

## Finally, National is relevant again

Page 2

Christopher Luxon's election to the National leadership and a solid start in Parliament against a tiring Jacinda Ardern has given the National Party the best Christmas gift it's had through five leaders over four years: relevance. The 2023 elections are live again in a way they haven't been since just before covid last year.

## Bridges fine in Finance

Page 2

Simon Bridges is a new man. Again. Having plotted a long comeback on the back of a yak, the former leader has catapulted himself from the back benches to the number three slot with the plumb Finance portfolio. Luxon's deft embrace of a potential rival energised much of the caucus and Bridges.

## It's closer than everyone thinks

Page 3

It didn't seem that long ago that National was being written off as a contender for the 2023 election with Labour flying high over 40% and National sliding towards 20%, with ACT nipping at its heels. The last couple of months were awful for Judith Collins, but it was even worse for the centre-left. The most recent poll taken just before Collins self-ejection showed Labour down 10 points at 36% in two months, with Labour / Green at 46.5% vs National / ACT on 47%.

## Fewer and lower homes to shut up the NIMBYs

Page 4

The Labour-National accord allowing three three-storey townhouses on every section without a resource consent has rarked both sets of their leafy suburb supporters in recent months. The new Luxon-led National Party was quick this week to agree to a lowering of height limits to take the edge off the backlash, but the change is minor.

## Tiwai Pt still going in 2035?

Page 4

HUGOvision understands Meridian and NZAS have quietly started talks about what happens to Tiwai Pt after 2024 when the current power deal expires. The assumption when the deal was struck was that the smelter would close then, but a rebound in aluminium prices is seen renewing Rio Tinto's appetite to stay until 2035.

## Luxon pulls Bridges back into line on Orr's reappointment

Page 6

Simon Bridges gave Christopher Luxon an early test of his Opposition diplomatic skills in his first week, appearing to call for Adrian Orr not to be reappointed as Reserve Bank Governor. However, they managed to walk the talk back to avoid a first-week blowup.

## Merry Christmas

This is the last issue of HUGOvision for 2021. We will resume publication on Jan 21. In the meantime, we wish all members a well-deserved break after a very difficult year.

## Luxon's gift to Nats: relevance

The most important aspect of **Christopher Luxon's** ascension to leadership of the National Party is simply that he has finally managed to make National relevant again.

Four years and five leaders since the 2017 election defeat, National has changed leaders prior to Christmas at the end of an exhausting year in which not only has the gloss has come off the government's covid response, but also the public is starting to become weary (and wary) of PM **Jacinda Ardern**.

One of the key downsides of constantly fronting on covid decisions is that the PM has inevitably been over-exposed for months on end. She has been somewhat less visible as the face of the pandemic response in recent weeks, in synch with the general wind-back from the 1pm 'Podium of Truth', as the daily lockdown briefings became known.

If one of the iron rules of democratic politics is that voters are fickle and eventually tire of whoever their leader is, then Ardern has probably run through the best part of nine years of public exposure in less than half that time.

Luxon, being a fresh face leading a largely new front bench and – at least for now – a highly energised former challenger in the form of **Simon Bridges**, has suddenly energised NZ politics. For proof, look only at the way the Press Gallery has slavishly scored the early exchanges in the House between Luxon and Ardern.

Both parties have also clearly risen to the challenge, and unexpected developments have begun emerging.

Can it really be coincidence that **Business NZ** has become emboldened just this week to reject its previously semi-presumed role as the employer voice in Fair Pay Agreement negotiations?

Perhaps.

Either way, the rejection is a fillip for Luxon, who has galvanised corporate NZ to dare to believe that National now has a chance in 2023.

Watch now for whether the constructive tripartite engagement involving Business NZ, the **CTU** and central government continues on issues such as covid mandates and, more tellingly, unemployment insurance.

To date, Business NZ has been positive on the insurance idea, but Luxon this week expressed scepticism for what could be seen as "an effectively new tax". The key points of contention will be who takes the lion's share of the cost (employers, employees and/or the Government) and whether it includes compensation for sickness.

Equally intriguing is the unexpected feint from the **Māori Party**, rejected by Labour and its large Māori caucus and willing again to court a relationship with National despite the enormous ideological gap between its current MPs and those who worked with National for nine years.

## Bridges' reshuffle comeback

Luxon's caucus reshuffle has also dealt with some serious problems that Judith Collins was showing no sign of managing.

