at social gatherings**.

The group – a loose alliance of businesses with like-minded leadership – is concerned at how slowly alternative testing is becoming available in NZ and want to avoid a repeat of the slow and poorly executed rollout of saliva testing.

National's **Chris Bishop** suggested this week that a formal inquiry into the saliva testing saga is warranted. Complaints about the process have been lodged with the **Office of the Auditor-General**, who has yet to respond. A parliamentary select committee could choose to hold such an inquiry.

## Mahuta stands firm

A welter of councils rejected the government's individualised proposals to amalgamate 67 councils' water assets into four water authorities over the last two weeks of consultation on the Three Waters reforms.

But Local Government Minister Nanaia Mahuta appears determined to recommend the government push ahead and legislate for the reforms over the heads of the councils, albeit in tweaked form.

The reaction against the restructuring of assets and debt into new independent bodies has built steadily to a crescendo in recent days as the formal consultation came to a conclusion yesterday. Councils argue the changes don't allow enough local participation and they contest the settlements offered as not enough to compensate for subsidies to neighbouring councils. Auckland Council has the added problem that WaterCare's asset base and revenues helps support the council's current debt load, which is limited by revenue to debt ratios.

**National and ACT** have also come out against the reforms. But Mahuta appeared to stand firm against

### Coming up.

**Oct 6 - RBNZ** expected to hike OCR 25bps to 0.5%.

**Oct 11 - NSW** to hit 70% vaccination threshold and ease some restrictions.

**Oct 31 - Nov 12** - The UN's COP26 **Climate Change conference** due in Glasgow.

**Nov 3 - RBNZ** releases six-monthly **Financial Stability Report**

**Nov 24** - Second **RBNZ** rate hike to 0.75% expected



**POLITICS AND POLICY**

the objections in a statement today, which indicated Cabinet would look at reports over the “coming weeks” before making decisions.

“The challenges facing our water system and services have been around for more than two decades and we need to address them now,” Mahuta said, adding the status quo would not continue.

The government and LGNZ were now considering “refinements to the proposals.”

“I have been receiving reports throughout this process and expect a final report in the coming weeks, including any advice on changing aspects of the proposals. Cabinet will then consider the next steps for the three waters reforms, including a process for public consultation,” she said.

Earlier in the week, Mahuta was asked in Parliament to rule out legislating over the top of councils to ram the proposals through. Only seven of the 67 councils have expressed support for the reforms.

“I’ll rule in the fact that the case for change is compelling and well understood. The status quo will not work,” she said.

Meanwhile, **LGZ is in the bad books of many of its constituents**, having taken more of an activist role in helping the government formulate and promote the reforms, which ultimately councils have rejected.

The Timaru District Council voted this week to withdraw from LGZ. Two Christchurch City councillors called last week for their council to also pull out of LGZ.

## Finally, some certainty

After 18 months of calls for certainty about the residency status of guest workers with temporary work visas stranded here and overseas because of covid, the government finally decided to offer 165,000 people on temporary visas a one-off chance at residency.

National’s Erica Stanford had attracted attention and support with a campaign to get a one-off residency amnesty for temporary migrants.

Employers and migrant worker groups welcomed the change, which is expected to take up to a year to process. Immigration Minister Kris Faafoi said the move also gave the government more flexibility in its approach to the two-year ‘planning range’ for residencies, which has been around 90,000 in recent years. **That implies fewer residencies being granted in future years to offset the ‘one-off’ granting of 165,000 covid residencies.**

## Just briefly

Jacinda Ardern said the government still had “broad

control” of the covid-19 delta outbreak in Auckland. “We simply do not have enough people vaccinated in Auckland or in NZ to tolerate a widespread outbreak but maintaining control is not a given,” she said.

The health ministry said it is working on how to recognise vaccines a person has received overseas ahead of a planned rollout of vaccine certificates next month.

**National said lockdowns could stop being used once vaccination for everyone over the age of 12 reached between 70% and 75%**, and international travel would become possible at 85% vaccination. National released a 58-page plan intended to highlight numerous missed opportunities in the government’s current covid management strategy.

About 30,000 people sought spots in the latest ballot places for MIQ places with 3,700 places available up to Dec.

The government is looking for 150 business participants for an MIQ self-isolation pilot.

A **1News Colmar Brunton poll** said 51% felt the government is doing a good job of managing MIQ, 40% said no and 9% didn’t know or refused to answer.

NZ customs and the primary industries ministry will increase GST inclusive border processing levies from \$20.11 to \$43.73 for each airline passenger and from \$21.06 to \$36.72 per cruise passenger from Dec 1.

