

Return to a heated Waitangi Day looks inevitable

Page 2

NZ is having a great summer compared to last year's, but the political heat to be generated at Waitangi this year poses political management challenges for a rookie Prime Minister. Christopher Luxon is so far letting most of the heat fall on Act and, to a lesser extent, NZ First and banking that a racially divisive first few months of 2024 will fade by 2026 and that a goodly chunk of the voting public tacitly welcomes some back-peddalling on Māoi issues.

Nats and Act seek compromise on interest deductibility

Page 3

What may possibly have been a drafting error in the National/ Act coalition agreement has given Act more space to extract concessions either on the pace of removal of interest deductibility for landlords or in some other policy area.

Back in harness

Page 3

Cabinet met for the first time this week and Parliament resumes next week, as do select committee hearings. The expectation created that the new government would return to work earlier than usual does not appear to have been fulfilled, although key Ministers returned as early as Jan 8.

Funding for roads

Page 3

While recent buyers of EVs may be smarting at the introduction of Road User Charges for their vehicles, and the rate at which they will be applied, the government is losing no sleep over any significant loss of political support. Its fairness argument has been largely accepted. The bigger, longer term challenge is moving all vehicles to RUCS to allow the abolition of fuel excises.

Leaning westwards

Page 3

NZ's minuscule, six-person support for efforts to stop Houthis attacks in Red Sea shipping lanes has excited considerable opposition, but is consistent with a move that was already evident under Labour for NZ to more closely align with traditional security and defence partners, led by the US. Talks in Melbourne next week between foreign and defence ministers are likely to show further appetite for greater integration.

Glimmers of the business cycle upswing emerging?

Page 6

Business sentiment remains weak, but not nearly as weak as it was in mid-2023, while the latest inflation figures suggest a return to the RBNZ's target range by the end of the year, with first interest rate cuts perhaps in the Q3.

Suddenly, gold mining is back

Page 7

Emboldened in part by the new Resource Minister, Shane Jones's, enthusiasm for extractive mining, two significant gold-producing prospects have taken significant steps forward since the beginning of the year. The most advanced is Federation Mining's Reefion mine, while Santana Minerals has talked up its prospect near Bendigo. The potential for billions of dollars of gold production over the next 10 to 15 years, with attendant jobs and royalties, is real.

Back to protest on Waitangi Day

Unless a combination of discipline by the guardians of the Treaty grounds at Waitangi and high-level security arrangements prevent it, there is real potential for Waitangi Day to be one of the most fiery and divisive, even by the standards of previously fraught national days.

The new government cannot have planned for this to be the case, although the reaction of Māori to the coalition agreements' initiatives on redefining Treaty principles was predictable.

How it manages its way out of the perennially thorny thicket of Treaty politics while satisfying the constituency that voted for a rollback on Treaty gains and not causing racial strife is a monumental challenge that would test even the most politically agile administration.

It may be that these events are happening early enough in the life of a new administration for memories to fade and a new political equilibrium on Treaty issues to emerge before the 2026 election.

And on Waitangi Day itself, the fact that all formal elements will take place on the highly controlled upper grounds may reduce the potential for ugly scenes. The "lower" or Te Tii marae used to be where anger was most volubly expressed but it is no longer part a part of the day.

However, a destructive meltdown in relations between Māori and the Crown remains possible from the current dynamic, along with the potential for the coalition to falter or fail because of the concentration on Treaty rather than the wider economic and social issues that also motivated voters to the change of government.

Treaty over-reach

There is no question that the current debate and surrounding protest is fraying race relations, but then so, too, was the previous government's head-long embrace of te ao Māori at a pace that made it a decisive election issue for a large number of voters.

Even Labour under Chris Hipkins acknowledged that, winding back the 'three waters' reforms, where co-governance had become a lightning rod issue and declining to pursue the concept in its now-unwound RMA reforms.

For National, acceding to Act's and NZ First's Treaty policy demands was a price to be paid to create the coalition, and a reflection that parts of National's constituency were also exercised about the way the Treaty and Māori priorities were developing under Labour.

In that respect, the temptation is to regard daily scenes of protest as threatening the government needs to be tempered by the realpolitik that a significant chunk of the populace regards these protests as welcome evidence that the government is winding back Labour's approach.

Whether or not that is a racist impulse is not the point. It is indicative of a political impulse in response to previous policies. Democratic elections are, by their nature, intended to create disruption between one administration and another.