For a start, she had sent three MPs to the backbenches – **Todd Muller** some time ago and **Chris Bishop** and **Simon Bridges** most recently.

On her front bench was perhaps the most spectacularly unperforming economic portfolio allocation in recent memory: the unhappy split between the earnest but politically inept **Andrew Bayly** as 'shadow treasurer' and the ambitious but thwarted **Michael Woodhouse** in the 'finance' role.

They never gelled and were never taken seriously by the media or the business community.

By comparison, Bridges is a blooded former Cabinet minister who performed strongly in energy, transport and economic development.

He has done an assiduous round of media briefings and seems genuinely enthused to have the meatiest portfolios – finance and infrastructure – that an Opposition MP could hope for beyond the leadership.

Somewhat in the same way that Andrew Little won respect from Labourites for the way he allowed Ardern to step forward in 2017, Bridges has won points with his caucus for not forcing a vote when it was clear that Luxon would win.

He knows that Luxon will either succeed, in which case National may form the next government, or fail within months and he will get another tilt at the top job.

### Bridges intends to focus on:

- **productivity** rather than 'growth' as the key economic issue, allied to the quality of government spending in a high debt environment;
- the importance of resuming some level of **skilled net migration** to cope with the fact that there is likely to be a brain drain across the Tasman and further afield when borders reopen, in a world where skilled labour is at a premium; and
- **inflation** as a thief of savings and a threat to financial stability.

## Luxon – wealthy, elitist, Key-like – positives or negatives?

The extent to which **Luxon has rattled the left of politics** can be seen in the concentrated nature of the attacks on him from the left of politics.

The memes are plentiful and the most common are: ownership of seven houses; fundamentalist Christian beliefs; mistaking running a business for a running a country; just another version of John Key.

If Luxon can show political deftness – a big if this early in his leadership – none of those alleged negatives may be anywhere near as damaging as his political detractors would like to think.

The centre right of NZ politics is the home of younger New Zealanders aspiring for personal wealth and home ownership. It's also the home of older New Zealanders who are unlikely to be threatened by Christian values in a political party leader – a Mormon upbringing hasn't hurt Ardern, for example.

And when it comes to comparisons to Key, the electorate has not changed so much in the five years since Key left the political stage that the characteristics that made Key a highly popular and successful PM for eight years could not work again.

Luxon is not Key. The first six months of next year will be crucial to his ability to carve out a sufficiently attractive political persona to pull back National voters from **Act** to start with, and then elsewhere.

However, his corporate experience does mean he understands the basics of strategic execution. He has the pulling power to bring interesting and highly talented new advisers into his office, and he is clearly bursting with self-belief and energy.

The 2023 election had been looking harder for Labour to win before Collins was ousted. While it is still the more likely victor at this stage, the odds can be expected to close unless Luxon fails to fire.

So far, he is firing.

### A new lineup

Luxon upended the shadow cabinet under Collins, but was careful to reward the high fliers and appeared unencumbered by the support of Collins and her few supporters.

He picked **Nicola Willis** as his deputy and left her in Housing. She also picks up the social investment portfolio which had been held by **Louise Upston**.

Luxon put Bridges at the number three spot in the caucus with the finance and infrastructure portfolios, which pits him squarely against Deputy PM **Grant**

**Robertson**, who has both those portfolios too.

Collins was pushed to 19th in the National Party rankings and was given the technology and innovation portfolio. She didn't stick around for Luxon's first week in Parliament.

**Chris Bishop** retains the covid-19 response role and regains the Shadow Leader of the House role that was given to **Michael Woodhouse** in Collins' reshuffle in Aug. Bishop's re-elevation was seen as reward for a strong couple of months hammering the govt's covid record.

Former leader in the party, **Todd Muller**, was unranked - below the top 20 - and given Oceans and Fisheries and Internal Affairs. Muller, who had left the caucus under Collins, has now returned and was considering standing at the next election.

**Shane Reti**, who was deputy under Collins, will retain the health portfolio and will also take on the Māori-Crown Relations and Pacific Peoples.

**Erica Stanford** is at number seven and picks up the high-profile education portfolio alongside immigration. She rose the most in the rankings reshuffle, rising from 25th to 7th.

The biggest fall was for **Todd McClay** from 6th to 27th.

### Centre-right = centre-left again

The first rough measure of Luxon's early progress is expected early next week in the first political poll since he became leader.