Support for Labour dropped 3 percentage points in the latest 1News Colmar Brunton Poll to 43%. National was also 3 points down from June to 26%, the Greens were unchanged at 8%, while ACT was up 5 points to 14%. The Māori Party had 2% support and NZ First 3%. The poll was taken between Sept 22 and Sept 26.

PM Jacinda Ardern’s support as preferred prime minister fell 4 points to 44% in the poll. National leader **Judith Collins** was down 4 points to 5%. Act leader **David Seymour** rose 5 points to 11% support.

Trade and Export Growth Minister **Damien O’Connor** is travelling to Europe and the US for trade meetings, including representing NZ at the G20 Trade Ministers’ Meeting in Italy.

The government indicated it is considering giving **more favourable tax treatment to property owners who build properties for rent**. The measure would allow build-to-rent projects to deduct interest costs against income for longer than the 20 years proposed in the legislation enacting new rules on investment properties’ interest deductibility.

ANZCO founder **Sir Graeme Harrison** joined the National Party board. ■

## LVRs screw down new buyers

The Reserve Bank confirmed it would go ahead with its proposed tightening of loan-to-valuation-ratio restrictions on lending to owner-occupiers, increasing the discomfort of a government wanting to avoid hurting first home buyers.

The change from Nov 1 (one month later than originally planned) effectively carves off a quarter or \$4.6b worth of first-home buyer bidding power over the next year. Bank lending to owner-occupiers with less than a 20% deposit will be restricted to no more than 10% of all new lending to owner-occupiers, down from 20% of new lending currently.

In the 12 months to the end of July, Reserve Bank figures show **first-home buyers borrowed \$6.8b with LVRs of over 80%, which was 73% of all lending done over 80%**. That high LVR borrowing made up 38% of all first home buyer lending and 6.8% of total mortgage lending. **Halving the current 20% speed limit to 10% means banks will have to cut nearly \$5b worth of lending over the next year**, assuming lending continues at the same pace as last year.

Given first home buyers are usually at the riskiest end of the spectrum for banks and they have been the ones able to predominantly use the 20% speed limit allocation over the last year, they are likely to be hardest hit by the change. It means they will have at least \$4.5-\$5b less bidding power in auctions and tenders than they had last year.

**Finance Minister Grant Robertson** was visibly uncomfortable when asked to justify the move in a Beehive news conference this week, emphasising again his wariness of debt-to-income multiple limits, which the Reserve Bank is also consulting on with the option of imposing them next year.

The move coincided with reports from mortgage brokers and agents that banks were being extra cautious with riskier and non-standard borrowers in the lead up to the Oct 1 start of tougher responsible lending rules in the amended **Credit Contracts and Consumer Finance Act**.

The housing market continues to run just off the boil. **CoreLogic** house value figures for Sept out today showed values up another 4.8% nationwide in the last three months and up 27.8% from a year ago. **Values were up 35% in Wellington, 46% in Masterton and 40% in Whanganui.**

## 20 yr exemption for new builds

Three days before they were due to kick in (today), the government released the details of the changes in tax deductibility rules for landlords' mortgages.

The indication in March of a four-year phase in was adhered to, but there were a few quirks.

**The rules will exempt people borrowing to build a new home for 20 years, even if they sell in that time.** It will add to demand for new houses from landlords, and set up a 10-year trigger point for on-sales to other landlords wanting the benefit for the final 10 years, given the new 10 year 'bright-line' test.

The original announcement on March 23 shocked many and caused a few to suggest it would reduce house prices, but in reality that didn't happen. If anything, prices have accelerated in the last three months as listings supply has dried up, in part due to the extension of the five-year bright line test for capital gains income.

However, the exemption in tandem with the Reserve Bank's synchronised exemption of new builds from LVR rules **may create some potential unintended and perverse consequences.**

First-home buyers and other owner-occupiers without rental property collateral got exemptions from the LVR restrictions, which includes new builds, of \$2.96b over the six months to the end of Aug.

Landlords got exemptions for \$7.087b of new lending. Combined, there was exempted high LVR lending of almost \$10b for new home builds in the last six months, with most of it going to landlords. That's 18.8% of new lending going up against inevitably riskier homes than existing homes.

This change in tax rules **may have the perverse effect of encouraging more borrowed money to bid up the prices of new builds** bought off the plan, and force banks to take more lending risks. That is the opposite of what the Reserve Bank is trying to achieve with its high LVR policy – to de-risk the banking system.

Ultimately, lending decisions for new builds remain with bankers, meaning the government's housing supply strategy remains dependent on their goodwill.

