HUGOvision

Assessing the economic and political environment in New Zealand

September 29 2023 | Confidential to HUGO members

Voting starts, all promises are out there now Page 3

Overseas voting started this week and first early voting in NZ commences next Monday, Oct 2. From now on, all campaigning suffers from a law of diminishing returns, with two-thirds of more of voters likely to have cast their ballots before polling day, Oct 14.

National – stuck in mid to high 30s Page 2

There is almost no doubt that there will be a change to a National Party-led govt, but the relative inexperience of the National team is preventing it from generating the kind of campaign momentum required to lift the party from a solid high 30s result to the low 40s support levels required to confidently form a coherent govt.

What does Winston Peters want? Page 2

Now that Christopher Luxon has all but ensured NZ First breasts the tape at above the 5% party vote threshold by agreeing he may have to work with Winston Peters, the question is what will Peters want? Policy wins may be less important this time around than securing legacy.

Trade challenges ahead Page 4

Trade has not been an election issue, but the international environment for a small trading nation with high dependence on a rules-based order is becoming increasingly difficult for NZ to negotiate. The country's export profile and total economic contribution is also stubbornly static.

Water infrastructure – the issues won't go away Page 5

National is talking a big game about unwinding water infrastructure reforms early in 2024. However, the early signs from Auckland Council, which is warning that water rates may need to rise by 20% next year, indicate that National's preferred approach – reform under pressure from an economic regulator – is no panacea for the politics of the issue.

Natural hazards NPS Page 3

In danger of being lost in the noise of the election campaign is the publication by MfE of a new draft National Policy Statement on natural hazards decision-making. This will remain a crucial issue whoever becomes the govt.

The inflation challenge Page 6

Labour market supply and wage pressures are rapidly abating. However, a weak exchange rate and high oil prices may yet threaten the RBNZ's inflation reduction track. One harbinger of inflationary expectations perhaps remaining sticky is improving business confidence, although this may be no more than a traditional preference for National-led govts and the expectation of a change on Oct 14 among business owners.

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National's fiscal plan

With the release by the National Party of its updated fiscal plan this afternoon, the last major set piece policy announcement of the election campaign is out of the way.

For all the attendant rhetoric, National is not promising an especially different fiscal track over the next four years from the PREFU.

National's forecasts have net Crown debt peaking at $103m in 2025/26, compared to the PREFU peak of $104m.

However, debt starts to drop away more quickly faster in the following two years to be at $97.6b in 2027/28, compared with $21.1b in the PREFU.

That helps produce forecast budget surpluses of $2.9b in 2026/27 and $1.8b in 2027/28, compared with PREFU forecasts of $2.1b and $400m respectively.

However, what National would achieve within that envelope is qualitatively different from the Labour govt policies that make up the PREFU forecast.

Primarily, National would make the first adjustment to personal income tax thresholds since 2010, funded in part by a 15% levy on high value home sales to foreign buyers. National has simply reasserted that it believes it can raise $764m a year from this measure within four years.

It achieves its lower deficit track and stronger return to surplus by shaving a few hundred million dollars off the annual new spending allowances included in every Budget.

The effect is to pull $3.3b of new spending out of spending forecasts for the next four years.

However, that still leaves $9.9b of unallocated new opex over that period – approximately $2.5b a year over four years.

From that, National will have to fund whatever the price of its coalition agreement is, along with any shortfalls in its expectation that some 24 "core" govt agencies will find an aggregate 6.5% in spending cuts.

Pre-Christmas mini-Budget confirmed

The first round of those cuts – and an early indication of whether such large cuts are achievable – will be the substance of the mini-Budget.

Given that public service chief executives are already seeking savings on orders from Grant Robertson, it's reasonable to expect that they will have some idea of what could be offered up to achieve National's greater ambitions for savings.

The two killer lines in National's plan are that govt spending has grown 80% since 2017 and net Crown debt has risen from $5b to a forecast peak of $104b. National is assisted in this narrative by the fact that the govt changed its measure of net Crown debt to a more comparable international benchmark before covid. That dropped net Crown debt to a level so low as to suggest the govt was running a lazy balance sheet.

However, the big scary numbers will work with the electorate.

So too does Nicola Willis's argument that Labour's track record on spending growth challenges the credibility of the PREFU forecasts.