Luxon's timing may be better than many would suspect at first glance.

The last poll result before Luxon's ascension to the top job was from **Roy Morgan**, which showed National and ACT catching Labour and the Greens for the first time in more than two years.

Labour dropped 3.5 percentage points to 36% between Oct and Nov, while National rose half a point to 26.5% and less than 10 points behind Labour.

Meanwhile, ACT rose another 1.5 points to 17.5%, meaning the centre-right vote of 47% surpassed the Labour/Green block of 46.5%.

The Greens were unchanged in the latest poll.

The most notable feature in the latest poll is a calamitous fall in confidence about the govt in the last three months. The index has fallen from 125 at

### Coming up

**Dec 15** - Half Yearly Economic and Fiscal Update due from Treasury, including fresh Budget forecasts.

**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.

the beginning of the Aug lockdowns to 101.5 at the end of Nov, the lowest seen for any govt since the Global Financial Crisis in 2008.

### NZAS and Meridian talking?

Neither party is commenting publicly, but **NZ Aluminium Smelters** and **Meridian Energy** are understood to be back at the negotiating table already to discuss the post-2024 contract for electricity supply to the Tiwai Point smelter.

NZAS majority owner **Rio Tinto** is coining it at present, with global aluminium prices surging and the \$36 per MWh the smelter is believed to be paying as a base price for its power is a steal compared to the forward price facing most industrial users, which is more like \$140 per MWh.

Industry conventional wisdom suggests **Rio Tinto would like to keep the smelter going until at least 2035**, and that Meridian would entertain that for the right price. Coaxing a green hydrogen investment to Southland is, by comparison, a much bigger ask.

Key to the negotiations is likely to be not only a higher electricity base price, but an agreement about interruptible load. There is no avoiding letting metal harden in the pots to be followed by a costly restart when closing a potline to meet load constraints, but it is a cost that can be covered with the right arrangements in place.

### NIMBYs throw a bone

One of Christopher Luxon's first moves was to agree to a softening of the Labour-National 'Townhouse Nation' accord agreed under Judith Collins' leadership, albeit for a deal negotiated by Nicola Willis.

NIMBY centre-right councillors and ratepayers in Auckland, Wellington and Christchurch have been up in arms for weeks over the forced change to allow three three-storey townhouses or apartments built on any section as of right.

It was a rumbling complaint against Collins in the

final weeks of her time in charge.

Labour, which is also under pressure from supporters in the leafy suburbs close to city centres, agreed this week to lower the maximum height of the new Medium Density Residential Standards (MDRS) by one metre to five metres.

It also allowed the houses to be closer to section road frontages, allowing more backyard space and light to poke through to neighbours.

The select committee hearing the complaints would have gone further if it could have.

The move to lower the maximum height by one metre to five metres carved 4% or 1,690 homes off the expected extra housing supply of up to 200,000 houses over the next 20 years.

The committee wanted to go even lower, but was persuaded it would cut too much off the supply shock many in and around govt are hoping it will help to put a lid on prices.

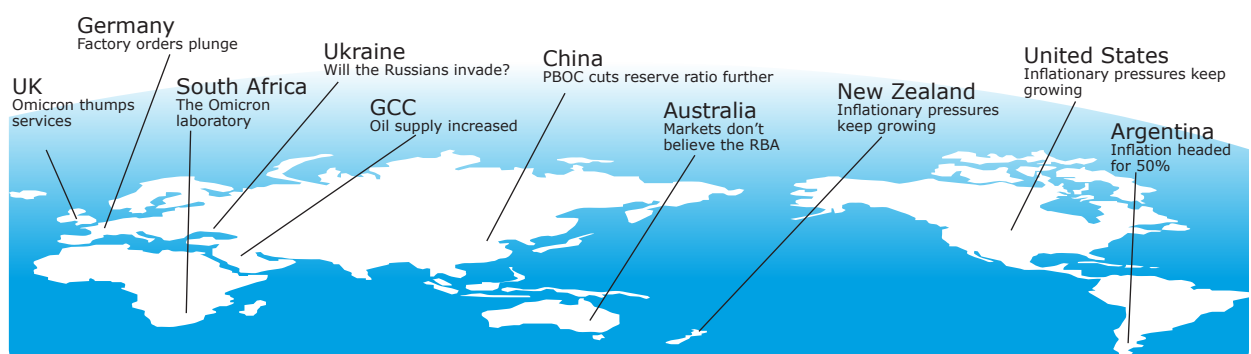
The easing of the accord may be enough to quieten the complaints and signal to National supporters a Key-like pragmatism.