## Just briefly ...

**Reserve Bank Assistant Governor Christian Hawkesby** hosed down expectations of a 'double-banger' 50 bps hike in the OCR next Wednesday. In a speech last week, he sought to cast the bank as more like the white heron (Kotuku) than either a hawk or a dove. He said herons took small steps when conditions were calmer. Markets saw this as indicating a 25 bps hike was more likely.

**CoreLogic** said houses in 771 of 983 suburbs had median value lifts of at least \$100,000 in the year ending Aug. There are also more real estate agents in NZ than listings, the **Real Estate Authority** noted. ■

## CORPORATE ROUND-UP

## Banks, insurers and fund managers

**ANZ Investments** removed the \$18 annual membership fee from its ANZ KiwiSaver schemes and the OneAnswer KiwiSaver Scheme. The **Financial Markets Authority** said it expected more managers to cut their fees.

A class action was launched against **ANZ and ASB** banks over undisclosed loan variations. This follows the **Commerce Commission** settling with the banks.

**Westpac NZ** bypassed acting ceo **Simon Power** and appointed returning expatriate **Catherine McGrath** to replace **David McLean**, who bowed out in June.

**KPMG's** Financial Institutions Performance Survey report found banks' collective profits for the three months ended June fell 11.6% to \$1.45b. Overall lending was up 2.2% on the previous quarter to \$473.7b, but mortgage lending rose 6%, with more than \$8b worth of new home loans each month.

**Tower** revised down its full year profit forecast following an above average number of large house claims. The company expected underlying net profit for the year ending Sept to be between \$19m and \$21m, a drop of \$3m on its earlier guidance of between \$22m and \$24m.

## Energy and resources

**Trans-Tasman Resources'** plans to set up a seabed mining operation in NZ were dealt another blow with the Supreme Court declining to overturn a Court of Appeal decision quashing a consent to mine iron sands in the South Taranaki Bight. The court referred the consent decision back to the regulator. TTR said it would continue pursuing the consent. Another would-be seabed miner, **Chatham Rock Phosphate**, believes the judgment is ultimately helpful to future consent applications.

**Z Energy** extended a four week period for takeover talks with **Ampol** for a further two weeks. Ampol registered an NZ subsidiary at the Companies Office this week.

**Trustpower** shareholders approved the sale of its retail business to **Mercury** and a move to becoming a generation-only company called **Manawa Energy**. The \$441m deal will result in Mercury buying Trustpower's retail electricity, gas and telecommunications services. The **Commerce Commission** also cleared the deal.

The government is to phase out low-user fixed charge electricity tariffs, with power companies stumping up \$5m to smooth the path for low income households that might be hit by the change.

## Manufacturing and construction

**Vulcan Steel** ceo Rhys Jones said it is poised to benefit

as customers seek to reduce their dependence on China. The \$1b-plus steel company is heading to a potential dual listing on the Australian and NZ stock exchanges.

**Rio Tinto** appointed **Chris Blenkiron** as ceo of **NZ Aluminium Smelters** as it nears a decision to increase output to take advantage of soaring aluminium prices. He will replace **Stew Hamilton**, who left in July to take up a role at **Mercury Energy**.

## Primary sector, food and beverages

**Dairy prices** lifted 1% in the latest global auction. Whole milk powder prices rose 2.2% to be up 5.6% for the month and 26% above a year ago.

**Fonterra** reported net profit of \$599m for the 12 months ended July 31, down \$60m on the prior year, which included some gains from asset sales. It retained its 2021-22 forecast farmgate milk price range of \$7.25 - \$8.75 / kgMS, with a midpoint of \$8.

Fonterra also announced it was reviewing its ownership of **Fonterra Australia**. **Fonterra** ceo **Miles Hurrell** said freeing up capital by at least selling its Australian and Chilean units would be "critical to enabling greater focus on our NZ milk".

**Synlait Milk** reported an annual net loss of \$28.5m, 138% lower than the prior year. The result was in line with guidance, with the 2021 year's earnings down almost 80% after its biggest customer, **A2 Milk**, lost a key export channel due to pandemic-related travel restrictions. It forecast returning to profit next year.

**Grant Watson** is to be **Synlait's** new ceo. He currently leads **Miraka**, where he replaced **Richard Wyeth** in Feb this year. He will replace acting ceo **John Penno**, who will take over as chair.

**Zespri** activated its emergency management plans after a sample of its fruit tested positive for covid-19 in routine testing by Chinese officials. Zespri said test results had since come back negative.

Shanghai-based **Super Organic Dairy** took full control of NZ sheep milk supplier **Maui Milk** and combined its units under one umbrella. Maui Milk is supplied by 13 farms.

