

Nats' post-Key cleanout almost complete

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National's 33 MPs must now decide whether to line up behind Simon Bridges for a second time or support the still-green corporate high flier Christopher Luxon. The former Air NZ ceo is seen as the frontrunner. He has very little parliamentary experience, but he does represent a break with the previous generation of National party leadership, of whom Collins and Bridges are relics. To be able to govern again, National always had to rejuvenate. The process we are witnessing is messy and uncertain, but predictions of the party's demise are premature.

Collins self-destructs

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In what almost appeared as a deliberately self-destructive exercise, Judith Collins blew up her leadership of the National Party this week with an attempt to demote rival Simon Bridges. Her tactics smacked of an attempt at mutually assured destruction. The aftermath has left the Opposition flailing, just when the govt was itself vulnerable.

The national mood is darkening

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National's return to self-absorption couldn't have come at a better time for the govt. Its decision to wait until Dec 15 before opening Auckland's boundaries and until Jan 17 to allow Kiwis in Australia back home to self-isolate has disappointed many hoping for a summer family reunions and a shot of tourist cash. Consumer and employee confidence is also darkening, despite the rosy jobs and asset price numbers. It's also reflected in 'right track-wrong track' surveys. However, support for Labour remains around the necessary 40% mark for re-election purposes for now.

Construction sector stunned

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The construction sector urged the govt to make vaccination compulsory on all building sites as a way to ensure common standards and continuity. The govt's rejection of the use of public orders this week risks projects being stalled in the \$28b sector, with 550,000 workers.

Rate hikes and mortgage floors

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The Reserve Bank forged on with an expected rate hike and forecast a rise to 2.6% within a couple of years, which would see mortgage rates rise well over 5%. But the bank may be able to use a serviceability test floor of 7% or 8% to have an even bigger impact on the housing market.

Miller resignation the end of the NZ First line to KiwiRail

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KiwiRail ceo Greg Miller resigned this week after an inquiry was launched into the company's culture under his leadership. His departure ends the era of NZ First involvement, given Miller was NZ First's favourite and installed in the previous term.

Fewer than 10 cases a day

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National's implosion came just as it was gaining traction on a call to allow Kiwis home from Australia before mid-Jan. The govt is taking a low risk approach, even though its own modelling shows self-isolation of vaccinated arrivals would generate fewer than 10 extra cases a day.

Team Luxon vs team Bridges

This week's self-delivered knockout blow by **Judith Collins** has put **Christopher Luxon** on the spot much earlier and in a much more compressed way than he would have wanted.

After only one year in Parliament, the former ceo of **Air NZ** has to decide this weekend whether he is ready to grab the toughest job in politics.

National's 33 MPs will spend this weekend counting the numbers between the two likely candidates: Luxon on a ticket with **Nicola Willis**, and either **Simon Bridges** or his backer **Mark Mitchell**. The wild card pick would be **Chris Bishop** as alternative to Team Bridges if Luxon decides discretion is the better part of valour at this early stage.

By far the **preferred outcome is that no vote is required at next Tuesday's caucus**. A decisive outcome settled before then would go a long way to creating a platform for unity.

Luxon's mentor (and former Air NZ chairman) **John Key** had four years to hone his political skills and develop his caucus alliances. He also inherited the

leadership in a decisive and clean fashion when Brash imploded and the former investment banker was seen as the clear and electable alternative.

Luxon is light on the skills Key developed as a retail politician, and in forging an alliance with more senior National politicians.

However, timing and opportunity is everything in politics. Leadership aspirants tend not to let an opportunity go as it may never come again.

The shift in the public's mood against Labour and PM **Jacinda Ardern** in recent months may

encourage Luxon that a change of government is not out of the question. National MPs will also be weighing up who can pull back supporters it is bleeding to ACT.

There is a lot of talk about whether the current turmoil indicates that the National Party itself is out of time. This is not uncommon during the darkest times when parties are rebuilding after long periods in government. The fact that this is discussed shows how deep the problem is. The fact that the party is now starting to look beyond its past generation of leaders, however, should be seen as a positive step towards eventual rejuvenation.

A souffle requiring reinflation

The big question for National's caucus, which now includes three former leaders – Judith Collins, **Todd Muller** and Simon Bridges – is whether it wants to have a true break from the crew that led the 2008-2017 National govt, or try to step forward to a new generation.

