

## Will National benefit from turmoil on the left?

Page 2

The defection of Meka Whaitiri from Labour to the Maori party and Elizabeth Kerekere's resignation as a Green MP signal disunity and turmoil on the left of politics just five months out from the election. Whether National will be a beneficiary is the key question, not whether the Maori party is a credible "kingmaker".

## Budget 2023: debt, inflation & infrastructure vs tax cuts

Pages 3  
& 6

The government will attempt to position a Budget that contains no tax relief as fiscally responsible because of the scale of the national infrastructure deficit and the inflationary potential of tax cuts. Grant Robertson is signalling a desire to make the Crown balance sheet work harder, although whether that means more than simply allowing debt to expand is unclear.

## National's coalition options

Page 3

Ruling out the Maori Party as a potential coalition partner may seem to expose National to risk if it and Act don't well enough at the general election and need another partner. Behind the scenes, well-meaning National Party supporters are agitating for accommodations to assist both NZ First and TOP over the line, to give National alternatives.

## How long can banks stave off a market study?

Page 5

It seems that every round of public listed bank profit announcements – ie, every six months – a new round of calls for a Commerce Commission market study into banking sector competition is reignited. This earnings season is no different. The competition watchdog is currently between investigations and could be expected to receive ministerial instruction at any time.

## Cyclone relief announcements

Page 5

The government is taking a "rolling maul" approach to dealing with the many knotty policy and funding issues thrown up by Cyclone Gabrielle and other early new year storm damage. This Sunday's announcements in Hawke's Bay are likely to be significant. The announcement this week of a bridge solution to the severed SH25A on Coromandel has occurred with extraordinary speed.

## Transport project rejig coming

Page 4

Pressures on the roading budget were already becoming unsustainable before the cyclone and storm damage in Jan and Feb. A reprioritisation is looming, with several politically sensitive major projects likely to be subject to delay.

## Boat owners beware – regulation ahead?

The Ministry of Transport and Maritime NZ have agreed to re-examine the question of whether both boat skippers and their boats should be subject to licencing and minimum flotation and other standards after a Transport Accident Investigation Commission report issued this morning.

## First signs of election fever

Current opinion polls continue to show a neck and neck election, but they do not yet reflect the **chaos on the left in the last fortnight**.

The next round of TV polls will be important not only to sample how the recent chaos on the left is shifting sentiment, but also because we are now just five months out from the election, making any developments that either create or stunt political momentum more likely to have impact into the campaign period.

The TV polls have the capacity to amplify whatever those trends might be and both broadcasters will be in the field imminently, if they are not already.

While there has been a huge amount of speculation about and focus on the capacity of Te Pāti Māori to determine the election outcome since Meka Whaitiri's messy defection from Labour last week, **the more interesting question for fresh polls is how National performs**.

**The right should expect to benefit from disunity on the left, but will it?**

So far, however, the electorate has appeared enthused by neither of the traditional parties of govt, leading to a lively tussle among the smallest minor parties.

**NZ First is showing signs of life** and a return to Parliament cannot now be discounted, even though its prospects of winning an electorate remain poor. Shane Jones has never won an electorate seat and is the party's only credible hope of doing so, in Northland. However, the conditions for this election

look increasingly suited to Winston Peters's instinctive capacity to capture the required 5% MMP threshold by tapping into pockets of conservative discontent.

Two other important trends are emerging, one visible, the other less so.

The visible trend is the emergence of an attack line from National, Act and NZ First that focuses on the potential for a "coalition of chaos" if a weak Labour/Greens coalition is elected and is dependent on the support of Te Pāti Māori.

National's campaign war-chest is bulging, according to the latest disclosures from the Electoral Commission on political donations, suggesting that an even more substantial flow is likely to be heading National's way in coming months. It began spending that money on social media in the last fortnight,

running a combination of attack ads highlighting the dangers of a centre-left coalition and portraying itself as a calm, prepared govt of action in waiting.