1,680 farms were sold in the year to Aug 2021, 37.3% more than in the year to Aug 2020, with 153.8% more dairy farms and 1% more dairy support farms, the **Real Estate Institute** said.

## Property

**Stride Property** reinstated its guidance of paying dividends of at least 9.91 cents per share this year after deciding not spin off its office assets into a new listed vehicle called **Fabric**, due to market conditions.

**Goodman Property Trust's** manager said its first-half results will include a property revaluation gain of



## CORPORATE ROUND-UP

about \$500m to about \$4.3b as at Sept 30.

**Summerset** said it has resource consent to build a \$150m retirement village less than two kilometres from Cambridge's town centre in the Waikato.

**Kiwi Property** decided to go ahead with its first build-to-rent project, a \$221m 295 apartment complex at Sylvia Park.

### Retail and wholesale

**Hallenstein Glasson** increased sales by more than a fifth to \$351m for the 12 months to Aug 1, on the strength of online sales and a focus on US-based customers. Net profit rose 20% to \$33.3m. That was despite higher freight costs and unfavourable exchange rates.

The **Warehouse Group** reported a record adjusted profit of \$175.5m for the 52 weeks to Aug 1 versus \$32.1m a year ago. The adjusted figure excludes unusual items such as the \$67.6m wage subsidy repayment and \$16.1m of restructuring expenses.

**Kathmandu's** net profit jumped to \$63.4m in the 12 months ended July 31 from \$8.9m a year earlier with a full contribution from its **Rip Curl** acquisition.

### Tech, telcos, media, IT and entertainment

**Rakon** increased its underlying earnings guidance to between \$39m and \$44m for the year ending March 31 2022. This compares to the \$27m to \$32m guidance given in April.

**2degrees** continued to present its business case to potential investors during the latest lockdown and still intends to list on the ASX and NZX by the end of the year. The latest lockdown restrictions have delayed the forecast rollout of its 5G network to the first quarter of 2022.

**NZ on Air** awarded **Radio NZ** \$3.5m and **Stuff** more than \$2.7m as part of the latest round of the Public Interest Journalism Fund. The PIJF funds will pay for 110 jobs, mostly for two years.

NZers pay over \$10m a year in late fees for buy-now-pay-later services, a **Consumer NZ** survey found.

**Amazon Web Services** plans to open a datacentre region in Auckland in 2024. The region will comprise three "availability zones" with one or more datacentres. It will invest \$7.5b over 15 years in NZ and said its new infrastructure would add 1,000 jobs and \$10.8b to GDP.

**HeartLab** raised \$3.5m in a funding round led by US tech billionaire **Peter Thiel's Founders Fund** to help to get its artificial intelligence heart scanning tech into the US market in early 2022.

**Rocket Lab** won a US\$24.35m (NZ\$34m) contract to

develop the upper stage of its Neutron launch vehicle from the US Space Force's Space Systems Command.

### Transport and logistics

**Air NZ** said the monthly impact of nationwide level three or four travel restrictions is approximately \$45m to \$55m, including the benefit of wage subsidies. It has recently requested additional drawdowns on the government facility which now total \$435m. There is still \$1.065b left. The government **extended the air freight subsidy scheme** to March 2022, with an additional \$195m of funding.

Supermarkets stocked up and South Island businesses braced for shortages with two **Interislander** ferries out of action.

**Move Logistics** warned of a material impact on trading results for the half year from covid lockdowns in Auckland, with its fuel division suffering the most.

### Capital Markets

Investors bid more than \$80m into a **Pacific Edge** share placement originally intended to raise just \$60m and it will now raise \$100m, assuming an accompanying retail offer is fully subscribed.

Government-backed **NZ Growth Capital Partners** committed \$17m from its Elevate Fund into a new venture capital firm backed by **Alvarium NZ**.

### Corporate actions

**Harbour Asset Management** acquired **Tony Hildyard's Hunter Global Fixed Interest Fund**, taking its funds under management to about \$7.5b.

**Ziwi** signed a sale and purchase agreement with private equity fund **FountainVest Partners** reported to value the pet food company at about \$1.5b.

### Courts, legal and regulation

The **Financial Markets Authority** expects to see more cuts to KiwiSaver fees after providers earned a record \$650m in the year ended March. Revenue earned from management and administration fees rose 20.7%, as funds under management rose 31.7% to \$81.6b and strong returns triggered some performance fees. By comparison, fees revenue in the "more normal" prior year was \$480m.

### People news

**Jan Dawson** was appointed the new chair of **Ports of Auckland**, replacing **Bill Osborne** immediately.

The **Financial Markets Authority** appointed **Samantha Barrass** to replace **Rob Everett**. 

