

Has Hipkins peaked?

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After a strong first two months as Prime Minister, assisted somewhat by having to respond to weather-related disasters, Chris Hipkins's dream run may be running out of steam. The 'Posie Parker' protests and aftermath have put culture wars issues back on the political agenda and are a source of serious political risk for Labour.

Early election window closing fast

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While Hipkins has never put an early election on the agenda, the conditions for a Labour win this year have arguably been as good as they will ever be already. A combination of economic and socio-political factors, along with the inevitable impact on a government's authority of a ministerial scandal like that involving Stuart Nash must surely erode the government's authority as the year wears on.

National's not so secret weapon: new policy

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Well-executed announcement of fresh education and energy policies in the last fortnight have started to show a more assured National Party and given Christopher Luxon something solid to perform to. Elections may seem like popularity contests between leaders, but policy and its execution are still what matters most.

Taking too long over Stuart Nash

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The handling of Stuart Nash's exit from Cabinet has taken too long and threatens to remain a running issue that the govt will struggle to overcome as the Cabinet Office spends the next two months investigating whether the errant Napier MP has done anything else he shouldn't have.

Beijing on the itinerary?

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Nanaia Mahuta's trip to China is a formal precursor to a prime ministerial visit, probably in June, if diaries can be made to match up. The PM is likely to take a trade mission and the visit will be the first by a NZ PM to Beijing since May 2019.

More RMA doubts

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The chair of the environment select committee, respected Green MP Eugenie Sage, wants the RMA reform package sent back for further public consultation. Environment Minister David Parker is hanging tough because any delay would prevent passage before the election.

Tough times for media ahead

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The sudden closing of MediaWorks' TodayFM channel, one year into a five year plan, is just the tip of the iceberg of difficulties starting to face media companies reliant on a swiftly softening advertising market in the year ahead. The early post-covid resilience of media was remarkable, but 2023 may yet prove more challenging.

Are we at “peak Hipkins”?

The slow motion sacking of Stuart Nash and the polarising effect of the transgender activist protests in Auckland have punctured the balloon on Chris Hipkins’s honeymoon.

Marama Davidson’s injudicious comment that “cis white men” are responsible for most violence not only sent older observers to their urban dictionaries to check out the meaning of “cis”, but also betrayed a side of Davidson’s personal politics that is normally kept better hidden.

One of the big risks for Labour, if it’s to win this year’s election, is the potential for its **coalition partners to be too radical for middle NZ voters**. Te Pati Maori is already a risk in this respect, but the Greens have plenty of capacity to adopt uncompromising stances on climate change and social justice issues that will also be a net electoral turn-off.

Personal views on so-called “culture wars” issues may not shift voters from one side of the political spectrum to other. But the **toxic nature of these debates has the capacity to radicalise parts of the electorate and drive voters to the extremes of that spectrum**.

In our assessment, this is more likely to lead to **greater gains for the right of politics because it is the right that feels that “things have gone too far”** on issues such as Maori co-governance or gender identity and “wokeness” in general.

The **protests that saw the anti-transgender activist “Posie Parker” leave the country** after being doused in tomato juice and jostled in Auckland looked at times **too reminiscent of the least tolerant elements of last year’s Parliament encampment**.

The govt, meanwhile, recognised where the line on this lies by not preventing “Parker” from entering the country, and upholding free speech in the process.

Hipkins’s intervention to force Davidson to roll back her comments on the cause of violence was telling as an indication of nervousness about losing the centre.

Meanwhile, National had a good few days with the announcement of education policy and a run of negative headlines for the govt.

Early poll window closing

Conventional wisdom dictates that calling an early election is generally punished by voters.

However, **the conditions for a Labour win must surely be peaking now, just as Hipkins is, if they have not peaked already**.

He would be **better to move while Christopher Luxon is not gaining much traction with voters, rather than when his own stocks are waning**, as they are likely to start doing soon.

Interest rates will rise again once or twice before they fall, house prices will remain weak or falling while that is the case.

The govt’s legislative agenda is looking unwieldy. Particularly noteworthy are comments at a peak environmental conference this week about the RMA reforms from the chair of the environment select committee, the Greens’ Eugenie Sage (*see separate article page 6*).