That is what we are watching now and the early evidence is that it is not hurting National politically.

A January poll from Curia shows the party in the 40s for the first time since Simon Bridges' leadership. Labour is steady, and Chris Hipkins' ratings are down. Many in National see the daily focus on Māori issues as an obsession of a marginalised, overly urban media, which is fast losing the trust of a public that less than six months ago voted for the changes that are being protested.

It's also hard to see a way for Labour to capitalise on the controversy. Treaty issues are difficult for them too.

Wise heads among Māori leadership know that too, while separatist rhetoric from Te Pati Māori is likely working in the government's favour.

Political management challenge

However, if allowed to run either unchecked or poorly politically managed, the potential for the current turmoil to significantly worsen the increasingly polarised politics that has emerged post-covid is real and, for a responsible government, should be unwelcome.

The challenge for Christopher Luxon is that he cannot afford to and does not wish to position National or his prime ministership as racist or reactionary.

He acknowledged early in his leadership that National can't just be the "old white guys" party because it needs urban, liberal, and younger centrist voters to support it.

Hence, Luxon appears to have become increasingly comfortable to let it be known that National is most unlikely to support Act's Treaty Principles Bill beyond select committee hearings and that the party remains opposed to a referendum on the Treaty.

He cannot be more definitive than that without effectively declaring that part of the coalition agreement with Act a sham.

His attempts to characterise the heavily attended hui called last weekend by the Kingitanga as "positive

and constructive” and unrelated to the government’s policies ring hollow, but his approach at Ratana this week was conciliatory and, unlike Winston Peters and Shane Jones, Luxon was given a respectful hearing.

While it is to be hoped that the select committee consideration of the Act bill might help advance the debate about the role of the Treaty in modern NZ, that is not assured and will be down, in part, to the way the committee is chaired and how MPs and submitters conduct themselves.

The fact that sensitive officials’ papers on Treaty issues continue to be leaked also indicates that emerging discipline problems in the public service may continue to dog the government.

What is clear is that until the select committee process is completed, the Treaty issue will continue to require substantial political capital, time and energy that will inevitably be a drain on the capacity to focus on other major issues the government seeks to tackle.

Treaty principles – Act vs NZ First

Assuming the Act bill does end at select committee, Luxon will still face the challenge of meeting his commitment under the NZ First coalition agreement to review references to the Treaty in all existing legislation to check for relevance. The timetable for that looks more open-ended and all three parties have agreed to back it all the way. It could be a very long-winded and politically uncomfortable exercise unless a swift process can be devised for achieving this aim.

However, it will also give vent to a sub-plot in coalition dynamics, in which NZ First – and Shane Jones in particular – believes it has a better handle on how to manage the politics of the Treaty than Act. NZ First will be seeking not only wins for its policies, but to score off Act in the process.

Meanwhile, Luxon appears to be attempting to go over the head of protesters and speaking to iwi directly, reigniting relationships forged during the Key government.

The coming weeks and months will be an early test of whether first term MP and Minister for Māori-Crown Relations, Tama Potaka’s untried political skills. It is a significant risk to have placed such a junior minister in such a critical role, which has all the makings of a hospital pass.

Back to work

Cabinet’s first meeting of the year was on Jan 23 with Parliament meeting on Jan 30. Select committees resume hearings next week. Among hearings to

watch will be the debate over raising the trust tax rate to 39% – a Labour initiative that the new administration does not appear minded to change, despite strong technical arguments that the policy will create a new set of tax system distortions.

New associate minister and under-secretary portfolios were also finally announced today. Most significantly, David Seymour becomes an associate justice minister “to manage the Treaty Principles Bill”.

Landlords’ tax

An announcement about reinstating interest deductions for residential landlords is imminent.

Despite being included in the coalition agreement, the speed at which interest deductions are reinstated has been subject of a tussle between National and Act.

An agreement is very close and thinking has already moved to how the policy will be announced.

The coalition agreement said that in the 2023/24 year (the current year), a 60% deduction would be allowed. The literal interpretation of this, from both Act and the Labour Party, is that it applies in the current tax year.

That would make the measure retrospective in its impact, which would be highly unusual in itself, and create unanticipated financial benefit for landlords.

This has created much fodder for the CTU and Labour.

National is understandably less keen on that, given the politics and the need for tax revenue. National will likely only sign up to removal starting in the 2024/25 tax year, which is probably what it thought it was signing up to. Someone, somewhere will be ruing the drafting error.