**LEGISLATION**

## A frenzy of law-making

Parliament jolted back into action over the last two weeks to make up for time lost to covid, introducing 12 bills in six sitting days.

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is available on The Hugo Group website, [www.thehugogroup.com](http://www.thehugogroup.com)*

## Bills introduced

**Animal Welfare Amendment Bill** – Introduced Sept 21. Bans livestock export by sea by April 2023.

**Digital Identity Services Trust Framework Bill** – Introduced Sept 29. Establishes a legal framework for digital identity services for individuals and organisations.

**Civil Aviation Bill** – Introduced Sept 8. Replaces the Civil Aviation Act 1990 and Airport Authorities Act 1966 with a single statute regulating drones. First reading Sept 20, all parties in agreement, sent to the transport and infrastructure committee.

**Companies (Directors Duties) Amendment Bill** – Introduced Sept 23. The member's bill in the name of Labour's **Duncan Webb** allows a company director to take into account wider matters than shareholders, including te Tiriti, environmental impacts, good corporate ethics, being a good employer, and the wider community.

**COVID-19 Response (Management Measures) Legislation Bill** – Introduced Sept 28. Omnibus bill mainly changing statutory deadlines disrupted by the pandemic, including for the govt's Emissions Reduction Plan. Extends the sunset clause on RMA fast track legislation to 2023 from 2022. First reading Sept 29 under Urgency. Opposed by ACT. National opposed report back by Oct 14. Both parties raised concerns about allowing delay to local body elections and a new regime relating to commercial rental reductions in a pandemic.

**Electricity Industry Amendment Bill** – Introduced Sept 9. Implements parts of the Electricity Price Review's recommendations, including creating a small, levy-funded electricity consumer advocacy agency. Moves some regulation from statute to the Electricity Code to allow lines companies to widen the scope of their business. Gives the energy minister power to alter the code. First reading Sept 30. National opposed.

**Land Transport (Clean Vehicles) Amendment Bill** – Introduced on Sept 8. Aims to reduce Co2 emissions from imported light vehicles. Applies an emissions standard to imports of new vehicles, a "feebate" system and new vehicle labelling requirements. Includes a later starting date (aside from clean car subsidies) to April 2022. First reading Sept 21. National and ACT opposed.

**Protection of Journalists' Sources Bill** – Introduced

on Sept 23, the member's bill of **Louisa Wall** seeks to amend the Evidence and Search and Surveillance Acts to protect journalists from having to reveal their sources.

**Taxation (Annual Rates for 2021-22, GST, and Remedial Matters) Bill** – Introduced Sept 8. Sets tax rates for 2021-22, excludes cryptoassets from GST and the financial arrangements rules, changes GST treatment of the domestic leg of the international transport of goods and changes GST apportionment rules and the keeping of records. First reading Sept 23 with National and ACT opposed and the Greens abstaining.

**Te Pire mō te Hararei Tūmatanui o te Kāhui o Matariki/Te Kāhui o Matariki Public Holiday Bill** – Introduced Sept 28, the bill creates an annual public holiday for Matariki and sets the dates from 2022 to 2052. First reading Sept 30, opposed by National and ACT. Referred to the Māori Affairs Committee.

## Bills in progress

**Education and Training (Teaching Council Fees and Costs) Amendment Bill** – Introduced Aug 10. Reported back Sept 10. Amended to give the council new powers to set levies.

**Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill** – Introduced April 12. Second reading debate began Sept 23 with National still supporting, but wanting extended timetable and return of the 'comply or explain' option. Debate completed Sept 28.

**Local Government (Pecuniary Interests Register) Amendment Bill** – First reading Sept 22, supported by all parties and sent to committee.

**Maritime Transport (MARPOL Annex VI) Amendment Bill** – Reported back Sept 14 with minor changes. Second reading Sept 28 with all parties in support.

**Regional Comprehensive Economic Partnership (RCEP) Legislation Bill** – Second reading completed on Sept 28 with the Greens and Māori Party opposed.

## Bills passed/defeated

**Autonomous Sanctions Bill** – First reading on Sept 22 voted down by Labour, Greens and Māori Party despite Labour supporting the concept.

**Resource Management (Regional Responsibility for Certain Agricultural Matters) Amendment Bill** – First reading voted down by Labour, Greens and Māori Party on Sept 22.

**Water Services Bill** – Second reading completed Sept 21 with National opposed. The Māori Party also said it opposed the bill and wider three water reforms due to the failure of the govt to address Māori interests in water. Committee stage completed on Sept 23. Third reading completed with no change in parties' positions. 