### Just briefly ...

Defence Minister **Peeni Henare** released a new set of **Defence Priorities and Principles** that put a special emphasis on helping NZ's Pacific neighbours deal with security threats, including climate change and illegal, unregulated and unreported fishing. **Without naming China**, the new priorities and principles point to the growing challenges of "strategic competition" in the Pacific and Henare referred to NZ's sending of Defence and Police personnel to the Solomon Islands as an example. Disputes over the Solomons switch from recognising Taiwan to recognising China were seen as sparking recent violence that wrecked Honiara.

Former Westpac NZ chief executive **David McLean** was appointed KiwiRail board chair as the SOE

### The world at a glance



faces questions over its culture which led to its chief executive rising.

A review of **KiwiRail** is considering whether change the state-owned enterprise structure for a business officials say is not commercially viable, but which ministers want to retain for its public good value.

The review is being carried out by Treasury and the **Ministry of Transport** into what form **KiwiRail** and **New Zealand Railways Corporation** (NZRC) should take. The latter is the state-owned enterprise (SOE) which leases Crown land to KiwiRail for the rail network.

The terms of reference rule out privatisation or splitting the company up into entities responsible for the 'above ground' trains and ferries separate from rail network, its maintenance and the land it sits on.

The govt has outlined **new tobacco laws** which will mean a sales age ban will rise each year and eventually ending legal sales. It also proposes reducing nicotine levels in cigarettes and reducing the number of places that can sell tobacco..

Foreign Affairs Minister **Nanaia Mahuta** says the NZ Defence Force and police personnel being sent to the Solomon Islands will maintain peace rather than get involved in their domestic politics. Mahuta expected further rioting. She said it was a short-term effort of about 30 days at the request of the local govt.

After a stint in quarantine and home isolation, the new US ambassador **Tom Udall** has officially taken up his role after presenting his credentials to the Governor General. Udall is a former senator for New Mexico.

NZ will push for new international law to ban and

regulate autonomous weapons systems, which once activated can select and engage targets without further human intervention, disarmament minister Phil Twyford said.

The govt said additional \$9m will be provided to support covid vaccine delivery in developing countries taking NZ's total contribution to \$26m.

**Immigration NZ** closed down an avenue opened by a court last week for Afghans trapped there after the Taliban came into power to get a visa. The High Court ruled **Immigration NZ** was wrong to deny exceptions to grant them visas, based on humanitarian grounds existing in their home country. But Immigration issued instructions to re-close this avenue saying a humanitarian crisis outside of NZ is not relevant to the determination of a request to travel to NZ.

Auckland mayor **Phil Goff** outlined a Climate Action Targeted Rate that will raise around \$574m over 10 years, ringfenced for direct climate action. Funds raised would be leveraged to seek a further \$471m through central government co-funding and other sources.

Aucklanders are to be offered 100,000 vouchers this summer for a range of activities in a \$37m govt and Auckland Council scheme.

Due to the omicron variant of covid-19, officials released about 1,000 fewer MIQ rooms than initially planned. Instead of 3,100 rooms capacity to about 2,050 for dates between Dec and March, citing a rapidly evolving situation with the new variant. There needed to be enough room for international arrivals as well as community cases in coming days and weeks. 🇳🇿