The focus of these early ads appears to be less on Christopher Luxon and more on the National team, while Labour's first long form ad takes a traditional leader-focused approach, with Chris Hipkins narrating and appearing in almost every frame.

That is consistent with both parties' research, which shows **Hipkins is more of an asset to Labour than the party, whereas the party is more of an asset to National than Christopher Luxon**, whose ongoing failure to connect with swing voters is starting to cause angst among supporters.

This latter phenomenon is leading to **political activity seeking insurance policies on the right**, which include not only bolstering Act, but also NZ First and the TOP party in an effort to ensure that **National has options to form a govt**. NZ First has always attracted support from pragmatic high net wealth donors on the right and NZ First's apparent unwillingness to work with Labour turns it from a "handbrake" to a "roadblock" option.

## TOP in Ilam – looking credible?

**More progressive centre-right voters are looking hard at TOP leader Raf Manji's capacity to win Gerry Brownlee's old seat of Ilam** and reaching out to offer financial and other support.

Manji is running himself ragged, being TOP's only high profile candidate, by splitting his time between Auckland, Wellington and Christchurch. However, three weeks a month are being spent in Christchurch and on securing Ilam, where **Manji's name recognition is so high because of his time as a city councillor that he is effectively running a personality-based campaign for the seat while prosecuting TOP's fresh-sounding policy agenda at the national level**. That agenda is starting to gain media traction.

While National is unlikely to stand aside in the seat, its candidate is virtually unknown. An Epsom (Act) or Ohariu (United Future)-style deal could emerge for Ilam where National simply puts in very little effort. With an electorate seat in the bag, TOP could bring two or three MPs to Parliament on current polling.

Manji says he could work with either the left or the right and would represent a more appealing choice for Labour than NZ First or Te Pāti Māori.

However, there is a well of bad blood between Manji and Labour – principally stemming back to his relationship Christchurch-based Labour minister Megan Woods during the post-quake period, when

### 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.**

Manji was advocating balance sheet restructuring, including asset sales, to help fund the city's recovery.

**The one thing Manji appears unlikely to achieve is his dream of attracting Greens co-leader James Shaw to defect to TOP.**

Shaw may face a crucial choice about whether or not to remain in politics if he is not ranked in the top two in the Green party list, when it is finally released this month, but it is difficult to imagine him actively jumping ship to another party.

## National's options

Our judgement is that **the likely strengthening potential of these two alternatives – either NZ First or TOP – to offer a way for a weakly supported National Party to form a three-party govt that includes a strongly backed Act party is one of the reasons for Luxon this week finally ruling out working with Te Pāti Māori.**

The other reason for doing so is that Luxon's failure to rule out working with a party that it is almost inconceivable that National could accommodate was starting to become a political problem. **Luxon is developing a reputation for vascillation that undermines his projection as a decisive and experienced leader.**

While there has been a considerable amount of political commentary suggesting National is taking a big risk by ruling out a party that today's opinion polls say is positioned as the "kingmaker", we see things differently.

**Ruling out Te Pāti Māori better positions National to construct its own narrative about its path to govt,** rather than accepting a narrative that says it may need to be willing to work with a natural opponent.

Quite apart from anything else, if it looked as if it might work with a party so deeply misaligned with its own agenda, its "chaotic coalition" line would risk becoming an own-goal.

## Greens in turmoil

Elizabeth Kerekere's departure from the Greens caucus gives the party **a chance to reset.** The wonder was that Kerekere ever made it to fourth on the draft party list.