Collins and Bridges were both senior ministers in the Key-English era and both hewed towards the socially conservative end of the party. They have never managed to unite the economically conservative and socially liberal wings of the party to win the key median voters needed to gain power.

Luxon has shown the signs of economic pragmatism and managerial competence that Key exuded, but lacks the socially liberal chops Key put to good use in appealing to suburban women. It's hard to imagine Luxon, a Christian social conservative, delivering the party-bridging masterstroke Key unveiled in 2007 when backing Labour's anti-smacking bill.

National's MPs will also have to make a judgement on whether Bridges's appeal to being "older and wiser" justifies risking a once-dumped leader with significant negative traits.

He was dumped in favour of Todd Muller last year because of his painfully high unfavourability ratings and regular showings of a tin ear for the public mood.

In trouble from both ends

The signs for National's hold on the centre-right were ominous in recent polls, which fanned the political firestorm this week.

Labour was steady in the latest Newshub/Reid Research poll on 42.7%, down just 0.3 percentage points. **National was on 26.9%**, down 1.8 points and losing ground to ACT, which rose 4.9 points to 16%. The Greens, who were on 7.2% – down 1.3 points. The Māori Party was on 2.1%, while NZ First was 2.5%.

National will also have to be wary of NZ First and Winston Peters, who is no fan of the Key-English-Bridges-Collins version of National. Peters is on the warpath again and appears re-energised.

In theory, Bridges and Luxon are just as popular as each other.

On the preferred PM question Ardern had 41.7% support – down 3.8 points. ACT leader David Seymour was on 11.9% (up 3.3) and Judith Collins 6.1% (down 2.1). Luxon and Bridges both rated 2.5% support. The poll was conducted between Nov 10 and 17.

The latest **1News Colmar Brunton** political poll was more encouraging for Luxon.

Coming up

Dec 3 - Auckland and rest of NZ to enter 'traffic lights' covid alert system. Auckland and high case areas to enter at 'red' and rest at 'orange'.

Dec 15 - Auckland's borders relaxed to allow vaccinated or negative travellers through spot checkpoints.

Jan 17 - Vaccinated NZ residents can return from Australia without going through MIQ. Must self-isolate for 7 days.

Ardern was down 5 points to 39% as preferred PM. David Seymour was at 11%, while Judith Collins was on 5% – with National’s Christopher Luxon at 4% and the Greens’ Chloe Swarbrick at 2%.

However, qualitative research accompanying the Newshub poll found the most dominant words used to describe Luxon related to knowing little or nothing about him. To that extent, the expectations of his elevation commonly aired in the media are a creature of political and business elites.

A changing public mood

One feature of the polls and the political landscape in recent months since the failure of the elimination strategy and the lack of a well-thought-through back-up plan is the waning confidence in both the direction of the government and the nation as a whole.

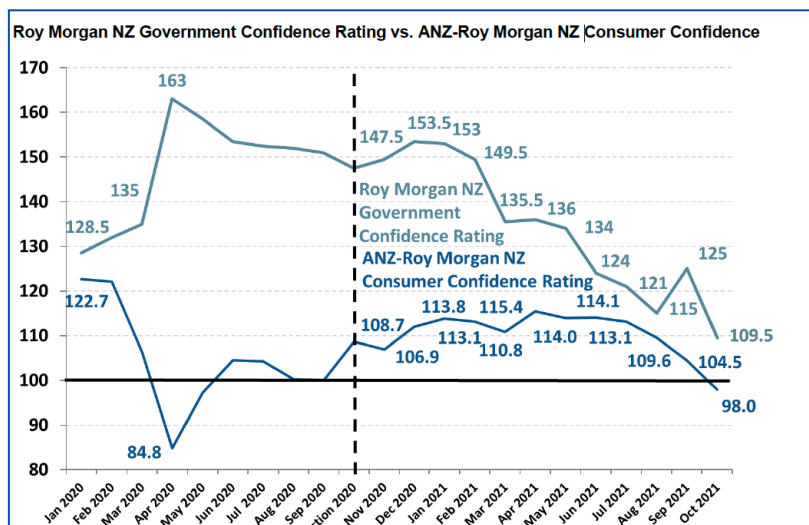
The Ipsos Issues Monitor Report found housing had 54% of NZers rating it as the top issue. Healthcare and hospitals are becoming more of a worry, jumping from 27% to 35%, the highest level since the survey began in 2018.