## Trading partner growth

(2019-2020 actual; 2021-2023 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
China	36.2	6.0	2.3	8.0	5.1	5.4	2.9	2.5	1.0	2.1	2.2
Australia	15.4	1.9	-2.4	3.6	3.6	2.9	1.6	0.8	2.6	2.3	2.1
United States	12.6	2.2	-3.4	5.5	4.0	2.5	1.8	1.2	4.4	3.7	2.5
Japan	6.4	0.7	-4.7	2.2	3.0	1.3	0.5	0.0	-0.2	0.7	0.7
Eurozone	5.4	1.3	-6.5	5.0	4.3	2.2	1.2	0.3	2.4	2.3	1.5
South Korea	3.4	2.0	-0.9	4.0	3.1	2.5	0.4	0.5	2.3	1.9	1.6
United Kingdom	2.8	1.7	-9.7	6.9	4.7	2.0	1.8	0.8	2.4	3.7	2.5
Singapore	2.1	1.3	-5.4	6.5	4.2	3.3	0.6	-0.2	1.9	1.7	1.4
Hong Kong	2.2	-1.7	-6.1	6.5	3.2	2.8	2.9	0.3	1.7	1.9	1.9
Taiwan	2.4	3.0	3.1	6.0	3.3	2.8	0.6	-0.2	1.9	1.7	1.4
Malaysia	1.8	4.4	-5.6	3.8	5.8	5.0	0.7	-1.1	2.4	2.0	2.3
Indonesia	2.3	5.0	-2.1	3.4	5.1	5.3	2.8	2.0	1.6	2.8	3.4
Thailand	1.8	2.3	-6.1	0.9	3.9	4.6	0.7	-0.8	1.0	1.4	1.3
Philippines	1.2	6.1	-9.6	4.2	6.8	6.5	2.5	2.6	4.4	3.3	3.2
Vietnam	1.6	7.0	2.9	1.8	7.4	7.0	2.8	3.2	2.2	3.2	3.5
India	0.9	4.0	-7.3	9.2	7.7	6.3	4.8	6.2	5.4	5.0	4.8
Canada	1.4	1.9	-5.3	5.0	4.1	2.5	1.9	0.7	3.3	2.9	2.2
<b>NZ Trading Partners</b>	<b>100.0</b>	<b>3.5</b>	<b>-1.6</b>	<b>5.7</b>	<b>4.4</b>	<b>3.8</b>	<b>2.0</b>	<b>1.4</b>	<b>2.0</b>	<b>2.3</b>	<b>2.1</b>
<b>Forecasts for New Zealand</b>											
Consensus		2.4	-2.1	4.8	3.7	2.5	1.6	1.7	3.7	3.3	2.1
BNZ Forecasts		2.4	-2.1	3.4	5.5	1.6	1.6	1.7	3.9	4.3	2.5
<b>The World</b>		<b>2.5</b>	<b>-3.3</b>	<b>5.6</b>	<b>4.2</b>	<b>3.6</b>	<b>2.7</b>	<b>1.9</b>	<b>3.4</b>	<b>3.2</b>	<b>2.9</b>

## Bridges backs off Orr critique

New National Party finance spokesperson **Simon Bridges** and ACT leader **David Seymour** initially said they don't want Adrian Orr appointed for a second term as Reserve Bank Governor Orr's term ends shortly before the 2023 election.

Seymour's views aren't too surprising or off-piste, but Bridges' intervention was unusual in an era where finance spokespeople and ministers are at pains not to criticise officials too personally, especially one for an agency with a mandate to be independent.

Bridges agreed in an youtube discussion last week the Reserve Bank under Orr was partly responsible for massive inflation in house prices and he was spending too much time talking about less relevant things for a central bank such as climate change and Te Ao Māori.

Just before National's leadership change, Bridges and Seymour spoke in a roundtable discussion with libertarian columnist Damien Grant about politics.

Bridges was asked if he and Seymour would reappoint Orr for a second four-year term if they were in govt. Both Seymour and Bridges made the point the decision would come up a few months before the 'caretaker' period ahead of the 2023 election, when the convention is the sitting govt doesn't make such big reappointments. So, assuming the election is held in the normal Sept-Nov period, the decision would not be theirs.

But they both went on to say they wouldn't reappoint Orr if they got the chance through an early election or if an interim Governor was put in Orr's place, as was the case with the previous permanent Governor, Graeme Wheeler, after it became unclear he would get a second term.

Bridges said not reappointing Orr could be seen as awkward, but he agreed with Seymour, who was very critical of Orr last November.

"This is a guy (Orr) who's probably ultimately made things worse. His policy implementation has led to the housing problems we've got — the big inflation — and he's been focused on a whole bunch of other things that may or may not be important, but they're not the job of the Reserve Bank, whether it's Māori issues, climate change and the like," Bridges said.

This emerged the day after Luxon's election, leading to a few awkward questions.

Luxon said Bridges had been referring to the Reserve Bank's mission creep and wasn't necessarily calling for Orr's removal.

"We don't want it to get politicised because we don't want to undermine the independence and the trust that it has both with the government and the public," Luxon told reporters.

Bridges also walked back his critique, saying he had sympathy for Orr having to deal with the govt's expanding mandate for the bank.

The relatively effective bomb disposal exercise was an early test of the Luxon-Bridges nexus on National's policy stance.

But they will have to be cautious about crossing the line into playing the man, rather than the ball of monetary policy.