A Talbot Mills poll in the first week of March put Labour on 37% support, up 4 points from Feb, and National down 2 points to 34%. Likewise, it contained soggy results for Luxon’s preferred PM polling, which fell to a new low of 23% down 4 points from last month’s poll. Hipkins was up 4 points to 39% support.

However, **this is starting to look like a high point**.

Stuart Nash’s third strike

Ministerial scandals are especially damaging for govts if they are not swiftly cauterised. **That is why the handling of Stuart Nash’s past indiscretions is so harmful to Hipkins** as he enters his third month as PM. Instead of dying down, **the issue keeps peeling like an onion**, keeping the story rolling for days and revealing new angles for media and Opposition investigation.

First it was Nash’s unconstitutional calls to the Police Commissioner, then it was his breach of Cabinet confidentiality to donors over covid business rent subsidies that he disagreed with. Then it was disclosed that those emails were withheld, apparently by accident, by members of then PM Jacinda Ardern’s office staff when answering an Official Information Act request.

To muddy the waters further, by the end of the week, it was being suggested that this decision to withhold reflected a belief that Nash was not communicating with his donors as a Minister, but as a constituency MP – **a line of argument that is a gift for keeping the issue embarrassing and live. Even such a distinction exists in theory, it is politically untenable**.

The incident again puts Troy Bowker, a Wellington private equity investor who advised the Key govt on making NZ a financial services centre and has been a major donor to the Act and NZ First parties, in the spotlight. Bowker was a Nash supporter before Nash repudiated Bowker publicly over social media

comments that ultimately saw Bowker delete his social media profiles altogether.

What Nash does next is anyone's guess although he has said he **will not resign and force a by-election** in his Napier electorate. He has **been courted in the past by NZ First and in 2014 discussed wanting to set up his own political party** – generally a route to political oblivion. He has been a popular MP for Napier and often said to be in the wrong party because of his right-of-centre social and economic views.

His decisions may depend on the **Cabinet Secretary's review of Nash's donor communications to determine whether there is any further wrongdoing**. This, too, is a political gift to the Opposition as it promises to keep the issue alive for the two months that the review will take.

Napier may be winnable for National, particularly as the cyclone recovery response is likely to become a source of political risk for the govt as frustrated constituents seek quick fixes that are unlikely.

Nash's 2020 election majority of 5,856 was only slightly up on his 2017 majority, in an election where the swing to Labour was so strong. **National chose Napier for its January caucus retreat, using the election year opening act to showcase its candidate, Katie Nimon.**

Cabinet implications

Megan Woods and David Parker have taken over Nash's portfolios on an acting basis, although they are unlikely to keep them permanently, with the exception perhaps of oceans and fisheries, which was once held by Parker. Permanent portfolio holders are likely to be announced next week.

Assuming Hipkins replaces Nash at the Cabinet table, which he may not, the next highest-ranking minister outside of Cabinet is Meka Whaitiri, although newcomers **Duncan Webb** or **Deborah Russell** might also be contenders.

A spot outside Cabinet might be filled by Rachel Brooking, the chair of the finance and expenditure select committee. She'd been tipped for a job in the executive last reshuffle but was kept outside while the environment select committee heard submissions on the bills to replace the RMA. Brooking is Labour's resident resource management expert, and in her life before Parliament, sat on the working group that reviewed the RMA and proposed the bills that are to replace it.

Nats' policy starts emerging

The release of two substantial pieces of National

Party policy are a further element in the tide turning on Hipkins.

Education

Luxon's education policy announcement was a step up in election year announcements execution. While fairly light on detail, it was heavily covered by political news media and contained simple messages for swing voters.

By emphasising an hour a day of reading, writing and mathematics and talking up a revised form of regular student assessment – not a reprisal of the Key govt's National Standards – the policy is calibrated to appeal to parents concerned about what their kids are being taught and how to measure that.

Luxon took care not to attack the teaching profession, praising teachers while announcing a focus on improving maths and science teaching capability, where many teachers already say they are weak.

National would abolish the teacher registration fee and there is no talk of tackling performance pay – an issue guaranteed to enrage the powerful teacher unions. National is not willing to take the unions on.

UK joins CPTPP

Britain has achieved one of its primary post-Brexit trade aims, with its acceptance as a member of the CPTPP.