Inflation and cost of living concerns also increased from 27% to 31%. Concerns about the economy – which rated as the top issue in May through Sept last year, hitting a high of 47%, remained steady at 23%.

The Ipsos poll said most people believed Labour was still the best party to deal with most issues, but this confidence was declining. Fewer people rated Labour as the party most capable on each of the top five concerns. The govt now rates at 5.8 out of 10, having hit a high of 7.6 out of 10 in May last year after the first level 4 lockdown.

This is still above pre-pandemic levels but the gap between people’s confidence in Labour’s ability to manage the big concerns compared to National has narrowed. In Auckland, National is considered more capable on inflation, crime, the economy, transport and infrastructure.

People across the country remained most confident in Labour’s abilities on 17 of the top 20 issues, though the Greens rated better in ability to manage climate change and the



environment. The Māori Party was considered most able on issues facing Māori.

This has also been reflected in recent right direction-wrong direction surveys by Talbot Mills, Colmar Brunton and Roy Morgan.

Another feature of the increasingly brittle support for the government is seen in the responses to consumer confidence and employee confidence surveys.

ANZ’s Consumer Confidence survey for Nov found a fall in overall confidence, but also a more worrying collapse in confidence about the next five years to a record low.

The survey also showed a massive spike in consumer price inflation expectations. That seemed more than enough to overcome home owner confidence about house prices and the apparently bullish prospects for wages and employment.

A growing feature of public mood measures is a disconnect between confidence measures and the topline signs of record high asset prices, record-low unemployment and initial signs of firmer wage growth.



Insight into this may be found in recently released polling and research undertaken for the Dept of PM and Cabinet's Covid-19 Response Unit, which found that the mood during covid elimination, where the balance was between 'neutral' and 'joy', the balance by September was between 'neutral' and 'sadness'.

Moving out of elimination into accepting covid as endemic has, unsurprisingly, caused a lot of new worry and grief.

'Why can't they come home?'

Balancing the desire to 'return to normal' and heightened fears of the virus is playing out in the government's cautious approach to border reopening. This is causing growing frustration and anger for some parts of the populace, but reflects Ardern's sensitivity to people who have been knocked emotionally by the march of the delta variant.

A surprise call from Otago University's crack team of epidemiologists for the govt to allow vaccinated travellers to come in without having to stay in MIQ galvanised the issue.

"Analysis of countries with reasonable quality data implies that the risk of covid-19 infection for most vaccinated international arrivals is typically less than the current risk for Auckland residents. Current MIQ requirements for vaccinated arrivals to Auckland could therefore be dropped for most, without increasing the risk for Aucklanders," Michael Baker and Nick Wilson wrote in an Otago University blog on Nov 8.

That sparked calls from National, ACT and various tourism operators for the borders to be opened to Australia at least before Christmas, given the massive backlogs of unsuccessful MIQ slot bidders and daily tales of families separated, funerals unattended and close relatives dying alone.

'Like dropping matches in a forest'

The govt is also unable to paint a compelling picture of how risky allowing in vaccinated travellers would be.

PM **Jacinda Ardern** and Covid-19 Ministers **Chris Hipkins** defended cabinet's decision this week not to open the border to self-isolating NZers returning from Australia until Jan 17. Other residents can't come home and self-isolate for seven days until Feb 14. The rest of the world's vaccinated travellers can't arrive easily as students, migrant workers or tourists until April 30.

The announcements disappointed tourism operators, education exporters and separated families alike, especially as they removed any remaining prospect

of a summer of family reunions and holiday spend-ups. Air NZ cancelled 1,000 flights due to arrive in NZ before the end of 2021.

DG Dr **Ashley Bloomfield** confirmed this week the **Ministry of Health's** modelling showed just 60 extra cases a week were expected if self-isolation was allowed for arrivals of vaccinated travellers.

The govt's fear is that infectious arrivals, even when vaccinated, may have higher rates of virus transmissibility (r values of 5 to 6) and that allowing them to return to all parts of the country could be like 'lighting matches in a dry forest'.

But that failed to quell the arguments put by business and opposition leaders that vaccinated travellers forced to self-isolate with tests would be no riskier than Aucklanders travelling to the rest of the country.

The relative success in recent days of an apparent plateauing of case numbers around 200 cases a day has ironically only strengthened the arguments of those wanting to open the borders.

The prospect of fewer than 10 extra cases a day on top of the existing 200 seemed a low risk to take for those watching the prospect of a 'normal' summer fading away into the distance.