## Economy firming into summer

The final week of the economic year is shaping up as a preview of how the economy is strengthening into summer in the wake of the August to December lockdowns.

Building work put in place and retail sales volumes figures for the September quarter show the output hit from the lockdowns is likely to be softer than initially expected.

GDP figures and new Budget forecasts due on Wednesday are expected to show robust consumer spending through the spring and summer helping to keep pressure on the employment market and inflation.

Strong terms of trade and a lower currency are also boosting the economy as it slides into the summer break.

The ANZ World Commodity Price Index lifted 2.8% in Nov, pushing it into new territory. In local currency terms, the index gained 3.1%, which was also a record high. Dairy prices lifted 6.3% m/m in Nov, with particularly strong price lifts achieved for butter and cheese.

Construction remains strong too. New housing consents continued to track upwards, rising 26% to 47,715 new homes for the 12 months to Oct and marking the seventh record month in succession. Stats NZ data show a total of 4,043 new homes consented for the month.

But **the housing market is cooling**. Economist Tony Alexander's latest survey of 331 agents found that not only are investors less willing to buy, but first-home buyers have strongly stepped back from making a purchase for now.

We will publish a HUGOvision extra after next Wednesday's half-year fiscal and economic update. 

## Banks, insurers and fund managers

The **Financial Markets Authority** filed civil proceedings against **Kiwibank** for charging customers \$1.2m in fees that were specifically waived in its terms and conditions.

Kiwibank's terms and conditions said customers would not pay transaction fees on their accounts if they also had a home loan from Kiwibank, the regulator said. However, the bank did not apply the waiver to approximately 35,000 home loan customers' accounts and overcharged them a total of \$1.17m between 2005 and March last year.

The **FMA** deemed cryptocurrencies and derivatives as high-risk for money laundering and terrorism financing.

## Energy and resources

The primary advocate for the multi-billion dollar Lake Onslow pumped hydro scheme, Keith Turner, is joining the board of Transpower, along with Helen Clark's former chief advisor, Heather Simpson.

**Refining NZ** completed a \$39m share placement to fund the expansion of refined oil storage at Marsden Point. The company believes providing more storage will be a growth area when it ends oil refining and moves to an import-only model under the Channel Infrastructure brand.

**Christchurch Airport** is committing 400 hectares to create a renewable energy park with the first phase dedicated to a 150 megawatt solar farm. Australian renewable energy fund **Solar Bay** was committing \$100m to the development of phase one.

## Manufacturing and construction

**Vulcan Steel** said stronger than expected trading in the five months ended Nov led it to upgrade its annual net profit forecast by up to 35%. It expects net profit for the year ending June 2022 will come in between \$93m and \$100m compared with its prospectus forecast of \$74m.

**Fletcher Building** is launching a new business called Vivid Living to provide a new form of retirement housing. Vivid Living's first homes will be built at Waiata Shores and Red Beach in Auckland and will be available for customers to view and sign up from March next year.

## Primary sector, food and beverages

Farmer shareholders voted in favour of a new capital structure for **Fonterra** with 85.16% support. The **Fonterra Shareholders' Fund** will now be capped at 10% of total shares on offer and there will be a farmer-only market for shares. Farmers will decide

the prices at which price they buy and sell shares.

The fund's chair, John Shewan, noted the substantial value destruction caused by the restructuring for unit holders and said the fund should have been wound up.

The new structure also sets a new minimum shareholder-farmer requirement of one share per three kilograms of milk solids produced, down from the current one-for-one requirement. It needs government support to amend the **Dairy Industry Restructuring Act (DIRA)**.

**Fonterra** forecast this season's payout will be between \$8.40 and \$9 per kilogram of milk solids, with the midpoint at a record high of \$8.70 compared with the previous forecast of \$8.40, which was also the previous record payout in 2013.

**ANZ Bank** revised its farmgate milk price forecast for the 2021-22 season up 60c to \$8.80/kg milk solids. Its initial forecast for the 2022-23 season is at \$8.00/kg MS.

NZ's total milk volume, total milksolids and per cow production were the highest on record in the 2020-21 season.

**Synlait Milk** is confident it can generate a profit over the coming years but anticipates A2 Milk's orders for infant formula will only edge up at best.

**BNZ's Shift Happens**, a future of agribusiness report, found 53% of NZ's agribusinesses expressed optimism for the future (down from 58% in 2020) while an increasing number of farmers were feeling threatened by change and its impact on the long-term success of their agribusiness (42% to 47%).