"This is our new club for good or bad – the middle ground of trade," said Crawford Falconer, UK and former NZ trade negotiator. CPTPP members were the UK's "natural allies on trade". The deal "very firmly positions the U.K. with those middle powers of trade."

Energy

Today's "Electrify NZ" announcement is similarly carefully calibrated. In essence, it positions Luxon with urban audiences as being committed to carbon reduction goals while leaving unanswered, for now, how National would approach agricultural emissions reductions.

By promising to produce a National Policy Statement for Distribution, he also seeks to cement the National rubric that it will be a govt that "gets things done".

Key elements of the policy are:

- up to a certain size, no requirement for resource consents for upgrades to local electricity network infrastructure. This is intended to hasten the capacity of the distribution system to handle increased electricity demand as transport, commercial and industrial, and household load increases;
- resource consent applications for new renewable generation to be processed within one year of application;
- renewable generation resource consents to run for 35 years, rather than the 10 year limit currently

POLITICS AND POLICY

proposed for small-scale renewables;

- limited rights for local govt to reject renewable generation resource consent applications. Conditions will be able to be applied, but if an area is deemed appropriate for such developments, consent cannot be withheld;
- consents granted for new renewables will remain live for 10 rather than five years;
- “new pricing rules” will incentivise investment in distribution. There was no detail on this part of the announcement but sounds as if more generous regulated rates of return are on the cards;
- Project Onslow will be abandoned.

Bite-sized chunks

As with the education policy, the electricity policy is only the first tranche of the “Electrify NZ” plan that National intends to roll out and make a major part of its election year bid for credibility as an action-oriented govt with a plan to deal with climate change that is not too doom-laden.

Luxon is promising National wants to put NZ on a path to double renewable electricity generation by 2050.

Big questions remain. These include the extent to which National would reform the wholesale electricity market, which is still widely perceived to be anti-competitive for small-scale retailers, and how it would act on agricultural greenhouse gas emissions.

For now, however, cutting up big policy ideas into bite-sized chunks looks as if it is working for National.

In the end, elections are usually won and lost on policy and performance more than the personality of a party’s leader. Luxon, particularly, needs to make a policy-based strategy work since his personal political appeal continues to look limited.

Hipkins to China in June?

Foreign affairs minister Nanaia Mahuta’s visit to Beijing is a standard part of the formal process for laying the path to a prime ministerial state visit.

While there is some political risk for Hipkins in going to China before the election, there is also increasing pressure to re-establish normalised links now that the Middle Kingdom is opening up post-covid.

Thinking is that the PM will lead a multi-city trade mission that will take in Beijing. The last attempted trade mission was to have been in 2019, but was derailed by the Christchurch mosque attack.

Coordinating diaries in Wellington and Beijing is a little fraught, apparently. The election timing creates issues for Hipkins while the sheer number of world leaders lining up for a Beijing visit after three years of covid is very large.

Chinese political diaries are also very full with domestic priorities over the mid-year period.

Mahuta met her counterpart, Qin Gang, and invited him to visit NZ.

NZ into AUKUS? If so, how?

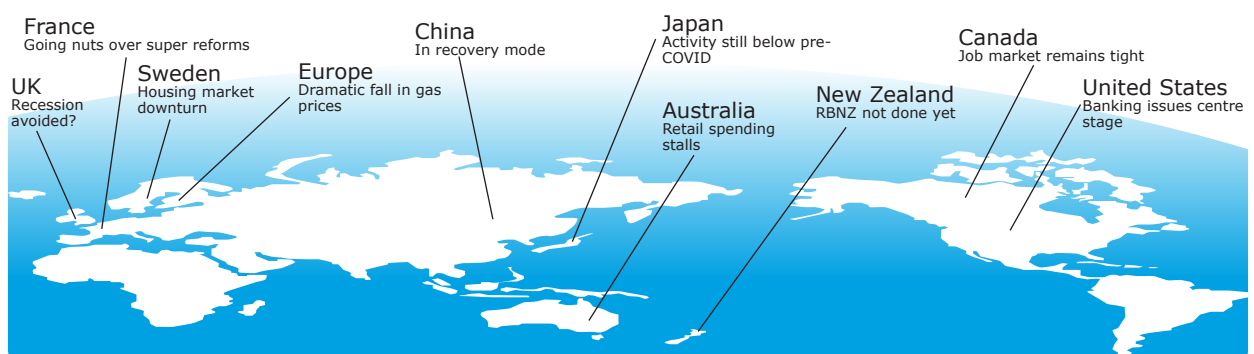
NZ will never have the means or political backing to invest in nuclear submarines, but the outlines of how this country might align more closely with US-led China containment policy is becoming clearer.