The party's next hurdle is announcing **final list rankings by the end of this month.**

As the party's only electorate MP and the stand-out future co-leader, Chloe Swarbrick should be in the top three. However, even that is a balancing act for the party, since it will feel obliged to keep Marama Davidson in the top two, but will be gambling with its broader appeal if it selects James Shaw any lower

than third. The party is wobbling around 7% in recent polls. While it has proven resilient to scandal in the past, and the Kerekere departure is nothing like as damaging as the loss of co-leader Metiria Turei before the 2017 election, **the Greens are having difficulty projecting both a united front for voters, or a record of sufficient achievement to hold those who've drifted in its direction from Labour.**

## Act's coup

The extent of the challenge to National from Act in the regions is writ large in Fed Farmers president Andrew Hoggard's resignation to stand for Act.

## Budget priorities

There should be no doubt now that **Labour has no plans to announce tax cuts in the Budget.** Speeches by Hipkins and Grant Robertson in the last fortnight indicate a strategy that projects the govt's responsibility as being **to invest in the infrastructure required to put the country on a firm footing** for a future in which climate change and past under-investment can no longer be ignored.

Robertson **appears to be suggesting that net Crown debt levels will be allowed to drift higher towards 30% of GDP,** the top end of the target range, from 19% at present. He will announce a **"down payment" on infrastructure resilience investments in the Budget next Thursday.**

Also expect **announcements to encourage r&d and innovation.** These could include the accelerated depreciation called for in the recent advanced manufacturing Industry Development Plan. That would be consistent with a govt trying to prove to business that it is listening.

An intriguing element in Robertson's speech this week to business audiences has been his **enthusiastic embrace of the return of very high levels of net inward migration. This appears to complete the abandonment of the so-called "immigration reset"** tried by Kris Faafoi, and which came to be seen as a source of skills bottlenecks and wage pressure.

**Robertson is confidently proclaiming that inflation has "peaked"** and that NZ is on the downward slope. Allowing migrant labour to ease wage pressure is clearly part of the plan. He is arguing tax cuts any time soon would just be inflationary.

**We do not entirely rule out Labour announcing income tax threshold adjustments in the future**

## Hipkins's massive travel schedule

The PM is risking his energy levels and domestic political management with a huge international travel schedule.

The week away for the Coronation is followed next week by a one day flit to PNG to meet Joe Biden at a Pacific leaders' conference. He heads to a NATO meeting in Lithuania (and probably a side trip to Kiev) in July. Fitting in a pre-election mission to China looks problematic.

as party policy for the election, in order to remain competitive with National's tax policy.

## Transport project rejigs

The govt is also expected to announce a "resequencing" and "rescoping" of its bulging transport portfolio, with detail to emerge after the Budget. This reflects **extreme pressure on the transport infrastructure pipeline.**

The cyclone rebuild will also place even more demand on the same materials and skills that it's already struggling to source for its BAU transport programme.

Nowhere is this more true than in the NZ Upgrade programme, a \$12b infrastructure spend announced at the beginning of 2020 with a focus on transport, which was given more than half (\$6.8b) of the allotted funding.

In June 2021, the govt confirmed the transport projects alone had nearly doubled in cost, forcing ministers to axe two high profile roads, including the \$3b Mill Road project and pare back many more, while giving the transport projects additional funding, bringing the total funding up to \$8.7b.

Waka Kotahi is now again reporting cost pressures. Dollar figures have not been made public, but **project briefings made public after an Ombudsman complaint simply show 8 of the 19 transport projects being given "red" ratings on Waka Kotahi's traffic light scale** that measures the likelihood of the projects coming in on budget.

They include mega-projects like Wellington's Ōtaki to north of Levin (O2NL) expressway, which has whose estimated \$817m cost in 2020 went to \$1.5b in 2021 and an as-yet unknown "red" cost in 2023.