## Property

**Property for Industry** estimated the value of its portfolio should rise by about \$150m to \$2.16b by Dec 31. This includes the purchase of a 5,000sqm Penrose site for \$6.8m.

## Retail and wholesale

Kiwi Property Group's **Sylvia Park** will house NZ's first **Ikea** store.

**Bunnings** doubled net income to \$52.3m to June, up from \$25.1m last year and paid an \$86.1m dividend to its parent.

Five months into its current financial year, **PGG Wrightson** increased its full-year operating earnings guidance by \$5m to \$58m, on the strength of buoyant spring trading.

## Service industries and healthcare

**Ebos Group** is buying medical products distributor **LifeHealthcare** for about A\$1.17b and will raise

## CORPORATE ROUND-UP

up to A\$742m of fresh equity and A\$540m of new term loans to pay for it. The acquisition includes 100% of LifeHealthcare's Australian and New Zealand subsidiaries and 51% of its Asian subsidiary, Transmedic, marking Ebos' first foray beyond Australasia.

**Smart Environmental and Earthcare Environmental** are merging to create NZ's third-largest waste operator. The combined entity will provide collection services to more than 430,000 households across 20 councils, as well as more than 85,000 private consumer and commercial customers.

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

**Sky Network Television** raised its guidance for FY22 as it will reduce operating cost by an additional \$35m. Earnings guidance increased from \$115m-to-\$130m to \$150m-to-\$160m. Net profit guidance rose from \$27.5m to \$40m-to-\$48m and the firm lifted the bottom end of revenue guidance, which is now \$725m-to-\$745m.

**MediaWorks** bought out the remaining shareholders in marketing agency **Digital Commons**, becoming the company's outright owner. The outdoor advertising and radio group owned a majority stake in the digital specialist, a legacy of a QMS acquisition in 2017. **QMS** merged with MediaWorks in 2019. The deal for the remaining 26% of Digital Commons will mean its managing partner **Lisa Ison** becomes head of digital partnerships at MediaWorks.

Australia's **Hipages Group** bought online trades networking company **Builderscrack** for A\$11.8m (\$12.4m) in a cash and shares deal. Hipages is Australia's largest online tradie marketplace.

**Vodafone** will scrap its loss-making set top box service next year, giving its 100,000 customers nine months to switch to an alternative. VodafoneTV was launched in October 2017 and offers access to **Sky TV**, free-to-air channels, and apps such as **Netflix, Neon, and Amazon Prime**. Sky TV customers using the box will be offered Sky products.

NZ small business ICT expenditure has increased 25% compared to pre-pandemic levels - more than the UK (20%) and Australia (13%), according to a report by **Xero**.

**NZME** will buy business news site **BusinessDesk** for up to \$5m, subject to Commerce Commission approval.

### Transport and logistics

New vehicle sales set a new record for the month of Nov, with strong demand for utes and SUVs. The **Motor Industry Association** said 16,327 new vehicles

were sold in Nov, 37.3% up on the same month a year ago. Registrations in the year to date are up about 40% on last year, with 153,362 registrations. The **Ford Ranger** was the most sought after vehicle. The electric **Tesla Model 3** was fifth on the list, with 408 cars sold. Nearly 3,000 were some form of EV, 17% of all registrations for Nov.

**Timaru** port workers seeking better pay continue to escalate the threat of strike action in the lead up to Christmas. The Rail and Maritime Transport Union issued a seventh strike notice for a 24-hour stoppage on Dec 22, following notices already issued for the six previous days.

However, a strike of **KiwiRail** workers was called off after a fresh offer was presented.

### Capital Markets

Eroad is to replace **Napier Port** in the NZX's benchmark top 50 index.

**Winton Property** is pressing ahead with plans to raise as much as \$350m in an initial public offering that will get in just before the Christmas break with a dual-listing on the NZX and ASX to help fund its expansion of high-end retirement villages. It has secured a \$200m commitment from **Macquarie Asset Management**. It has another \$100m from high net worth investors and will invite institutional investors to bid for the remainder.

The NZX regulator fined **Blackwell Global Investments** \$40,000 for incorrectly reporting financial information in a mistake that sent its share price soaring and burned retail investors.