In a visit to Wellington by US National Security Council coordinator for the Indo-Pacific Kurt Campbell, it was revealed that NZ would be invited to collaborate on “cutting edge” digital technology.

Defence Minister Andrew Little was willing to discuss this capability in the context of AUKUS, and the delivery of the second of two P-8 submarine-hunting planes to replace the RNZAF search and rescue Orions.

However, the capabilities Campbell described appeared more relevant to the Five Eyes global

The world at a glance



signals intelligence network.

One of the key issues for NZ is how to ensure that if the subs deal does in fact proceed – an open question, given its huge expense and strategic contradictions – the technology transfer, high-tech job creation and new manufacturing capacity that will flow to Australia doesn't starve NZ of economic opportunity.

Inter-operability and common development of digital technology appears to be one route that NZ could both afford and pursue without upsetting the delicately managed China relationship.

China's ambassador to Wellington, Wang Xiaolong, issued a remarkably frank and well-written letter – free from much of the usual CCP rhetorical cant – to argue against NZ seeking an AUKUS role.

By sharing nuclear technologies, AUKUS was undermining international non-proliferation agreements that “will not make our region or the world more secure”.

“On the contrary, it will bring arms race or even intense confrontations to the Asia Pacific region, particularly to the South Pacific.”

While the AUKUS powers expressed concern about the militarisation of the region, the subs deal significantly increased the likelihood of that outcome.

The White House will soon unveil a deal with NZ to collaborate on “cutting-edge” technology. Campbell was in NZ to meet various officials, including defence minister Andrew Little, and said the door was open for NZ to have a bigger role in the region

now the AUKUS security pact was in place.

Defence minister Andrew Little said NZ may seek to join the second “pillar” of the AUKUS nuclear submarine pact after meeting with Campbell. NZ's role could involve adjacent technologies to the nuclear submarine deal, such as AI and advanced IT solutions.

Foreign Minister Nanaia Mahuta welcomed the International Criminal Court issuing arrest warrants for Vladimir Putin and Maria Lvova-Belov.

Visiting Irish agriculture minister Charlie McConalogue sees alignment in the pasture-based farming of NZ and Ireland, underpinning joint research efforts to reduce emissions and improve the sustainability of grass-based farming.

Security threats

The GCSB said it foiled three potential terror attacks over the past year, combining lead information with its technical ability to identify people who'd sought to obscure what they were doing online, and supporting police to take appropriate action.

The SIS is increasingly concerned about the threat of foreign interference and espionage, with acting director-general Phil McKee there were a small number of states running interference, of which some had potential to cause significant harm.

Financial company Latitude says details of 7.9m NZ and Australian drivers' licences was among the data stolen in a cyber-attack. Some 6% of businesses had a direct attack on their IT systems that resulted in loss