The govt is highly sensitive to roading project delays. The projects most at risk of slipping are:

- Papakura to Drury ("Red" rating for cost)
- Takitimu North Link stage one ("Red")

- O2NL ("Red")
- Queenstown road package ("Red")
- Northland road package ("Red")

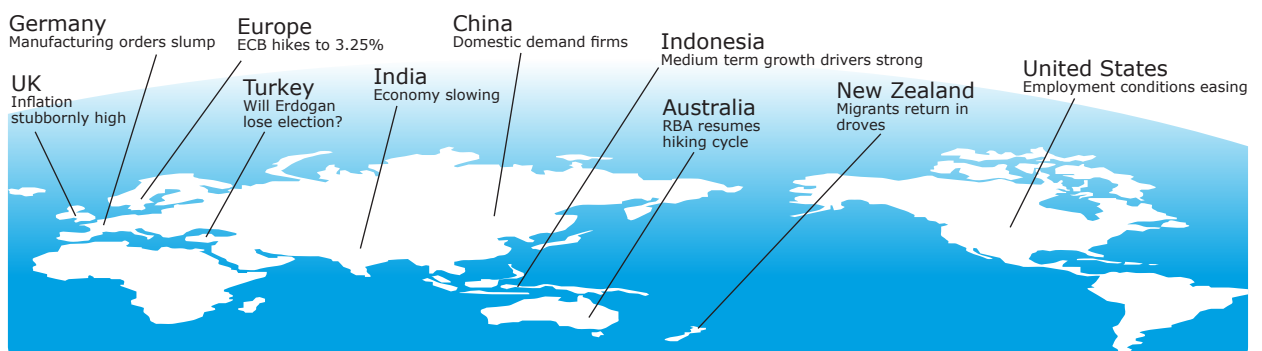
The \$420m **Melling interchange** in Wellington's Hutt Valley (which itself nearly doubled in cost since 2020) **appears to be safe** from reprioritisation or resequencing fears. Despite being given a "red" cost rating, its status as a battleground in the battle between Labour's Ginny Andersen and National's Chris Bishop for the Hutt South electorate, saw Wood make very swift assurances that Melling would be safe in resequencing announcements last year.

## Pre-Budget announcements

This year has seen only a handful of large pre-Budget announcements, although they were fairly substantial:

- Defence Minister Andrew Little announced \$419.6m over four years to boost defence pay by \$4,000-\$10,000 depending on role. Defence Force attrition has seen 29.8% of full-time uniformed staff leave in the last two years.
- The defence boost included \$85.5m for the defence housing estate, which is in a dire state and is often cited as a reason for people leaving the force, and \$328m for other defence assets, including new communication systems for the force's "Bushmaster" vehicles despite the fact the vehicles were only purchased in 2020.
- \$300m for Green Investment Finance, which partners with firms to invest in decarbonisation initiatives like NZ Post's new fleet of zero emissions delivery vehicles.
- The clear car rebate scheme got an additional \$100m p.a. following strong uptake. To keep the scheme fiscally neutral, additional levies will be charged on vehicles with high fossil fuel consumption. The announcements have given the National and Act parties another opportunity to

## The world at a glance



attack the govt's treatment of rural and farming communities, which they say will bear the brunt of the so-called "ute tax".

**This weekend will also see the announcement of further funding from the Budget for cyclone recovery.**

## Taxing foreign investors

Legislation allowing introduction of a tax regime that would seek to equalise the effect of lower corporate tax rates in other jurisdictions for foreign investors in NZ is expected in the annual omnibus tax bill later this month. Among initiatives that are advancing under the OECD-led Base Erosion and Profit-Shifting regime is the use of offsetting qualified domestic minimum tax top-up (QDMTT) and income inclusion rule (IIR) regimes. A QDMTT regime would set a minimum corporate tax rate of 15% for corporations of scale in any jurisdiction that is compliant with is part of the BEPS pillar 2 rules. The legislation is likely only to create the regime and the ability for it to be triggered, rather than being implemented immediately. While several European countries are in the process of enacting these regimes, compliance is voluntary. The US is not expected to introduce these reforms.

## Bank market study threat – again

The latest round of bank profits and their coincidence with election year has revived the political appetite for threatening a Commerce Commission market

study into the sector.