However, this all masks the fact that both National's and Labour's current net debt tracks have net Crown debt to GDP still very low by global standards at close to 20% of GDP.

Likewise, National still sees govt spending at about 31% of GDP in 2027/28, compared with 33% in the PREFU.

Meanwhile, Act moderated its fiscal package in light of the PREFU with a proposed $25.5b package of spending cuts to fund $16b in tax cuts worth as well as higher spending on prisons and the defence force.

Accommodating Winston Peters

Christopher Luxon this week made explicit what has been obvious for months: he will work with NZ First and Winston Peters if he has to.

In doing so, he took a leaf out of John Key's 2014 campaign, in which he also did not rule out a Peters deal but expressed a clear preference to work with other partners. Peters, back then, was not needed.

Things look likely to be very different this time around, principally because in almost all scenarios, Peters only has choices that involve a centre-right govt.

While a four-way coalition with Labour-Greens-Te Pati Maori could theoretically emerge as an option, it is by far the least likely.

Also unlikely now is the prospect of NZ First falling below the 5% party vote threshold. By ruling NZ First in, Luxon has effectively confirmed that a vote for NZ First is not necessarily wasted.

Meanwhile, opinion polls show a consistent drift from Act back to National, increasing the likelihood that Peters will be needed, even if not as part of a formal coalition agreement. A cross-benches strategy may work best for NZ First anyway since it would not be tied to Cabinet collective responsibility and could force policy decisions by threatening to withhold its votes on legislation.

This is clearly a recipe for a weak and fractious govt. National will hammer the line that it needs a two-way coalition, but unless it can lift its own vote above 40%, it may not get the choice.

Possible deal points

If NZ First were to be National's coalition partner, what would the party demand?

Peters may want the deputy prime ministership, but may have more luck wangling foreign affairs – although that portfolio is becoming increasingly sensitive and demanding.

Forestry, regional development and associate transport are portfolios National would not mourn and all were held by NZ First in the last govt. Infrastructure can be parcelled off too, with National and Act keeping the main responsibilities for that job in the finance and transport portfolios, which they would control.

Gerry Brownlee, who was the go-between last time, is a potential negotiator.

Potential sticking points

Raising the age of eligibility for superannuation is a non-starter for Peters. Act wants to raise it quickly (3 months a year from 2025), while National wants to go slowly, only increasing the age in 2044.

Peters has campaigned from a position of fiscal sustainability, arguing tax cuts should be postponed until 2026 or 2027 at the latest, at which point he wants to start thinking about a tax free threshold of $14,000. Neither of these policies suit National or Act, who want faster reform, at lower fiscal cost.

Peters has been campaigning hard against Act's idea of a referendum to codify the principles of the Treaty of Waitangi.

In reality, this referendum would severely curtail the evolution of treaty law and the application of the principles, replacing what are currently known as the principles with a very literal interpretation of article 3 of the Treaty, which deals with equal citizenship. In simplistic terms, it would legislate equal citizenship, but legislate away swathes of complex fiduciary duties of the Crown that emerged from the judiciary in the 1980s and 1990s.

Peters has cleverly turned this on its head and alleged the law would actually entrench the principles in legislation, never to be got rid of – an idea that makes his supporters furious.

Points of cooperation

National MPs are haunted by NZ First's 2017 decision to go with Labour and may be more amenable to any requests for a Provincial Growth Fund 2.0.

Labour has generously topped up the capital allowance in future budgets, and National could send some of this money in Peters' direction, especially if it cancels some Labour projects.

However, actions of this sort would surely only be possible if NZ First rather than Act became National's first choice coalition partner. That remains unlikely.

Peters, whose feelings about foreigners are well-known, has been warmer than expected on National's foreign buyers' tax, criticising the costings, but not the policy itself, which he is open to. He has a record of backing policies that support the property market, although NZ First did back the original foreign buyers' ban in 2018.

Peters is open to reinstating interest deductions for investment properties, something National and Act are very keen to do.

The three parties get along on co-governance matters, repealing Three Waters and the new Māori Health Authority.

NZ First, and to a lesser extent, Act have been courting voters disaffected by the Covid-19 pandemic response, including some strident anti-vaxxers. Peters openly rails against the World Health Organisation.