Trading partner growth

(2021 actual; 2022-2025 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
China	36.2	8.7	3.0	5.3	5.2	4.9	0.9	2.0	2.3	2.4	2.3
Australia	15.4	5.2	3.7	1.6	1.7	2.3	2.9	6.6	5.4	2.9	2.5
United States	12.6	5.9	2.1	1.0	0.9	1.8	4.7	8.0	4.2	2.6	2.0
Japan	6.4	2.2	1.0	1.0	1.1	0.8	-0.2	2.5	2.3	1.3	0.9
Eurozone	5.4	5.3	3.5	0.6	1.1	1.6	2.6	8.4	5.6	2.4	2.0
South Korea	3.4	4.1	2.6	1.1	2.2	2.4	2.5	5.1	3.2	1.8	2.0
United Kingdom	2.8	7.6	4.0	-0.5	0.7	1.6	2.6	9.1	6.4	2.9	2.5
Singapore	2.1	7.6	3.6	1.7	2.5	2.5	2.3	6.1	4.7	2.6	2.0
Hong Kong	2.2	6.3	-3.5	3.7	3.5	3.1	1.9	2.4	2.2	2.0	2.0
Taiwan	2.4	6.5	2.5	1.9	2.6	2.1	2.0	3.0	1.9	1.6	1.6
Malaysia	1.8	3.2	8.7	3.7	4.5	4.3	2.5	3.4	2.8	2.3	2.5
Indonesia	2.3	3.7	5.3	4.6	5.0	5.1	1.6	4.2	4.0	3.1	2.8
Thailand	1.8	1.6	2.6	3.5	3.8	3.4	1.2	6.1	2.9	1.9	1.7
Philippines	1.2	5.5	7.6	5.3	5.7	6.0	3.9	5.9	5.8	3.3	3.1
Vietnam	1.6	2.6	8.0	5.9	6.5	6.0	1.8	3.2	3.7	3.2	3.1
India	0.9	8.3	6.9	5.8	6.2	6.0	5.5	6.7	5.2	4.9	4.7
Canada	1.4	5.0	3.4	0.6	1.4	2.2	3.4	6.8	3.7	2.3	2.4
NZ Trading Partners	100.0	6.4	3.1	3.0	3.2	3.3	2.1	4.6	3.5	2.5	2.2
Forecasts for New Zealand											
Consensus		6.1	2.7	1.1	1.0	2.6	3.9	7.2	5.6	2.9	2.0
BNZ Forecasts		6.0	2.4	0.6	0.2	2.3	3.9	7.2	6.2	3.1	2.2
The World		5.9	3.0	2.0	2.4	2.5	3.6	7.3	5.3	3.4	3.1

or damage, within the past two years. Statistics NZ said this was down from the peak of 15% in 2018.

Drums beat for climate policies

Chris Hipkins's ditching of the sustainable biofuels mandate in the so-called "policy bonfire" has left a 1 megatonne hole in the gov't's plans to achieve carbon budget targets in its first emissions reduction period.

Plugging that hole won't be easy. Changes are likely to be announced in the Budget on May 18.

Also pressing is what to do with the popular Clean Car Discount, which offers a subsidy of up to \$8625, depending on whether a car is a zero emissions EV, hybrid, or a low-emissions conventional car. This is supposed to be funded by a fee of up to \$5175 on more polluting vehicles.

However, the fees aren't covering the cost of the rebates. A \$300m loan that got the scheme going is running down and there will need to be reset, with options being higher fees, lower rebates, or tighter eligibility criteria. This last option appears to be favoured and is likely to cut rebates available on conventional ICE cars.

ETS review

The settings for the Emissions Trading Scheme will also shortly be reviewed, in a process first flagged last May. Cabinet papers note that the current ETS settings do a good job of driving net emissions reductions because they incentivise plantation

forestry, but the same settings do a poor job of getting firms to actually cut gross emissions in the first place. The paper singled out the energy, transport, industrial processes, and waste sectors.

Treasury modelling reckoned an ETS price of \$120 a unit would see domestic electricity prices rise by up to 5% on 2021 levels, and domestic gas prices rise by 6.5%. But the carbon price was below \$60 a tonne this week.

Rural land use is also becoming politically hot.

National's 2022 party AGM saw a remit narrowly passed that pledged the party to at least consider policy that would limit the extent to which productive land could be converted into permanent forest or housing. The trouble for National is the caucus is allergic to the idea that too many rules should be placed on what landowners can do with their land.

Something will need to be done. Under current settings it is expected that between 410,000 – 670,000 ha of land would be converted to forestry by 2035 – approximately 2,000 farms and an increase of about 20%-30% on the area currently planted in exotic forests.

RMA reform speed wobbles

The chair of the environment select committee, Green MP Eugenie Sage, has called for the reporting back of the two bills that will replace the Resource Management Act to be delayed until August – meaning the bills would not be passed by the election.

Sage cited concerns raised by Parliamentary Commissioner for the Environment (and the Minister for the Environment who passed the original RMA back in 1991) Simon Upton as reason for the delay. He warned the bill might not adequately protect the environment and included novel terminology that might need to be tested in court.

Environment Minister David Parker was not moved and said the bills would pass before the election. He praised submitters for their engagement in the bills, but said that concerns raised were capable of being ironed out.

Labour may have to rely on its rare MMP majority to pass the bill on its own.