The commission has resourcing for one market study a year and completed its building sector report last year.

While Jacinda Ardern had hinted that insurers were in her sights, banks seem now to be a riper target, despite both Ardern and Robertson being negative about the idea last Nov.

When asked this week, Hipkins put a banking market study into the "wouldn't rule it out" camp. National has shown willing on a select committee inquiry.

Insurers should not consider themselves off the hook. Labour went into the last election promising two market studies (supermarkets and building materials) and there's every chance they'll want to go into this election promising the same.

## Too few public servants??

Treasury reporting on the Climate Emergency Relief Fund says staff shortages have resulted in tens of millions of dollars of underspends, as the govt has struggled to draft public servants into key positions.

Most of the underspends were in the back room, as the govt struggled to recruit core public servants.

Two of note: the decarbonisation of industrial process heat has suffered from under-staffing, while spending on energy strategy development is running at half its allotted \$5m this year thanks to difficulties finding staff. 🏢

## Trading partner growth

(2021-22 actual; 2023-2025 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	5.5	5.1	4.9	0.9	2.0	2.2	2.4	2.3
Australia	15.4	5.2	3.7	1.6	1.7	2.3	2.9	6.6	5.5	3.0	2.5
United States	12.6	5.9	2.1	1.1	0.7	1.8	4.7	8.0	4.3	2.6	2.0
Japan	6.4	2.2	1.0	1.1	1.1	0.8	-0.2	2.5	2.5	1.4	0.9
Eurozone	5.4	5.3	3.5	0.7	1.0	1.6	2.6	8.4	5.5	2.4	2.0
South Korea	3.4	4.1	2.6	1.1	2.2	2.4	2.5	5.1	3.2	1.9	2.0
United Kingdom	2.8	7.6	4.1	-0.2	0.8	1.6	2.6	9.1	6.4	2.8	2.5
Singapore	2.1	7.6	3.6	1.7	2.5	2.5	2.3	6.1	4.8	3.0	2.0
Hong Kong	2.2	6.3	-3.5	3.9	3.6	3.1	1.9	1.9	2.5	2.3	2.0
Taiwan	2.4	6.5	2.5	1.8	2.6	2.1	2.0	3.0	2.0	1.6	1.6
Malaysia	1.8	3.2	8.7	3.6	4.5	4.3	2.5	3.4	2.9	2.3	2.5
Indonesia	2.3	3.7	5.3	4.6	4.9	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	2.7	2.0	1.7
Philippines	1.2	5.5	7.6	5.4	5.7	6.0	3.9	5.9	6.0	3.4	3.1
Vietnam	1.6	2.6	8.0	5.4	6.5	6.0	1.8	3.2	3.6	3.1	3.1
India	0.9	8.3	6.9	5.8	6.3	6.0	5.5	6.7	5.2	4.9	4.7
Canada	1.4	5.0	3.4	0.8	1.3	2.2	3.4	6.8	3.6	2.2	2.4
<b>NZ Trading Partners</b>	<b>100.0</b>	<b>6.4</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.3</b>	<b>2.1</b>	<b>4.6</b>	<b>3.6</b>	<b>2.5</b>	<b>2.2</b>
<b>Forecasts for New Zealand</b>											
Consensus		6.1	2.4	0.4	1.2	2.6	3.9	7.2	5.7	2.9	2.0
BNZ Forecasts		6.0	2.4	0.6	0.2	2.3	3.9	7.2	6.4	3.2	2.2
<b>The World</b>		<b>5.9</b>	<b>3.0</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>	<b>3.6</b>	<b>7.3</b>	<b>5.4</b>	<b>3.5</b>	<b>3.1</b>

## Budget 2023: fiscal deterioration

Fiscal leeway for this and future governments looks constrained as the **cooling economy starts to reveal a structural deficit in the operating balance** in the Crown accounts.