Peters will likely abandon these voters as soon as he sets foot in the Beehive, but he will also want to be sure not to repeat 2008 and 2020.

While the adage "never count Winston out" is being proven again at this election, his political career must end at some stage. He will be in his 80s by the time of the 2026 election. A return to Parliament at this election would give him space to step aside with dignity and legacy intact.

Asked this week when he would step down as leader, he replied: "When I have a successor."

Hardly a ringing endorsement of Shane Jones, who clearly still wants the job.

Natural hazards NPS draft

Ministry for the Environment has released a draft National Policy Statement on Natural Hazards Decision-Making.

Whoever becomes the government will continue consideration of this key issue for areas prone to flooding and landslips caused by climate change.

The consultation period runs to Nov 20.

Policy announcements

With early voting beginning on Monday, all significant policies have been released.

Labour has promised to rob politicians of the ability to change the price settings of the ETS.

Currently, Cabinet has the final say on how many units are auctioned into the scheme, and on price control settings like when credits are released from the cost containment reserve. The party would hand this responsibility to the Climate Change Commission, putting it out of the hands of politicians – critics have pointed to this being a bit rich after govt meddling last year saw the price collapse.

The party has also pledged to look at reforesting or restoring 2.1m hectares of native forest over the next decade, an area roughly the size of Gisborne plus the Bay of Plenty.

National said the carbon price will be allowed to rise under the ETS, but has not committed to palming off responsibility for settings.

Labour promised 6,000 more public housing places at $6.2b. National declined to match the pledge, drawing a line at 3,000 new places funded in the Budget. Unless National finds additional money in govt, the state housing build programme would run out of funding in June 2025. National wants to review Kāinga Ora, citing warnings about its ability to service its borrowing.

Both parties committed to dropping the age of eligibility for free bowel cancer screenings from 60 to 50 in a Newshub debate. Both also said they were open to the idea of menopause leave, but did not commit to it.

National unveiled a traffic light system of benefit sanctions, which would ratchet up sanctions on beneficiaries who failed to adequately look for work.

National said it would axe the Waka Kotahi programme reducing speed limits on 1% of NZ roads. Labour, having pared back the policy earlier this year, will keep it as is.

National wants to increase international student numbers to help tertiary education out of a budget crisis.

The changes are best described as "tweaks". It's hard to see that "fast track" visa processing for a fee and increasing the hours students can work while studying by 4 hours a week will make a material difference to students' decision to come here.

National released policy intended to revive the international education sector including fast-track visa processing for students willing to pay an additional fee.

Labour and National both promised improved visiting visa conditions for family members.

Labour promised to increase funding for Pharmac by more than $1b.

NZ's trade challenges deepen

While the election campaign has focused almost exclusively on domestic policy issues, one of the big challenges for the next govt will be on the international trade front.

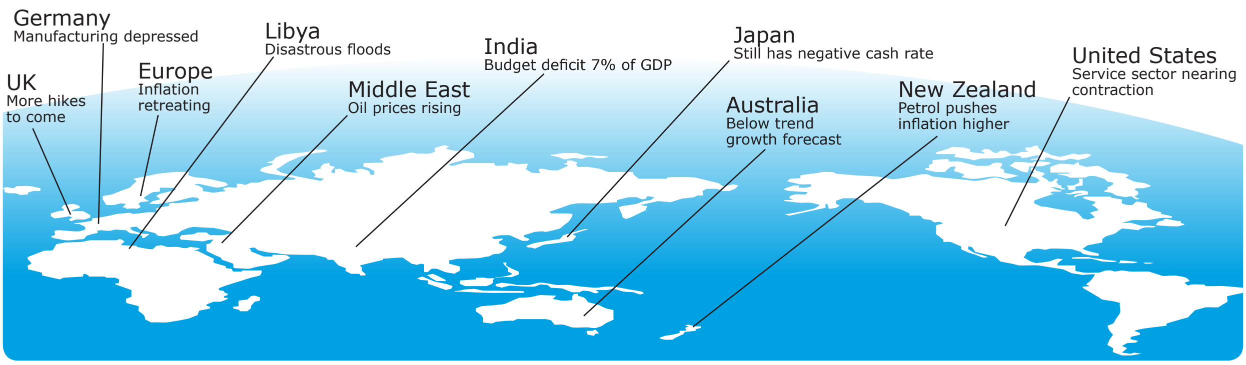
Indications from recent visits to Brussels and Washington DC have emphasised to trade officials the extent of the decline in leadership on global trade from the US, and the increasing willingness of the EU to use sustainability and environmental measures as a new form of non-tariff barrier.