Just briefly ...

The **COP26 climate summit agreement concluded with an agreement Climate Change Minister James Shaw is calling the "least worst" outcome** as different countries to reconcile differences over emissions reductions and the Paris Agreement rulebook. Among major advances was a **conclusion to years of wrangling on rules for creating global carbon markets.**

Australian Foreign Minister Marise Payne and her NZ counterpart Nanaia Mahuta held the biannual Australia-NZ Foreign Minister Consultations during Mahuta's first overseas trip as minister. They emphasised the importance of an "open and inclusive Indo Pacific region of sovereign, resilient and prosperous states, who can pursue their interests free from coercion".

Mahuta had a three day visit to Indonesia, meetings with President Joko Widodo, Indonesian Foreign Minister Retno Marsudi, and ASEAN Secretary-General Dato Lim Jock Hoi. Mahuta's visit to the Middle East included the UAE where she hosted NZ's most important event at Expo 2020.

The number of people with covid and remaining at home rose to above 2,000 as three people with covid died while in home isolation, prompting the Health and Disability Commissioner to request an urgent Ministry of Health review of the system. ■

Construction sector frustrated

The construction industry is **privately fuming and scrambling to deal with the govt's decision not to include the \$28b sector's workforce in the full legislated mandates** shunted through Parliament this week.

The Construction Industry Accord group's members wrote a joint letter to senior ministers on Nov 5 calling for a mandatory vaccination requirement to be enacted for the industry's 550,000 workers, of whom around 60,000 are yet to be double-vaccinated.

The group's members include the Property Council, Downer, Fletcher Building, Beca, Jennian Homes, Mike Greer Homes, Jalcon, Watercare, Summerset, Naylor Love, the Master Builders Association, Steel and Tube, Civil Contractors and Southbase Construction. The letter was signed by all their ceos.

"As industry members of the Construction Sector Accord, we write to our partners the Accord Ministers, and request **urgent implementation of mandatory vaccination for all construction and maintenance sites,**" they wrote in the **letter obtained by HugoVision.**

"The Accord partnership has made significant progress over the last two years however, the consequence of not taking a consistent sector approach will not only result in increased public health risk, but an inconsistent approach to managing that risk by the industry, significantly increased complexity of workforce management, increased compliance costs, business disruption and legal action for years to come," they wrote.

"This is amplified by an acceleration in the current trend amongst large asset owners (public and private) requiring contractors to warrant their employees and sub-contract supply chain are vaccinated, when under current legal settings this is very difficult."

Senior industry figures feared the lack of public orders would mean many sub-contractors would continue to remain unvaccinated, or that some firms would struggle to continue operating on a swathe of construction projects underway, including those for the govt. Modern construction sites require multiple sub-contractors on site at all times, and a lack of a consistent approach could see work disrupted and delayed by the weakest links.

The social housing sector is also understood to be frustrated by the govt's decision not to include their workplaces in the orders.

Ministers said the law changes passed this week gave them protection if they chose to impose

mandates, but industry figures said there was a lack of consistency and the blanket effects of public orders would have been much more effective.

Ready for an interest rate floor?

The Reserve Bank's decision to hike the OCR by 25 basis points as widely expected by economists may have calmed some of the nerves about inflation this week.

The bank also detailed its forecasts for a rise in the OCR from 0.75% on Wednesday to 2.6% by early 2024. In reality, much of the work has already been done with a 170 basis point rise in fixed mortgage rates, which are expected to flow through into 60% of mortgages being rolled over in the next 12 months.

But it is still battling a housing market still inflating at a rate of 20-30% per year. The RBNZ is determined to pull whatever levers it can to reduce the potential of a sharp fall in prices and to limit the risks for bankers and the most recent borrowers at the bleeding edge of the housing market.


That was reflected in a consultation paper issued this week on new debt serviceability tools it is considering adding to the existing suite of loan to value ratio (LVR) restrictions.

The bank indicated it was most interested in imposing a formal interest rate serviceability test, which is already used informally by banks to check whether borrowers can handle a rise in mortgage rates.

Banks have been progressively lowering their test rates to around 6% in recent years, but the Reserve Bank is looking at imposing a 'floor' test rate of 7 or 8%, which would affect up to 50% of new lending.

The bank sees an early introduction of the floor as helping to reduce inflation and prudential risks, with the possibility of a replacement later next year by a debt to income multiple restriction, possibly at 6 or 7 later in the year. Banks have said they expect to need at least nine months to implement one.