The measure is phased over three tax years. National had proposed a 50%, 75%, 100% path, but Act negotiated 60/80/100 in the coalition talks. A further compromise on the rate of removal might grease the wheels, if required for a deal.

Paying for roads

One of the major “retail” items on the new government’s agenda is the Government Policy Statement on Land Transport (a fuel tax-funded transport budget). National is making good on a promise to bin Labour’s draft and start again. It needs to be drafted, consulted on, and published in final form before taking effect in July this year.

Defence talks

NZ’s small-scale support for action to stop Houthi attacks on commercial shipping in the Red Sea is an important signal about the new govt’s willingness to align with the US on defence and security.

That makes next week’s visit by foreign and defence ministers Winston Peters and Judith Collins for talks with counterparts in Melbourne worth watching for further signs of greater collaboration with Australia, still NZ’s only formal defence ally.

POLITICS AND POLICY

The tight timeframe is frustrating local governments, who will eventually need to get funding from NZTA/Waka Kotahi for local transport projects, mainly local road building and repairs, although history is repeating. The last government's rewritten 2018 GPS was similarly rushed.

The GPS stretches out ten years (although only the first three, 2024-2027, actually matter), and central to National's version is a commitment to build 13 Roads of National Significance over the decade at a cost of \$17.3b. The package included other projects, including public transport, bringing the cost to \$24.8b.

However, Simeon Brown has said he remains committed to the policy and reiterated a pledge to tap international capital markets for additional infrastructure funding.

National had envisaged \$9.5b of private funding (defined as equity finance, value capture, and cost recovery) to fund the plan. It now looks like the government might look for even more. Brown has already met with the NZ Super Fund, who were behind a joint NZ-Canadian bid to run Labour's Auckland Light Rail project as a "public-public" partnership.

National's transport policy said it would be keen to revive similar models to fund some of its big-ticket projects. However, its coalition partner, NZ First, was responsible for killing the Super Fund model in the first term of the Ardern coalition government.

While the \$228m spent on the light rail project to date is an irrecoverable sunk cost, its findings may still assist the government and Auckland Transport to identify lower-cost mass rapid transit solutions for Auckland, with more express busways like those built for the North Shore likely to be in the mix.

A key challenge is the problem that led to Auckland Transport to light rail a decade ago: Auckland's CBD is nearing "peak bus". Added bus capacity alleviates car traffic but creates what's known as a "bus

sausage" when those buses converge in the CBD. Light rail was meant to solve this by squeezing more people into fewer vehicles.

RUCs for all – eventually

Electric vehicles will begin paying Road User Charges from July 1, ending an exemption begun by former Transport Minister Simon Bridges and laying early groundwork for an eventual shift away from fuel excises to having all road users pay RUCs.

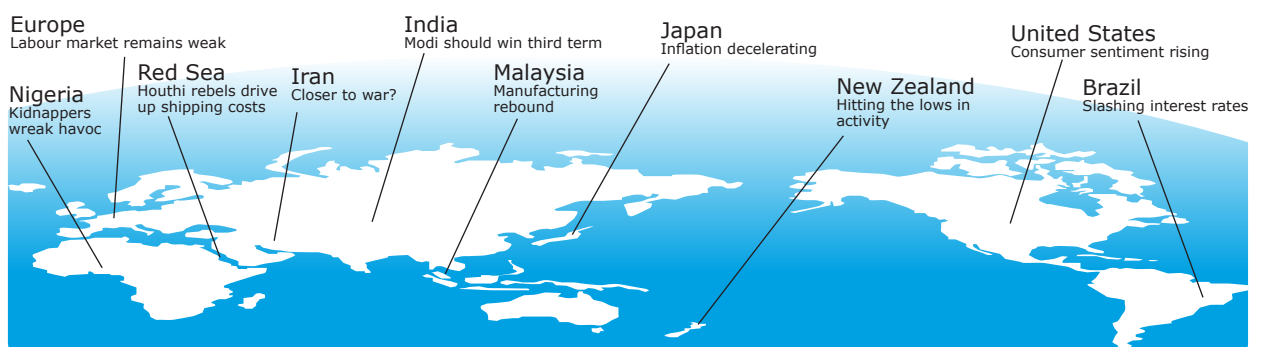
Light EVs will pay \$76 per 1000 km, in line with equivalent diesel-powered cars. The move has angered both climate change activists and EV owners, in part because they will now effectively be paying more than petrol cars for road use.