Given the European Parliament's recent rejection of a large-scale and net-positive free trade agreement with the Mercosur grouping of Latin American countries, it remains also to be seen whether NZ's FTA with the EU will ultimately be ratified.

While National, Act, Labour and NZ First are all active in pursuit of closer trading ties with India, that may not bespeak quite the level of traditional bi-partisanship that used to exist in the NZ Parliament on trade liberalisation.

The reality of any negotiation with India remains as it has been for some time – stuck on India's total unwillingness to include dairy products in any deal

The world at a glance



and its focus on visa and work rights for its citizens in other countries.

While close to 3/4 of NZ's exports are covered by FTAs, the glaring absences remain deals with the US, India and, until ratified, the EU.

Meanwhile, the World Trade Organisation's influence continues to wane, making the CPTPP and Regional Comprehensive Economic Partnership (RCEP) the new venues where multi-lateral trading system rules affecting NZ will increasingly be written.

And on home front, the traditional bi-partisan consensus on NZ's long-standing pursuit of global trade liberalisation is fraying and is likely to fray further. The left of politics is much less convinced of this than the right, and the global shift towards domestic subsidies and protectionism gives those views a tailwind, even if NZ has insufficient fiscal firepower to match the lures being dangled in other, wealthier OECD countries.

Water infrastructure funding

Delaying water entity reform and leaving it to local councils to decide whether and how to amalgamate water services infrastructure is already emerging as an early political challenge for a Luxon-led govt.

Labour's failure to cement political support for the reforms is leading both to a hiatus in planning for water infrastructure investment and to uncertainty as to how essential investment will be funded.

In the same week as Auckland's Watercare found itself dealing with a massive sink-hole caused by a sewage system failure, the entity was also signalling water price increases for Aucklanders of as much as 20% in the year ahead.

That is more than twice the rate of previously forecast water rate increases and makes stark the implications of financing water infrastructure on a pay-as-you-go rather than debt-funded basis.

Watercare's capacity to borrow is limited by its presence on the Auckland Council balance sheet, where the council is constrained by credit rating ratios.

Labour's next election

Assuming a Labour loss on Oct 14, speculation naturally shifts to what comes next. Chris Hipkins has privately made no secret of the fact that he would not stick around to fight another election as leader.

It is not clear whether he would announce his retirement on election night or wait. Labour's constitution requires caucus to endorse its leader no less than three months after the election and 60% of the caucus plus one must endorse the leader at that meeting.

The lack of obviously ready potential candidates to replace Hipkins is striking, and there is likely to be rash of senior retirements, which is likely to include Grant Robertson.

The party may take the opportunity to recast its long term view on wealth and capital gains taxes.

Trading partner growth

(2021-22 actual; 2023-2025 Hugo and Consensus Forecasts)