Just briefly ...

The BNZ-Business NZ Performance of Services Index for Oct fell 1.9 points on the previous month to 44.6. The PSI has been below 50 (or contracting) for three months. Most of the sub-categories, including employment, new orders, sales and stock levels were either flat or down on the previous month. 

Coming up

Nov 30 - RBNZ releases Oct lending figures

Dec 15 - Half Yearly Fiscal and Economic Update

Dec 16 - Sept qtr GDP.

Dec 23 - RBNZ releases Nov lending figures

Feb 23 - Next RBNZ monetary policy decision and quarterly monetary policy statement and forecasts.

CORPORATE ROUND-UP

Banks, insurers and fund managers

The **Reserve Bank** said an independent report on **Westpac NZ's** risk governance found its concerns were "well founded" and the bank's board had "material shortcomings" in its oversight.

Tower shares rose after the general insurer flagged plans to buy back \$30.4m of its own shares at a premium to the current trading price.

Air NZ is to offer a credit card to its 2.6m NZ-based Airpoints loyalty scheme members in 2022 through ASX-listed fintech company **hummgrouop**.

Energy and resources

A ministerial inquiry into electricity blackouts on the coldest night of the year said they were entirely avoidable as there was enough generation, but a "shambolic" demand reduction process ensured the lights went out. The report led by former energy minister **Pete Hodgson** said there were a number of problems within the system, but the power cut was caused by the system operator issuing notices requiring woefully inaccurate demand reductions that were not needed on Aug 9.

Refining NZ confirmed it would convert the Marsden Point refinery to an import-only facility called **Channel Infrastructure** from April 2022.

Meridian Energy is selling all of its Australian electricity sector assets in a A\$729m deal. **Shell** will buy **Meridian Australia's** 140,000-strong **Powershop** customer base while **Infrastructure Capital Group** will buy its electricity generation assets.

The **NZ Green Investment fund** is giving \$40m in financing to **solarZero**.

Infratil reported a record first-half net profit of \$1.08b, most of it coming from the profits of selling the company's stake in **Tilt Renewables**.

Manufacturing and construction

Fisher & Paykel Healthcare reported half-year revenue fell just 1% to \$900m, defying analyst expectations of a significant sales slowdown. Analysts predicted a fall of between 7% and 9% as covid-related sales normalised. Instead, revenue dropped just 1% and increased 2% when adjusted for changes in currencies.

Steel & Tube said it expects first-half earnings to be above \$17m for the six months ended Dec, up from \$8.9m in the same half a year ago, due to margin expansion and lower costs.

Metro Performance Glass reported a net profit of \$0.4m, down from \$7.6m in the same six months last year.

Primary sector, food and beverages

Prices rose 1.9% in the latest **global dairy trade** auction, with gains across all major product groups. Prices are more than 37% above a year ago and 28% above their five-year average. **BNZ** lifted its 2021/22 milk price forecast to \$8.90 (from \$8.30), saying **\$9 was even possible**.

Fonterra chair Peter McBride is confident the cooperative's proposed capital structure changes will get shareholder backing and said a farmer mandate will help bring the govt on board. Agriculture Minister **Damien O'Connor** said the proposal could create competing shareholder priorities and the govt can't back it at this stage.

Sanford said covid-19 continues to hammer its profitability but it hopes to return to pre-covid levels in the 2023 financial year. Net profit for the 12 months to Sept 30 was \$16.2m, down 16% on the prior year while revenue lifted 4% to \$489.6m.

Alliance Group's 4,000 farmer shareholders will share an \$8.5m profit distribution this year, added to \$16.7m in loyalty payments already made.

Shine Lawyers filed an action alleging **A2 Milk** shareholders were misled by the company's inflated forecast of baby formula sales. It is the second such case the company faces in the Australian courts.

The **Primary Sector Climate Action Partnership (He Waka Eke Noa)** released a discussion document on entering the Emissions Trading Scheme, including two options: farm-level levies and processor-level hybrid levies. Both cut emissions about 1%.

Property

Argosy Property's net profit climbed 11% to a record \$127m in the six months through Sept due to valuation gains across its mixed portfolio.

Arvida lifted first-half net profit 80% as its retirement villages were revalued upwards while underlying profit was up 30%. Net profit for the six months ended Sept 30 rose to \$75.5m.