One unanswered question is what National would do were it to win the election. Its opposition to the forms is hardening, but it has not said whether it would repeal and replace them with its own invention were it to win the election in October.

If a stalemate emerges, there is a real likelihood that much environmental and development policy will be settled through the increased use of National Policy Statements.

Peters thumps tub

NZ First leader Winston Peters warned of a "conniving, cultural cabal" using Māori to "further their own agenda" in a state of the nation speech.

He proposed stripping govt departments of te reo names, mandatory prison sentences for people who assault first responders and more funding for frontline agencies.

TOP's teal deal

The Opportunities Party's Raf Manji promoted a "teal deal", pledging higher tax brackets for income and corporate tax to help fund a \$1.5b annual appeal to the youth vote with a \$5,000 KiwiSaver credit that could be accessed for education, training or housing. 🇳🇿

CEO Retreat 2023

The next Hugo Group CEO Retreat is scheduled to run from **dinner on Thursday September 7 to lunch on Saturday September 9 at Millbrook Resort.**

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

Mark your calendar now.

Cyclone and flood recovery

The govt says it expects to release details within weeks on which weather-hit areas are to be deemed high risk in future and will then make decisions about rebuilding. The taskforce led by Brian Roche is working with insurance companies after the Auckland anniversary weekend floods and Cyclone Gabrielle. That data would then be combined and compared with council risk assessments by mid-April, and the govt could then agree on the next steps.

Nearly a quarter of banks' residential mortgage exposures in Auckland are at risk in a one-in-100-year rainfall flood event, a Reserve Bank study said. Despite banks' flood exposure, the RB said banks' capital ratios are resilient when each shock is considered in isolation.

Insurance claims and payments relating to Cyclone Gabrielle and the Auckland anniversary weekend floods topped \$1b, with Hawke's Bay cyclone claims closing in on \$500m. The Insurance Council said there had so far been 40,275 claims relating to Cyclone Gabrielle, totalling \$889.8m. Most claims, over 13,000 or about a third of all claims, have been in Hawke's Bay across all general insurance types.

OCR decision next week

RBNZ chief economist Paul Conway warned the country risks a deeper recession if businesses and workers counter inflation through higher wages and profit margins. Conway told the NZ Capital Markets Forum that inflation was high and widespread, and he said the RBNZ was "incredibly determined" to get inflation and inflation expectations down.

Next Wednesday's OCR decision may be affected by the extent to which global financial stability risks are settling, following bank rescues in the US and Europe in the last fortnight.

With the OCR now at 4.75% and 5.25% still the anticipated high point, a 25bps rise or a pause look the most likely courses of action.

Economic indicators

The ANZ **Truckometer** survey's Light Traffic Index, regarded as a measure of consumers' willingness to spend, increased 2.9% in Feb – the first lift since Sept last year. However, the Heavy Traffic Index, a pointer for current activity and production, fell 0.7% for the month, giving an annual growth rate of 1.3%.

Households face paying an extra \$150 a week as inflation and rising interest rates take their toll on budgets. An **ASB research report** calculated the average increase in spending was made up of \$50 a

week in mortgage payments, \$30 for food, \$20 for transport, \$30 for general housing costs, and \$25 for sundries. Extra costs would fall mostly on the highly indebted.

Canstar's consumer pulse suggests two-thirds of mortgage holders will or already have cut back on spending, due to the increased cost of meeting higher mortgage repayments. The survey of 20,000 NZers said for a quarter the price of groceries is the biggest worry. Two years ago that number was 11%.

House prices

CoreLogic NZ said 60,859 properties were sold in the year to Feb, which was the lowest 12-month total since Oct 1983. There were about 4,100 sales in Feb, which was the lowest number for that month since 1981, with 16% more listings than the same time last year.

A **Property Investors Federation** survey said the percentage of respondents who will or who are likely to sell their properties increased from 21% in 2021 to 35% today.

Labour market

About 90% of businesses are struggling to find staff according to a survey of 540 businesses by the Employment and Manufacturers Association. Just under half of respondents planned to use migrants to fill staffing gaps but many complained the visa process was difficult to navigate.

113,400 beneficiaries moved into paying jobs during the June 2022 year, the highest number in 26 years. However, there were still 344,600 people on the jobseeker benefits database by the end of June last year, down 10,100 on the prior year.