### Corporate actions

**Forsyth Barr** launched its **Octagon Asset Management** subsidiary, spinning out from the broking firm's existing funds management team with their own brand and governance. Forsyth Barr remains the sole owner of the new entity, but its staff will become shareholders over time. It will start with \$650 million of funds under management.

### Courts, legal and regulation

The **Supreme Court** denied leave for **Winston Peters** to appeal his case relating to the leaking of his superannuation details. The High Court dismissed the claim and ordered him to pay nearly \$320,000 in costs, which the appeal court upheld.

### People news

**Roger Gray** has been appointed **Ports of Auckland ceo**, after two years as **Lyttelton Port ceo**.



## Enabling less housing supply

Bills under urgency in penultimate week of 2021

- *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

**Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Bill** – Introduced on Nov 30. The bill brings maternal birth injuries under ACC cover. It also makes 5 additional policy changes and 7 technical changes. Among the policy changes are restoring the more claimant-friendly test for work-related gradual process, disease, or infection cover, reducing the threshold for injury-related hearing loss cover from 6% to 5% and increasing the size of the ACC Board.

**Education and Training Amendment Bill (No 2) – Introduced on Nov 30.** Allows the govt greater flexibility to regulate compulsory student services fees charged by tertiary education providers and other technical changes.

**Gambling (Reinstating COVID-19 Modification) Amendment Bill** – Introduced on Dec 9. The bill reinstates a covid-19 measure allowing Class 3 lotteries to be conducted remotely until Oct 31 2024.

### Bills in progress

**Canterbury Regional Council (Ngāi Tahu Representation) Bill** – Introduced on Nov 10. The bill reinstates direct **Ngāi Tahu** representation on the **Canterbury Regional Council**. First reading on Dec 8. Opposed by National and ACT and referred to the Māori Affairs Committee.

**Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill** - Introduced on Oct 19, the bill amends the RMA with the intent to accelerate housing supply to set more permissive land use regulations by bringing forward and amending the National Policy Statement on Urban Development.

The bill introduces medium density residential standards allowing at least 3 dwellings of up to 3 storeys per site across more urban areas without a resource consent. The bill received its first reading on Oct 26 with just ACT opposed. It was sent to the Environment Committee.

*Reported back on Dec 2 with changes to lower specified building heights, which reduces likely extra supply by 4% or 1,690 homes. Second reading on Nov 7 with just ACT opposed. Committee stage completed on Nov 9.*

**Sexual Violence Legislation Bill** - Introduced on Nov 11. The bill amends the Evidence Act, Victims' Rights Act, and Criminal Procedure Act with the intention of reducing the retraumatisation victims of sexual violence may experience when they attend court and give evidence.

First reading Nov 14 and referred to the Justice Committee. Report back extended from May 14 to June 15. Reported back on June 20, 2020 with a large number of mainly technical changes.

National expressed concern about a number of issues which they said put at risk the right to a fair trial. Second reading completed on Feb 25 with all parties in support, but National indicated it would be seeking changes in the committee stage.

*Committee stage completed on Dec 8 with National amendments voted down.*

### Bills passed/defeated

**Births, Deaths, Marriages, and Relationships Registration Bill** - Introduced on Aug 10 2017. The bill makes a number of administrative changes to the principal law about access to identity certificates and the administration of them.

First reading on Dec 5 supported by all parties and referred to the Governance and Administration Committee. Reported back on Aug 10 2018 including controversial changes to the bill making it easier for people to change their gender on official documents.

NZ First objected to the change saying it was made without proper consultation as a result the bill stalled. Second reading on Aug 11 2021 with all parties in agreement to send the bill back to the select committee for public submissions on the changes made in 2018.

*Returned from select committee with minor changes and committee stage completed on Dec 7 and third reading Dec 9 with all parties in support.*

**Education and Training Amendment Bill** - Introduced on April 21. The bill clarified safety checking processes for children's workers and school employees, extends the ban on charging trainees a compulsory student services fee by 1 year, emphasises only persons holding a teaching position are able to use physical restraint, and amends rules around intervention and regulation-making powers around licensing of service providers.

First reading on May 6, supported by all parties and sent to the Education and Workforce Committee. Reported back without amendment on Aug 4. Second reading completed Oct 19. Committee stage completed Nov 9.

*Third reading completed on Dec 9 with the support of all parties.*

**Parliament has one more sitting week this year and rises for the year on Wednesday, followed by the annual Press Gallery party, which is conducted under the Chatham House Rule.** 🇳🇿