Trading partners		GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
	Weights %	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
China	36.2	8.7	3.0	5.0	4.5	4.9	0.9	2.0	0.7	1.8	2.3
Australia	15.4	5.2	3.7	1.6	1.3	2.3	2.9	6.6	5.5	3.2	2.5
United States	12.6	5.9	2.1	2.1	0.8	1.8	4.7	8.0	4.1	2.5	2.0
Japan	6.4	2.2	1.0	1.8	0.9	0.8	-0.2	2.5	3.1	2.0	0.9
Eurozone	5.4	5.3	3.4	0.5	0.7	1.6	2.6	8.4	5.5	2.5	2.0
South Korea	3.4	4.1	2.6	1.1	2.0	2.4	2.5	5.1	3.4	2.1	2.0
United Kingdom	2.8	7.6	4.1	0.3	0.4	1.6	2.6	9.1	7.4	3.1	2.5
Singapore	2.1	7.6	3.6	1.0	2.2	2.5	2.3	6.1	4.8	3.0	2.0
Hong Kong	2.2	6.3	-3.5	4.2	3.1	3.1	1.9	1.9	2.1	2.2	2.0
Taiwan	2.4	6.5	2.4	0.7	2.9	2.1	2.0	3.0	2.2	1.6	1.6
Malaysia	1.8	3.2	8.7	3.9	4.3	4.3	2.5	3.4	2.8	2.5	2.5
Indonesia	2.3	3.7	5.3	5.0	4.9	5.1	1.6	4.2	3.7	2.8	2.8
Thailand	1.8	1.6	2.6	3.0	3.6	3.4	1.2	6.1	1.7	1.9	1.7
Philippines	1.2	5.5	7.6	5.2	5.5	6.0	3.9	5.9	5.7	3.4	3.1
Vietnam	1.6	2.6	8.0	4.7	6.0	6.0	1.8	3.2	2.9	3.3	3.1
India	0.9	8.3	7.2	6.3	6.3	6.0	5.5	6.6	5.5	4.7	4.7
Canada	1.4	5.0	3.4	1.3	0.7	2.2	3.4	6.8	3.8	2.5	2.4
NZ Trading Partners	100.0	6.4	3.1	3.1	2.8	3.3	2.1	4.6	3.0	2.3	2.2
Forecasts for New Zealand											
Consensus		6.0	2.7	0.7	1.3	2.6	3.9	7.2	5.6	3.0	2.0
BNZ Forecasts		6.0	2.7	1.2	0.8	3.1	3.9	7.2	6.1	4.0	2.2
The World		5.9	2.9	2.4	2.1	2.5	3.6	7.4	5.3	3.7	3.5

Is inflation really under control?

Ongoing increases in input costs, in particular surging oil prices, are throwing up some disconcerting signs that inflation may not be falling quite as quickly as the RBNZ would like to see.

However, there does not yet seem to be sufficient new information to justify an OCR increase at next Wednesday's mid-point update on monetary policy.

With mortgage rates continuing to drift higher, monetary conditions are edging tighter anyway.

Among signs that could indicate price pressure, the ANZ business confidence reading for Sept moving into positive territory for the first time since May 2021 was particularly noteworthy.

However, given the propensity for business confidence to be higher under National-led rather than Labour-led administrations, it's likely that business sentiment is reacting to political rather than real economy signals.

There is also evidence of rapidly shifting labour market conditions, with staff shortages becoming a thing of the past and wage pressure likely to abate as a result.

On the upside, the own activity indicator is stronger than would be expected in an economy going back into recession. On the other hand, it also continues to suggest future growth will lie below potential which should put downside pressure on future inflation.

Inflation still looks to be on track to fall within the Reserve Bank's target range by late 2024. But the fact that pricing intentions rose to 47.1 from 44.0 is an undesirable outcome. These intentions had been trending down strongly and need to get down to the low 20s to be consistent with a 2.0% annual CPI reading.

Conversely, the current level of pricing intentions is still consistent with annual CPI falling to around 4% by the end of this year. This is actually considerably lower than the 4.7% we are projecting for the year ended Dec.

Inflation expectations nudged lower to 4.95% from 5.06% a month earlier.

Profit expectations are also slowly improving in the ANZ monthly survey. At -13, profit expectations were the strongest they have been since Nov 2021.

Meanwhile, **NZIER Consensus Forecasts** show subdued economic growth over the next two years. Annual average GDP growth is forecast to slow to 0.4% in the year to March 2024 before recovering to just 1.1% in 2025. Higher interest rates are starting to dampen demand as the impact of previous increases in the Reserve Bank's Official Cash rate (OCR) is transmitting through to the broader economy.

Forecasts of NZD TWI have been revised lower for the coming year and higher for 2025. There has been little change in the yield attractiveness of the NZD against other currencies over the recent months, However, weaker export demand from China weighs on short term expectations of demand for NZD.

The NZD is expected to track between 70.8 and 71.6 on the TWI from 2024 to 2027

Economic data and indicators

The **economy grew 0.9%** in the second quarter, while revisions to the March quarter meant that the "technical" recession was even shallower than previously thought. Rounding took the Q1 outturn to zero, although a 0.007% contraction was reported.

GDP rose 3.2% in the year ended June 2023. However, bank economists are warning that a further shallow recessionary period may emerge in 2024.