Sentiment

ANZ's March Business Outlook Index found confidence unchanged at net negative 43, and own activity also flat, at negative 9. Inflation expectations still remained "sky high", but were falling from their peak. Pricing intentions were "inching lower". The labour market "is turning", ANZ said, based on the weakest employment intentions since late 2020.

The **Westpac McDermott-Miller consumer confidence** survey recorded a 2.1 point rise in sentiment in the March quarter to 77.7, off the record low touched in Dec. A reading below 100 indicates pessimism.

CPA Australia's NZ-specific findings of its 2022-23 Asia-Pacific small business survey said 40.3% of businesses surveyed expected the national economy to grow, the second lowest result of the 11 covered economies. 📊

CORPORATE ROUND-UP**Primary Sector**

The **Global Dairy Trade index** fell 2.6% to an average price of US\$3,361 (NZ\$5,427) in the latest auction with prices falling in six of the past seven auctions. Whole milk powder eased 1.5% to US\$3,228 a metric tonne, cheddar fell 10.2% to US\$4,052 and butter 3% to US\$4,748.

Synlait Milk reported a net profit of \$4.8m in the six months ended Jan 31, down from \$27.9m a year earlier, as it dealt with increasingly expensive supply issues and faces a tougher outlook.

Synlait's director of operations, **Nigel Macdonald**, will leave at the end of May.

Westland Milk Products' revenue lifted 27% year-on-year in the 12 months to Dec 31 to \$1.04b. Profit was \$39m versus a loss of \$82.2m in calendar 2021.

A2 Milk Co completed its share buyback, spending \$149m to buy 21.7m shares at an average price of \$6.87, reducing the shares on issue by 2.9%.

State-owned farming company **Pāmu** downgraded its profit forecast due to the impact of Cyclone Gabrielle and softer dairy prices. It expects a full-year net operating profit of between \$34m and \$44m - down on the original forecast of \$55m.

Allied Farmers paid \$8.3m - \$6.55m in cash and \$1.75m in stock - to buy out its 50/50 partner in the manager of the agricultural landlord, **NZ Rural Land Co**. It exercised its call option in Dec to buy the other half of the management company it didn't own and completed this week.

ANZ revised down its farmgate milk price forecast for the 2022-23 season by 25c to \$8.25/kg milk solids. The forecast for the 2023-24 season was also revised down 25c to \$8.50/kg milk solids. It said dairy commodities have not rebounded due to increased milk volumes and softer demand.

Free Flow Manufacturing plans a dedicated plant-based milk facility this year signing oat milk company **Otis** as its foundation customer. The deal will allow Otago-based **Otis** to return manufacturing from Sweden to NZ.

Energy and resources

The **ETS** is being reviewed because of fears it is not working as intended. **MfE** is looking at how to shift the balance towards gross emissions reductions away from offsets.

The **Taranaki Offshore Partnership** has signed an agreement with **Port Taranaki** and global offshore wind company **BlueFloat Energy** to work out how the port can serve as a hub for the industry. **TOP** is a joint venture between the NZ Super Fund and

Copenhagen Infrastructure Partners.

Removal of a peak electricity demand charge on transmission lines added about 150 megawatts or 2.4% of demand during peak consumption periods, the Electricity Authority said.

Most consumers are generally satisfied with their electricity retailer, but many are worried about costs and future reliability, according to a survey commissioned by the Consumer Advocacy Council.

Telecommunications, media and entertainment

MediaWorks suddenly shuttered its year-old experiment in centrist, middle-brow talk radio, **Today FM**. The move followed the recent departure of CEO **Cam Wallace** and **TodayFM** head **Dallas Gurney**, and the growing evidence that the PE-controlled media group will not be able to IPO any time soon. Current advertising conditions were cited. High profile broadcasters including **Tova O'Brien**, **Duncan Garner**, **Lloyd Burr** and **Rachel Smalley** have lost their jobs.

Sky Network TV announced it was cutting 170 NZ jobs and moving its tech, content, and call centre operations offshore.

Wholesale and retail

KMD Brands reported underlying net profit in the six months ended Jan 31 was \$16.5m - up from a \$5.1m loss in the previous corresponding period as company sales recovered from covid.