Work on moving all vehicles to RUCs started under the last National government and got a boost by Labour in 2021 after Waka Kotahi warned an overall reduction in private vehicle use was threatening its revenue.

Advice at the time warned that people driving less would open up a \$600m revenue shortfall by the end of the decade. While National has scrapped a target to reduce driving, which may mean this shortfall does not come to pass, its dream remains to integrate electronic RUCs with time-based congestion charging in cities.

The technology to achieve this exists and has matured considerably since the early 2010s, when then minister Steven Joyce said it was technically too difficult. Among issues to be resolved is how to measure kilometres travelled if road users are monitored digitally rather than being required to buy RUCs in advance under the current, increasingly outdated system. While GPS tracking may appear the most obvious solution and is clearly achievable – Google does it daily for drivers using its Maps function for directions – the privacy implications of the state monitoring the whereabouts of every private vehicle are likely to be challenging.

The world at a glance



Warnings for Wellington

Signs are mounting that the government may make an example of the Wellington City Council is mounting.

Over the New Year break, Infrastructure Minister Chris Bishop formally canned the Let's Get Wellington Moving project and committed to begin a second Mt Victoria tunnel before the 2026 election.

WCC now assumes total responsibility for the contentious pedestrianisation of the shopping Golden Mile at a time when the city's rates are rising substantially and its water infrastructure is failing.

Enter Local Government Minister Simeon Brown with his "tough love" approach to Wellington Water and the responsibility of the region's four councils for the extent of those water failings.

Media coverage has focused on how little time elapsed between Brown demanding better information from the Wellington and Upper Hutt councils and making those demands public.

The suggestion is that this was unfair and political. It was certainly the latter.

Brown is signalling that the government is fed up with a combination of what it sees as questionable priorities in Wellington and the Upper Hutt mayor, Wayne Guppy's, recalcitrant attitude, particularly to installing water meters.

While the appointment of commissioners would be drastic, it is difficult not to see this as among the

emerging options for Wellington city, and possibly Upper Hutt. That is particularly so because of the Wellington mayor, Tory Whanau's, inability to date to improve the council's traditional dysfunction.

Big public service shoes to fill

Three key public service leadership roles are now effectively vacant, with the departures of Brook Barrington as head of the Department of Prime Minister and Cabinet, Chris Seed as the head of the Ministry of Foreign Affairs and Trade, and Peter Hughes as head of the Public Service Commission.

Barrington will be acting head of MFAT and former SIS director-turned-deputy public service commissioner Rebecca Kitteridge will stand in as head of DPMC.

These are among the most senior leadership roles in a public service from which the government is seeking both very large spending cuts and improved performance. In the case of MFAT, the pivot toward the US and traditional security and defence partners begun by Labour, will accelerate under National.

Kainga Ora inquiry

Bill English's appointment to chair the inquiry into Kainga Ora is a huge signal about the new government's desire to resurrect the "social investment" approach that English pioneered.

As housing minister, English favoured funding social housing delivered by community organisations in competition with KO. ■