This is in addition to the strong signals from the RBNZ that any additional fiscal stimulus will be likely to require more monetary policy pain if its inflationary impact is to be offset, and the fact that the **international rating agencies are beginning to take an interest in what is becoming a very large current account deficit**, hovering too close to 10% of GDP for comfort.

That should mean that while the govt will try to offer some relief for households hard-pressed by rising living costs, the scope of such actions is likely to be limited, **blunting the potential for largesse to be a factor in Labour's attempt to eke out a third term at the election**.

For perspective, the \$1b a year savings that Grant Robertson says he found over the next four years in this Budget round is small beer compared to the savings of around \$10b a year required to bring government spending below 30% – the stated goal for that measure. All up, the **previously stated aim of returning to fiscal surplus over the forecast period is starting to look unlikely**.

The latest Crown accounts, for the nine months to March 31 show an operating deficit of \$3.39b – a **whopping \$2.48b miss on the most recent Treasury forecast in last December's half year fiscal and economic update**, which expected a \$910m deficit for the period. Lower tax across all revenue types was the main driver here, consistent with weaker than anticipated GDP.

## Labour market still very tight

The latest employment statistics suggest NZ's labour market remains very tight by historical standards, with the unemployment rate for the March quarter unchanged at 3.4%. **Underuse and participation measures also indicate employers continue to struggle to find staff**.

The labour cost index rose 4.3% for the year, with private sector wages up 4.5% and public sector up 4.2%. **Labour force participation at 72% remains amongst the highest in the OECD**. The labour statistics coincided with the latest report from the Productivity Commission on NZ's comparatively poor productivity performance compared to similarly, small "frontier" economies.

## RBNZ eases LVRs

The RBNZ eased loan-to-value ratios for first-home

buyers in a move widely interpreted as signalling the **central bank is becoming comfortable with where house prices have fallen to** in the last two years. However, the six-monthly **financial stability report**, which followed the LVR announcement, suggests otherwise.

With house prices now 16% below their peak, they were "closer to being at sustainable levels than has been the case in recent years" but **remain "somewhat overvalued"**.

The central bank found only "**limited signs of distress**" among borrowers facing higher interest rates, with strong employment remaining a bulwark against the potential for a more marked fall in residential real estate prices.

The regulated **banking sector's liquidity positions were strong and profitability and asset quality remained high**, the RBNZ concluded.

It **defended NZ banks' profitability** on the basis that "higher risk associated with operating a bank in NZ relative to other countries is a potential driver of high profitability for NZ banks".

## Apartment builds on the rise

The trend towards construction of more multi-unit dwellings rather than standalone homes continued in March.

While annual dwelling consents fell by a total of 7.9% in the year to March 31, that was caused by a 23% fall in the number of standalone dwellings, compared to a 6.6% increase in multi-unit consents.

## Online shopping drop

NZ Post reported a 22% drop in delivery volumes relating to online shopping in the first quarter of this year, largely reflecting a drop back from levels boosted by the omicron outbreak last year, when online shopping was the second strongest in five years.

The **average 'basket size' for online orders in the first three months of this year was \$108**.

## Food price increase at 36-year high

Stats NZ reported a 0.8% seasonally adjusted rise in food prices between March and April this year, delivering the highest annual food price inflation in almost 36 years. In three of those years, prices were affected by increases in GST.

In the year to April, the Food Price Index rose 12.5%, with food and vegetables up 22%, groceries up 14%, and eating out, including takeaways, showing a 9% rise. ■

## Primary sector

**Synlait** slashed full year guidance, prompting a 28% slide in its share price as it forecast a breakeven result for the current financial year of between a \$5m profit or \$5m loss. In late March, the company had forecast NPAT in the range of \$15m to \$25m. Reduced demand by one of its largest customers, **A2 Milk**, was blamed for the reduction. Synlait's five year 2024 bonds gave some indication of this pressure, trading at a yield of 11.25% on a coupon of 3.83%. The company is also easing some banking covenants in July. The company did not respond to speculation that it may seek to improve its balance sheet by selling its Dunsandel plant.