Australian private investment firm **Di Mauro Group** bought its third NZ retail property, Christchurch shopping centre **The Palms**, for \$88.8m.

Kiwi Property Group's first-half net profit nearly tripled as the value of its properties rose and its operating profit rose 8% to \$62.5m, largely reflecting an 11.5% lift in rental income.

NZ Hotel Holdings will pay \$100m for the 280-room **Rydges Wellington**, the largest hotel in the capital. The tourism investment vehicle of the **NZ Super Fund, Russell Property Group and Lockwood Property Group** adds the Rydges to a hotel portfolio

which includes the **Four Points by Sheraton and Adina Apartment Hotel in Auckland, the Holiday Inn Rotorua and the Sofitel** in Queenstown.

Almost **half of Auckland's retail and hospitality businesses didn't pay their rent on time in Sept and Oct** because of the lockdown. Data from commercial property management platform **Re-Leased** show that lease payments slowed across NZ, but the biggest impact was on restaurant and retail tenants. The data from 26,000 national commercial tenancies showed only 55% of Auckland retail and hospitality tenants were able to make their due date lease payment in Oct. It was even less in Sept at 54%, compared to 77% pre-lockdown. Outside Auckland, payments tracked up from 75% to 80% in Oct. But rent collected by Auckland landlords fell to 70% across all businesses, compared to a pre-lockdown average of 80.3%.

Retail and wholesale

The **Warehouse Group's** online sales jumped 118% to \$190m in the 13 weeks to Oct 31, 30.1% of group sales. However, total group sales were \$630.7m, down 14.6% against the same quarter in FY21 and down 9.2% against the same quarter in FY20, mainly due to lockdown restrictions.

Turners Automotive said a jump in car sales underpinned a 26% improvement in net profit after tax to \$16.9m for the six months to September. Group revenue was \$166.8m, up 13% on comparable revenue of \$147.5m.

About 700 workers at two **Countdown** distribution centres in Auckland walked off the job for three days. **First Union** said the workers had been bargaining for a number of months, and had had enough. They want a 4.9% pay increase. Countdown said it was disappointed the workers felt the need to strike given negotiations were ongoing.

Service industries and healthcare

Ryman Healthcare's underlying profit for the six months ended Sept was \$95.9m, up from \$88.4m in the same six months last year. Ryman chair **David Kerr** will step down in Jan and be replaced by **Greg Campbell**, although Kerr will remain on the board.

My Food Bag's first-half net profit was \$9.4m, up 25% on the prior year. It also confirmed a maiden dividend of 3 cents per share.

AFT Pharmaceuticals said net profit for the six months ended Sept rose to \$4.2 from \$1.2m with revenue up 14% to \$55.5m.

Good Spirits Hospitality is to buy **Nourish Group** for about \$27m. The move will double its venues to 20, including **Soul Bar & Bistro** and its soon-to-be-opened new Viaduct venue.

Pacific Edge posted a loss of \$9m for the half year ended Sept 30, after expenses increased to \$15.7m, up \$4.5m on the comparable 2020 period. Chief executive **David Darling** said higher operating costs reflected accelerated spending into growth areas, particularly US sales and marketing efforts.

Tech, telcos, media, IT and entertainment

Stuff, NZME's The New Zealand Herald, The Spinoff, and the Otago Daily Times sought approval from the **Commerce Commission** to collectively bargain with **Facebook and Google** for payment for their journalism.

They applied through the **News Publishers' Association** to create an Australian-style news bargaining code, which would allow publishers to join forces to deal with the tech giants. The code would permit the publishers to try to strike commercial agreements as a group, rather than agreeing unilateral deals with the US groups for their paid news services, such as Google News Showcase. Paywalled business news service **BusinessDesk** disclosed that it has already signed with Google as a News Showcase partner.

NZME aims to have more than 130,000 digital-only subscribers by the end of 2023. NZME says it will buy up to \$30m of its own shares as a way to return capital to shareholders after selling **GrabOne** for \$17.5m.

Magic Talk will become **Today FM** as owner MediaWorks attempts to gain ground on commercial rival Newstalk ZB in the first quarter of 2022.

TVNZ signed a deal to host **ViacomCBS** content on its TV channels and online streaming platform

Blis Technologies recorded a net loss of \$1.8m for the six months to Sept 30, increasing from \$1.1m for the comparable period in 2020.