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	8.1	3.0	5.2	4.6	4.3	0.9	2.0	0.4	1.2	1.7
Australia	15.4	5.2	3.8	1.9	1.4	2.3	2.9	6.6	5.7	3.5	2.7
United States	12.6	5.8	1.9	2.4	1.4	1.7	4.7	8.0	4.1	2.6	2.3
Japan	6.4	2.2	0.9	1.9	0.8	1.0	-0.2	2.5	3.2	2.2	1.5
Eurozone	5.4	5.6	3.4	0.5	0.5	1.3	2.6	8.4	5.5	2.2	2.0
South Korea	3.4	4.3	2.6	1.3	2.1	2.2	2.5	5.1	3.6	2.5	2.0
United Kingdom	2.8	7.6	4.3	0.4	0.2	1.0	2.6	9.1	7.3	2.7	2.2
Singapore	2.1	8.9	3.6	1.0	2.3	2.6	2.3	6.1	4.8	3.0	1.9
Hong Kong	2.2	6.4	-3.5	3.4	2.9	2.9	1.6	1.9	2.0	2.3	2.1
Taiwan	2.4	6.5	2.6	1.2	3.1	2.7	2.0	3.0	2.5	1.9	1.6
Malaysia	1.8	3.3	8.7	4.0	4.4	4.5	2.5	3.4	2.6	2.5	2.5
Indonesia	2.3	3.7	5.3	5.0	4.9	5.0	1.6	4.2	3.7	3.0	2.9
Thailand	1.8	1.5	2.6	2.4	3.4	3.3	1.2	6.1	1.2	1.5	1.8
Philippines	1.2	5.7	7.6	5.3	5.5	5.8	3.9	5.9	6.0	3.7	3.3
Vietnam	1.6	2.6	8.0	5.1	5.9	6.4	1.8	3.2	3.3	3.6	3.3
India	0.9	9.1	7.2	6.9	6.3	6.4	5.5	6.7	5.4	4.8	4.8
Canada	1.4	5.0	3.8	1.1	0.4	1.9	3.4	6.8	3.9	2.5	2.1
NZ Trading Partners	100.0	6.2	3.1	3.3	2.9	3.1	2.1	4.6	3.0	2.2	2.1
Forecasts for New Zealand											
Consensus		6.0	2.7	0.9	1.2	2.4	3.9	7.2	5.7	3.5	2.7
BNZ Forecasts		5.5	2.4	0.7	-0.1	2.7	3.9	7.2	5.7	3.3	2.4
The World		5.9	2.9	2.5	2.1	2.2	3.6	7.4	5.6	4.0	3.8

DOMESTIC ECONOMY

Is the worm ready to turn?

The economic mood remains febrile, but with perhaps a tinge of light at the end of the tunnel starting to be visible.

While non-tradable inflation – what we produce in the NZ economy rather than import – is sticky, the annualised rate of inflation based on the Dec quarter 0.5% out-turn puts inflation back into the 1% to 3% target range for the first time.

The actual annual rate is likely to be within the target band by Sept this year, and on target a year later.

While there is no evidence the RBNZ will act quickly, the pre-conditions for interest rates to start falling later this year are in place. The NZIER QSBO for the Dec quarter also seemed to indicate some “animal spirits” despite a very weak GDP out-turn for the Sept quarter and the fact that this is the recession the RBNZ set out to achieve.

Having done so, demand is weak, pricing intentions are moderating, and labour market conditions have gone rapidly from very tight to relatively easy.

All of this says “ease”, but not until the second half of the year, with ANZ forecasting first cuts in August and the OCR at 3.5% in 12 months’ time vs 5.5% today.

More light on the RBNZ’s thinking is expected in a speech on Jan 30 from chief economist Paul Conway, in lieu of the usual six-weekly OCR update, which is suspended over the holiday period.

A regional economy scan by BNZ economists found the South Island, particularly Otago, is performing better than other parts of the country, assisted by the tourism rebound.

Auckland and parts of the Waikato were “the next rung” down, assisted by migrant-driven population growth and housing construction activity.

However, all regions continue to trade in relatively soft conditions.

Economic indicators

The Dec quarter QSBO from NZIER showed a surprise bounce in confidence, particularly among retailers and parts of the construction sector.

A net 10% of businesses surveyed still expect economic conditions to worsen over the next year, but that compares with a significant rise from a net 49% negativity three months earlier in the Sept QSBO.

Labour shortages have been replaced by sales and profitability as the primary concerns of business owners.

Manufacturing activity contracted 3.4 points in Dec, according to the latest BNZ-Performance of Manufacturing Index. The seasonally adjusted PMI for Dec was 43. Lack of demand and sales were the overriding themes many manufacturers mentioned.

The BNZ-BusinessNZ Performance of Services Index was 48.8, down from 51.1 in Nov, consistent with the economy reaching a maximum annual contraction of around 2%.

The Westpac McDermott Miller Employment Confidence Index rose 1.4 points to 99.7, still marginally pessimistic. Strong wage growth last year would probably not be sustained despite high inflation, the bank said. Job security confidence fell to a three-year low. The survey pointed to unemployment moving above 4% in the Dec quarter from 3.9%, and perceptions of future job opportunities were at recessionary levels.

New job advertisements on the Seek platform were down 24.5% in Dec 2023 compared to the previous year and down 37% since their peak in Aug 2022.

Stats NZ said 38,209 homes were consented in the year to Nov 2023, down 24% on the prior year. New home consents reached its peak in the year ending May 2022, with 51,015 properties.