Chinese investor **Yili** announced a \$70m investment to triple production of lactoferrin at its Hokitika milk processing plant.

The **ANZ World Commodity Index** fell 1.7% in April. Dairy prices fell 4.9% month on month while meat and fibre prices were up 2.7%.

**Zespri** says storms during this year's growing season are likely to cut total annual exports by 20%. A much larger crop is forecast in 2024.

**Indus Valley**, the parent company of NZ's largest poultry producer – Mainland Poultry t/a Zeagold – reported a \$6.17m loss for the March 2022, in overdue filings to the Companies Office. The result reflected increased egg production and grain prices. The same accounts indicate that the company engaged in a sale and leaseback of its egg farms to foreign buyer in Sept last year.

A **BusinessNZ study** circulated to media by **Federated Farmers** suggests as many as 54,607 primary sector jobs would be placed at risk if agricultural emissions were to be included in the emissions trading scheme, excluding on-farm employees.

**PGG Wrightson** confirmed its guidance of ebitda for the year to June 30 of \$57m, despite the toll taken by Cyclone Gabrielle on affected regions. The firm also announced commitments to cut its operational carbon emissions by 30% by 2030.

**Comvita** said it remained on track to report \$50 ebitda in FY25 and was expecting double digit sales growth in the current FY.

**Talley's** bought the operations of Kono Seafood, a greenshell mussel business owned by the Maori incorporation Wakatū, for an undisclosed sum.

**Free trade agreements** between the UK and both NZ and Australia enter into force at the end of May.

## Telecommunications, media & entertainment

**Stuff** launched three paywalled regional news

sites and began internal consultations to cut 16 positions for sub-editors involved in print newspaper production. The 45 year-old **Property Press**, a real estate title, has ceased publication based on both declining volumes of homes for sale and reduced circulation as advertising turns to digital platforms. **North & South** magazine is being sold by its private German owners to **School Road Publishing**, which publishes womens' and lifestyle titles. **MediaWorks** will replace **TodayFM** with a new music channel and has retained Today presenter **Duncan Garner** to produce a podcast. **Brent McAnulty**, long-time chief legal counsel and public affairs director at TVNZ will take over as acting CEO at TVNZ when **Simon Power** leaves at the end of June. TVNZ chair **Andy Coupe's** departure at the end of June was also confirmed today.

**Emirates Team NZ** announced that one round of the 37th America's Cup will be sailed off the Red Sea port of Jeddah, in Saudi Arabia, prompting the resignation from the **Royal NZ Yacht Squadron** of seven-times America's Cup legal adviser **Hamish Ross**. The Squadron commodore, **Andrew Aitken**, told Ross the club had no control over ETNZ's decision despite being the Challenger of Record.

## Energy and minerals

Environment Minister **David Parker** announced the govt would not support the Maori Party's private bill banning **seabed mining**, in part because it would seek to extinguish existing oil and gas extraction rights. Parker asked the environment select committee to consider an inquiry into the controversial practice, citing among possible terms of reference the potential of seabed-sourced minerals for decarbonisation and the stance of other Pacific nations. Nauru has recently green-lit seabed mining.

**Manawa Energy** has revived plans for a wind farm between Taihape and Waiouru that was previously consented by **Meridian Energy**, which allowed the consents to lapse. Meridian had planned installed generation of 130MW, but Manawa is targeting 230MW, reflecting larger turbines and economies of scale that have emerged since.

**Energy Resources Aotearoa**, a lobby group for the oil and gas sector, advocated an immediate phasing out of coal for electricity generation at **Genesis Energy's** Huntly power station. Instead, only natural gas or, in future, biofuels, should be burnt at the station, in order to reduce national carbon emissions while also ensuring ongoing security of supply. "To achieve this, existing gas producers must continue to invest in the maintenance and development of existing producing fields," the Energy Link report for ERA said.