Rocket Lab's Nasdaq-listed shares jumped 8.3% to US\$15.48 (for a US\$7b market cap) as it reported a net loss of US\$88m for its Sept quarter, versus its year-ago net quarterly loss of US\$13m. Its contract pipeline – which was worth US\$60m in June 2020 – continued to swell to US\$237m.

The NZX's newest listing, logistics software firm **Trade Window**, jumped almost 85% on its share market debut. Shares that floated at 92 cents were trading at \$1.70 by market close, valuing the company at \$146m.

Plexure reported a net loss of \$8.5m in the six months ended Sept, up from \$4.4m. The company's new management told investors it had been expanding to win customers who never materialised. Now, the group, which recently merged with payment

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platform **Task**, intends to sell an integrated version of the two businesses' products and reduce Plexure overhead costs.

Xero reported 23% revenue growth in the first half, but analysts had expected more and its shares fell more than 10%. It reported a net loss of \$5.9m for the six months ended Sept, a turnaround from the previous first half's \$34.5m net profit.

Rakon reported revenue of \$85.4m for the half year to Sept 30 2021 on the back of continued demand for its electronic componentry. This result was an improvement of 43% on the previous half year's \$59.5m. It raised its earnings guidance for the year ending March 31 2022 for the second time in three months. It now expects to achieve underlying earnings of between \$44m and \$49m.

The annual **National Cyber Security Centre** threat report said there were 404 incidents impacting nationally significant organisations in the 2020/21 financial year. This was a 15% increase on last year. 28% showed links to suspected state-sponsored actors, while about the same proportion were criminally and financially motivated.

Transport and logistics

Air NZ cancelled more than 1,000 flights to Australia before the end of 2021 because of uncertainty over border arrangements. It said it would affect over 20,000 bookings, mostly of NZ residents returning from Australia to NZ for the summer holidays.

Mainfreight reported half-year earnings ahead of expectations with revenue up 41% from last year at \$2.2b and net profit up almost 80% at \$130.8m.

KiwiRail workers voted to strike, setting up what would be the first national action by railway workers in decades depending on the outcome of pay talks.

Napier Port will pay out a 4.7 cent final dividend, bringing total dividends for the year to 7.5c, after posting a 5.2% improvement in net profit after tax to \$23.2m for the year to Sept 30.

Oceania Aviation is restructuring its fixed-wing maintenance division, reducing staff numbers 10%.

Turners Automotive said a jump in car sales underpinned a 26% improvement in net profit after tax to \$16.9m for the six months to Sept.

Metro Performance Glass reported a net profit of \$0.4m, down from \$7.6m in the same six months last year.

Capital Markets

HRL Morrison & Co said it has secured more than US\$3b in funding commitments to establish a new,

open-ended global infrastructure fund.

A2 Milk is to be dropped from the **MSCI World Index** on Nov 29 due to this year's share price drop and its lower market capitalisation (now \$4.62b), and it won't be replaced.

Corporate actions

PwC data said 54 mergers and acquisitions deals were completed or announced for the third quarter, up from the previous record of 47 in the second quarter. Technology, media and telecommunication dominated the deals, and healthcare activity was also strong.

Courts, legal and regulation

The govt told the Commerce Commission to do a **market study on the building supplies sector**. Commerce minister David Clark said there have been long-standing concerns about whether there is enough competition and this could be a factor in rising house prices. The Commission will present its final report on the issue in Dec 2022.

People news

KiwiRail ceo **Greg Miller** resigned after reporting exposed concerns about his leadership style, including allegations of a "command and control" approach, after 20 senior executives and managers left the state-owned rail operator since 2019. Miller denied the allegations but said he was standing down in the best interests of his family and the business.

CentrePort chief executive **Derek Nind** will step down at the end of March 2022, after six years in the job.

Vista Group said the co-founder and ceo of its **Movio** subsidiary, **Will Palmer**, will leave the company in Dec and will be replaced by two long-time Movio executives **Sarah Lewthwaite** and **Matthew Liebmann**.

Former **Summerset** chief executive **Julian Cook** will replace **Rob Campbell** as chair of **SkyCity** when he leaves in Jan. Cook joined the board as an independent director in June.

Rush Digital ceo **Pavan Vyas** is stepping down to work on philanthropic tech education firm **Take2**, which teaches computer coding to prisoners.

Former National Cabinet minister and dairy industry leader **John Luxton** died aged 75.