The **Aug merchandise trade deficit** was $2.3b, with exports up 5.6% to $5b on the year and imports down 8.1% to $7.3b. Aug was the third consecutive deficit since May's narrow surplus and the largest deficit since last Oct. Weak demand from China contributed to meat and edible offal exports falling 15% to $621m, while milk powder, butter, and cheese exports were down 3.8% to $984m.

The quarterly **Westpac McDermott Miller Consumer Confidence Index** fell 2.9 points in the Sept quarter to 80.2, meaning households who are pessimistic about the economy outweigh optimists by a large margin – anything over 100 indicates a positive picture.

BusinessNZ Performance of Services Index for Aug was 47.1, below the baseline of 50, which indicates an expansionary service sector, down 0.9 points on the prior month and well under the long-term average of 53.5. Employment, at 50.9, moved back into expansion mode, activity/sales remained well down at 43.4, and new orders/business (47.3) moved into its second month of contraction.

The **SEEK Advertised Salary Index** rose 5.1% year-on-year, the fastest growth since the index began in 2016. It rose by 1.3% quarter-on-quarter, the same as the previous quarter.

SEEK job ads increased for the first time since March, rising 2% month-on-month. Applications per job ad increased for the sixth consecutive month, rising 2%.

ANZ revised its house price forecast upwards and is now predicting a 4% increase over the second half of this year.

Primary Sector

Fonterra reported net profit of $1.57b in the year to July 31, versus $583m in the prior year. Earnings per share were 95 cents, up from 36 cents a year earlier. Excluding the net gain from divestments of $248m, normalised profit after tax was $1.3b, up $738m compared to the same time last year. Total group revenue from continuing operations was $24.5b, up from $21.9b a year earlier.

The **Global Dairy Trade price index** lifted 4.6% helped by a 4.6% lift in whole milk powder prices to US$2,799 (NZ$4,717) a metric tonne.

NZ King Salmon reported a net profit of $10.6m, compared to a net loss of $24.5m in the same period last year. Ebitda was $10.7m, compared to a loss of $12.7m in the previous year. Sales volumes increased by 5% and revenues increased by 14%. The mortality cost decreased from $22.3m to $7.8m. The company revised its earnings guidance range for pro-forma ebitda to $23.5m – $27.5m.

Synlait Milk is contesting **a2 Milk's** bid to cancel its exclusive supply agreement. Synlait reported a net loss of $4.3m for the year to July 31 versus a net profit of $38.5m a year earlier.

Forest owners are angry over new charges being levied for forestry registered in the emissions trading scheme after the govt announced a new $30.25 per hectare charge for forests, as well as new fees for 22 services.

The Commerce Commission received a clearance application from **Sealord** seeking clearance to acquire Independent Fisheries.

Hongkong Jingang Trade Holding, a unit of Inner Mongolia Yili Industrial Group Co, is investing another $8.9m into **Westland Dairy Company** for a new lactoferrin plant.

Energy and resources

Channel Infrastructure more than doubled jet fuel storage at the former Marsden Point refinery after commissioning an additional 45m litres of storage.

Genesis CEO Malcolm Johns said it was unfair electricity generators could not access subsidies from the Government Investment in Decarbonising Industry fund. Climate change minister James Shaw said he did not know of this. The GIDI fund is destined to be abolished under a National-led govt.

Mercury confirmed it will go ahead with a $220m expansion of its Ngā Tamariki geothermal station.

The **NZ Green Investment Fund** is placing $80m alongside $90m from Sydney-based First Sentier Investors and Paris-headquartered global funds manager Natixis, to create a new investment-grade class of certified lending for solar electricity installations and solarZero.

Genesis now hopes its Huntly Unit 5 plant will start generating again at the end of Jan instead of May with a total financial impact of $25m.

Banking, finance and insurance

IAG said coastal communities such as Petone won't exist in 30 to 50 years as the effects of a changing climate encroach on communities. This followed the company saying it would not issue new insurance policies on flood-prone and landslip-threatened homes.

The Financial Markets Authority's latest **KiwiSaver** annual report said there was an 8.1% decline in fees collected to $664.1m, largely due to a 65.7% fall in administration fees to $17.3m. Other factors included lower default fund fees, more providers removing their monthly membership fees, and some providers not earning performance fees due to insufficient investment returns.