**CORPORATE ROUND-UP****Banking, finance and insurance**

**ANZ's** NZ operation reported an improvement in cash earnings to \$1.11b for the first half of the current financial year, up from \$968m for the same period. Losses on hedges saw NPAT decline from \$1.1b to \$1b. Bank of NZ a 13.5% rise in 1H NPAT to \$805m, with net interest margin expanding to 2.45% from 2.04% a year earlier. Credit impairments rose to \$71m in the half, vs \$21m in the same period a year earlier. The bank profit announcements were accompanied by renewed calls for a Commerce Commission market study into bank profitability.

**Technology**

The Commerce Commission cleared the way for one of the larger transactions of the last couple of years: the \$1b sale of 2degrees cellphone towers to Connexa, which is owned by Spark and the Ontario Teachers' Pension Fund. The transaction dilutes Spark's Connexa holding to 17%.

**IkeGPS** reported a 93% increase in revenue to \$30.8m for FY23 in an update to the market that did not include an update on earnings for the year. It reported an ebitda loss of \$5.3m last year.

**Wholesale and retail**

**Woolworths** and **Foodstuffs'** joint appeal to the Supreme Court to overturn Auckland Council's intention to impose a ban on off-licence alcohol sales after 9pm failed, ending several years of litigation.

**Tourism, transport and logistics**

**KiwiRail's** bad run of passenger service interruptions moved onshore, with equipment problems leading to disrupted Wellington commuter services that prompted a select committee appearance and public apology, followed by disruptions later last week to Auckland services. A **Transport Accident Investigation Commission report** on the loss of power on the Cook Strait ferry Kaitaki, in Feb during a storm, was found to have been caused by a maintenance task being overlooked.

**Hainan Airlines** will start daily services between Auckland and Shenzhen next month.

**Capital markets**

**NZX Regco** and the **FMA** signed an MOU on future workstreams, with priority on continuous disclosure

obligations, and oversight and enforcement of insider trading rules and market manipulation.

**Auckland International Airport** is considering an offer of fixed rate five year bonds to retail and institutional investors to help fund its recently increased \$2.2b upgrade programme.

The takeover bid for **Pushpay** will go ahead after shareholders agreed to a higher offer.

KiwiSaver provider **Simplicity** is targeting an increase from 7.5% to 10% of FUM for allocation to unlisted NZ firms. It has also ended its \$3b mandate to international passive funds manager Vanguard in favour of German provider DWS International and established an international investment portfolio to improve tax efficiency.

The **BNZ** is setting a 250% risk weight for bank investments in the \$100m govt-backed **Business Growth Fund**. Announced in last year's Budget, the fund allows minority govt holdings in small to medium-sized businesses requiring growth capital and unable to tap current market providers.

ASX-listed **Qube Holdings** has bought a 50% stake in **Pinncale Corp**, which operates container storage, handling and refrigerated container maintenance at nine locations around NZ for about \$155m.

Early childhood education provider **Embank Education** plans to delist from the NZX following the sale last year of its NZ operations.

**People**

**Matt Whineray** will depart as CEO of the NZ Superannuation Fund at the end of this year, having held the position for five years.

A third director has left the board of Port of Lyttelton. **Fiona Mules** follows chair **Margaret Devlin** and **Don Elder** following reports of board dysfunction and the resignation of its CEO of the past year, **Kirstie Gardener**, who also cited differences with the board as her reason for departure. Elder had reportedly resigned prior to the events that saw Devlin depart.

The head of the Department of Prime Minister and Cabinet, **Brook Barrington**, has had his term extended by 12 months to Jan 2025. He is currently on leave, caring for a family member.

**Frazer Barton**, a partner at Anderson Lloyd, has been re-elected as president of the NZ Law Society. 