Reserve Bank chief economist and head of economics **Yuong Ha**, who also sits on the monetary policy committee, will leave the central bank after the Feb 2022 monetary policy statement. ■

LEGISLATION

Blink and you'll miss it

A swathe of covid law was passed under urgency, amid accusations of unconstitutional behaviour in some cases.

- *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*

Bills introduced

COVID-19 Response (Vaccinations) Legislation

Bill - *Introduced on Nov 23 and passed through all stages under Urgency. The bill implements the 'traffic light' covid restrictions system. This includes the right to employment and lays out a four weeks paid leave requirement for the unvaccinated. Opposed by National, Act and Te Pāti Māori.*

Taxation (COVID-19 Support Payments and Working for Families Tax Credits) Bill - *Introduced on Nov 23 and passed through all stages under Urgency. The bill transfers the existing covid payment support system to the new covid restriction regime to make it more flexible. It also legislated for an increase in payments under the Working for Families scheme. National and Act opposed with Te Pāti Māori abstaining.*

Three Strikes Legislation Repeal Bill - *Introduced Nov 11. First reading on Nov 17 opposed by National and ACT and sent to the Justice Committee.*

Bills in progress

Construction Contracts (Retention Money)

Amendment Bill - *Introduced June 1. The bill changes the retention money regime. Reported back on Nov 22 with a large number of mainly technical changes.*

Commerce Amendment Bill - *Introduced March 10. The bill amends the Commerce Act to strengthen Section 36 around the misuse of market power and align the law with Australia. Second reading on Nov 9 supported by all parties.*

Crown Pastoral Land Reform Bill - *Introduced on July 16, 2020, the bill ends tenure review and reforms the regulatory system covering Crown pastoral land leases. First reading on July 22 opposed by National who said it will effectively end high country farming due to the requirements to gain approval for many farming practices. Second reading completed on Nov 9 with National and ACT opposed.*

Data and Statistics Bill - *Introduced on Oct 11. The bill repeals the Statistics Act 1975 following a review of statistics legislation. First reading Nov 9 sent to the Governance and Administration Committee with the support of all parties.*

Drug and Substance Checking Legislation Bill (No 2)

- *Introduced May 11. The bill allows drug and substance checking services to operate legally. First reading on May 18 opposed by National. Referred to health committee. Reported back Oct 28. Second reading on Nov 9 opposed by National. Committee stage completed Nov 11.*

Education and Training Amendment Bill - *Introduced on April 21. The bill clarifies safety checking processes for children's workers and school employees, extends the ban on charging trainees a compulsory student services fee by one year, emphasises only persons holding a teaching position are able to use physical restraint, and amends rules around licensing of service providers. Reported back without amendment on Aug 4. Second reading completed Oct 19. Committee stage completed Nov 9.*

Incorporated Societies Bill - *Introduced March 17. The bill reforms the 1908 law governing incorporated societies. Reported back Nov 3 with a large number of technical changes. Second reading completed on Nov 17 with all parties in support.*

Maritime Powers Bill - *Introduced June 23. This bill provides powers to board and arrest on ships in international waters where NZ has jurisdiction. First reading on July 7 and referred to the Foreign Affairs, Defence and Trade Committee with all parties supporting. Reported back on Nov 8 with mainly technical changes.*


Plant Variety Rights Bill - *Introduced May 11. The bill replaces the Plant Variety Rights Act 1987 to implement the Crown's obligations under the Treaty of Waitangi. Reported back on Nov 19 with a large number of changes.*

Protected Disclosures (Protection of Whistleblowers) Bill - *Introduced June 24 2020. Second reading on Nov 9 with the govt indicating there would be further changes in the committee stage on a number of matters including the definition of serious wrongdoing. Supported by all parties.*

Bills passed/defeated

Maritime Transport (MARPOL Annex VI) Amendment Bill - *Introduced on May 19. Reported back on Sept 14 with minor changes. Second reading on Sept 28 with all parties in support. Committee stage completed on Oct 26. Third reading Nov 9 supported by all parties.*

New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill - *The bill doubles pension eligibility for migrants to 20 years. Third reading on Nov 10 with the Greens Te Pāti Māori opposed.*

Crown Minerals (Decommissioning and Other Matters) Amendment Bill - *Introduced June 23. The bill gives ministers and officials more power to approve and require conditions on oil and gas permits including when they are transferred to a third party. Second reading on Nov 16 with National and ACT opposed. Committee stage completed Nov 17. Third reading on Nov 25 with no change in parties positions. *