The **Warehouse** fell said a challenging trading environment due to inflation and cost of living reduced net profit for the six months ended Jan 29 to \$17.4m compared with \$44.4m in the same six months a year earlier.

Auckland glasses retailer **Lentes and Marcos**, which is under investigation by the Labour Inspectorate, went into liquidation.

Transport

The govt announced options for a **second Waitematā Harbour crossing** with an indicative business case being prepared with further consultations and recommendations mid-year. **Chris Hipkins** promised to fast track the scheme.

Lyttelton Port's net profit after tax for the six months to Dec 31 slipped 2.6% to \$12.1m, on the back of a market slowdown and declining container volumes.

Green Investment Finance signed a \$50m deal with **Kinetic**, its biggest yet, to help finance electric buses. The \$50m is part of a much larger undisclosed finance package being raised by a syndicate of 12

institutions, including several Australian banks.

Auckland council is speaking to investors and port operators about its plans for **Ports of Auckland**. Auckland mayor Wayne Brown said it was an extension of previous work carried out under his predecessor, Phil Goff.

Roadside charging network operator **ChargeNet** says more than \$400m will need to be spent on charging hubs over the next five years to keep pace with the take-up of electric vehicles. The estimate followed the gov't's release of an EV charging strategy with journey charging hubs every 150 to 200 kilometres on main highways, a public charger for every 20 to 40 EVs in cities and public charging of one for every 2,000 people at the community level.

Maersk said it would withdraw its dedicated NZ coastal service, known as Coastal Connect, from next month – after less than a year in operation. As part of the service, two vessels linked between various ports including Auckland, Tauranga, Timaru, and Lyttelton, and Nelson. Instead, the company will now upgrade its trans-Tasman Polaris service to a weekly service.

Courts, legal and regulation

The High Court ruled that families of the deceased may see the privileged material that led to the decision by WorkSafe to drop 12 charges against Pike River Mine boss Peter Whittall.

Vivek Goel, a former Westland council exec, and Amar Singh, director of **ANA Group**, were sentenced to more than three years in prison on corruption charges relating to procurement contracts.

A group of investors is seeking legal advice on potential civil action against **Du Val Group** after payments from the property developers' build-to-rent fund were suspended. There are about 20 investors in the \$34m fund.

Technology and IT

Infratil said the value of its 48.1% stake in CDC Data Centres rose by up to \$412m between Sept and Dec 31. The stake is now valued at between \$3.17b and \$3.79b. Infratil narrowed its earnings guidance for the year ending March 31 to between \$520m and \$535m from between \$510m and \$540m previously.

The web services division of the **Amazon** group

signed a cooperation deal with the NZ govt including how Amazon Web Services will increase the public service's uptake of cloud services.

TradeWindow secured \$2.4m in new capital in a transaction valued at \$11.1m and giving blockchain company nChain at 19.9% stake in the company. It continues to seek capital, having raised only \$5.4m in a \$20m capital-raise in January.

Service industries and healthcare

AFT Pharmaceuticals gained its first product registration in China for its long-lasting Crystawash hand sanitiser.

Promisia Healthcare purchased two properties adjoining its Aldwins House facility in Christchurch for \$2.1m.

Property

Urban redevelopment agency **Eke Panuku** is calling for expressions of interest to develop a prime waterfront Jellicoe St site in Auckland's Wynyard Quarter.

Millennium & Copthorne Hotels NZ signed a joint conditional purchase agreement to acquire the 416-room Sofitel Brisbane Central hotel for A\$177.7m (NZ\$191.7m) from Brookfield Asset Management.

Ngāi Tahu Property and **Bellgrove Rangiora** have set up a joint venture to develop 1,300 new lots over 100 hectares in Waimakariri.

Corporate actions

NZX's board backed out of appointing former SkyCity CFO Rob Hamilton as its chair-elect, due to ongoing AML proceedings taken by Austrac in Australia over the casino operator's Adelaide operation. Hamilton resigned saying he was disappointed with the decision given he'd passed the stock exchange operator's fit and proper tests. NZX chair James Miller has put off his retirement for now.

Spark announced changes to its senior leadership team replacing the current customer director role with a customer director for enterprise and govt, and a small to medium and consumer director.

Xero signed a three-year global agreement with **Allinial Global**, the world's second-largest accounting association to be its preferred cloud accounting platform. 