Telecommunications, media & entertainment

Rugby Australia's attempt to do a Silver Lake-style private equity deal similar to NZ Rugby's fell through because of differences over valuation and the worth of future broadcasting rights.

Sports radio platform **SENZ** made a A$5.5m (NZ$6m) loss last year the largest part of the A$9.2m losses reported by Australian parent group Sports Entertainment Network in the financial year to June 30.

NZME hired **Philip Crump**, the author behind the blog 'Cranmer Writes', to lead a new paywalled website for Newstalk ZB.

Wholesale and retail

The Warehouse reported a two-thirds lower NPAT for the year to July 31, at $29.8m, reflecting weak consumer sentiment and consumption, and reporting an overhang of inventory. The company also complained to the **Grocery Commissioner, Pierre van Heerden**, about **Sanitarium** declining to supply The Warehouse. (Van Heerden is a former CEO of Sanitarium).

KMD Brands reported a 12.6% increase in group sales to $1.1b in the 12 months ending July 31 with strong sales growth across markets with warnings of some weakness in the last quarter.

Transport

South Port reported after-tax profit of $11.71m a decrease of 8.7% compared to the previous year but higher than the company's guidance. The company expects uncertainty in certain cargoes in the current year, and the future of the smelter operations will impact earnings.

Air NZ is considering its options for covering the disruption caused by engine manufacturer **Pratt & Whitney's** discovery the engines used on Airbus 320/321neos need earlier maintenance.

Auckland International Airport and the **Board of Airline Representatives** blamed each other for recent airport congestion ahead of the school holidays.

KiwiRail sold its freight-only ferry, Valentine, to a Greek shipping company.

Manufacturing and construction

HW Richardson and **Holcim** are ending their more than 30-year-old joint venture – **Allied Concrete** – with the two firms splitting up the cement-making and distribution businesses.

Fletcher Building is hopeful its Australian leaky pipe problem will be due to the quality of installation, rather than the product itself.

Courts, legal and regulation

The **Commerce Commission** issued proposals for guidelines to require greater transparency about energy/broadband bundle pricing.

Stefan Lepionka failed in a bid to get $4m out of his former lawyers in a negligence claim. He is appealing the high court decision against his company, **Lepionka & Company Investments Limited** and in favour of **Gibson Sheat**.

A high court judge found former **CBL Corporation** executives **Peter Harris** and **Carden Mulholland** not guilty of eight Crimes Act charges, many of which fell over because applications had not been made correctly by the Reserve Bank and SFO.

Tokyo Food Company was fined $28,000 for not translating food allergen declarations into English.

WorkSafe CEO Phil Parkes will be leaving the job at the end of 2023 after nine years. WorkSafe is currently implementing the recommendations of a baseline Review requiring it to streamline activities and refocus core functions.

The liquidator of **Mainzeal** said it will pursue bankruptcy proceedings if the directors owing $60m do not pay.

Technology and IT

Law tech startup **LawVu** received $15m from tech investor **Movac** in its latest funding round.

ERoad raised $50m in a poorly supported but fully underwritten capital raise in which its hostile bidder, **Volaris,** did not participate.

Service industries and healthcare

Ryman Healthcare said its bank facility limit increased by $119m to $2.6b, resulting in total debt facilities of $3.02b with the average debt term increasing from 2.6 to 3.6 years.

Esquires franchise holder **Cooks Coffee** said it would close its Triple Two coffee franchise business, with UK cafes being put into administration.

Property

Erskine Owen's first property syndicate bought a $15m retail development in Amberley, North Canterbury.

Receivers sold two property assets in **Greg Olliver's** failed property portfolio – landholdings on the Kapiti Coast – for $15.5m. The 28-hectare properties alongside the Wellington northern highway were bought for $21.6m in 2010 and were held in Olliver's St Heliers Capital and Olliver Trustee entities.

Corporate actions

Happy Valley Nutrition's creditors have given the administrators permission and time to execute a deed of company arrangement to try to save the milk processor.

Pernod Ricard is reported to be seeking as much as A$1b (NZ$1.1b) for its Australian and NZ interests after appointing banking advisers Morgan Stanley and JPMorgan on their potential sale.

AustralianSuper increased its stake in **SkyCity** Entertainment to 8.38%.

Capital markets

NZX said it would issue "trade with caution" alerts when it sees price spikes while monitoring listed companies.