Card spending fell 2% between Dec and Nov, Stats NZ said. Electronic card spending – including debit and credit card transactions – for retail fell \$132m compared to Nov 2023. Spending in core retail industries, which strips out fuel and vehicles from the data, also dropped 2% (\$119m) on the previous month.

Food prices were 4.8% higher in Dec 2023 than Dec 2022 although there was a 0.1% fall in food prices between Nov and Dec. The biggest annual increase was in restaurant and ready-to eat food, up 7.1%. Grocery prices rose 5.4%, non-alcoholic beverages 5.5%, meat, poultry, and fish prices 2.3%, and fruit and vegetables 1.5%.

Cross-border movement

Net migration was 127,409 in the 12 months to Nov, more than 10 times the Nov 2022 year result of 11,415.

2.9m visitors arrived in NZ in the year to Nov 2023, up from 1.83m compared to the previous year. The number of visitors from Australia more than doubled from 605,000 in 2022 to 1.27m in 2023. In total, 303,400 visitors arrived last Nov, 70,700 more than during Nov 2022, but below Nov 2019’s 372,100. Visitors from China were among the slowest to return post-pandemic, making up just 7% of tourists compared to 11% in Nov 2019. 🇳🇿

Primary Sector

ASB economists raised their forecast milk price to \$7.85 per kilogram of milk solids, compared to Fonterra's forecast of around \$7.50 per kg/MS. Prices had pushed higher without increased Chinese demand.

NZ King Salmon's plans for deep-sea ocean farming of salmon gained approval from Fisheries NZ subject to the potential for judicial review. NZKS already has a resource consent for its proposal to farm fish in Cook Strait in a 1,000-hectare area north of Port Gore.

Sealord reported its first loss in 10 years, reflecting IT project costs and a weak fishing season. The Kura holding company reported a net loss of \$4.1m. Revenue shrank 3.2% to \$447.3m.

Energy and resources

Wholesale electricity prices rose in Jan as hydro generators begin to conserve water with major lake levels beginning to drop.

Genesis Energy began construction on a 63MW solar farm on the Canterbury Plains. It is the first project between Genesis and FRV Australia. **Mercury NZ** sought expressions of interest for construction of a 100MW solar farm under PPA, and **Clarus** (ex FirstGas), announced a partnership with UK-based solar developer Harmony for a net 150MW plant on the Hauraki Plains.

Queensland state-owned **Queensland Investment Corporation** was reported to be reviewing its 58% stake in **Powerco**, the electricity lines and gas company based around New Plymouth.

Genesis Energy said the Kupe KS 9 drilling programme was successfully completed, with the first gas expected in the third quarter of FY24.

Santana Minerals told the ASX it had no explanation for a jump of more than 26% in its share price other than an investor presentation which highlighted the potential of a gold deposit in Otago. The shares continued to appreciate. The company has described the Ophir-Bendigo find as potentially NZ's largest in four decades. It has only recorded inferred resources on a JORC basis at this stage.

Federation Mining is raising \$100m in new capital from private sources to reopen the old Blackwater mine near Reefton, where it has established a substantial resource. The privately held Australian company exercised its right to buy mining rights at the site, now dubbed Snowy River, from **Oceana Gold**, for \$US30m. It expects to be mining by early next year.

The former CEO of dual-listed **New Talisman Mines**, **Matthew Hill**, admitted making "false and misleading statements" as part of a settlement with

the **FMA**, which brought civil proceedings against Hill in Aug 2021 relating to alleged anonymous comments on a share trading chat forum. Hill left the company in Oct 2021 amid a shareholder revolt in which there was major board change.

Banking, finance and insurance

The Reserve Bank is proposing to impose debt-to-income restrictions on mortgage lending for the first time. Banks would be permitted to lend no more than 20% of the value of the mortgages they issue to owner-occupiers seeking to borrow more than six times their gross annual incomes. For investors, this will be no more than 20% for those seeking debt worth more than seven times their incomes.

Former Labour cabinet minister **Kris Faafoi** was appointed incoming CEO of the **Insurance Council**. He will replace **Tim Grafton**, who is stepping down in April after almost 12 years.

Telecommunications, media & entertainment

NZ's three biggest telecommunications retailers questioned whether **Chorus's** \$201m plan to roll out fibre deeper into the provinces should fall under the regulatory regime that sets the network operator's regulated revenue. Chorus has put forward a \$1.35b capital spending programme for the four-year regulatory period starting in 2025.

Wholesale and retail

The **Commerce Commission** opened an investigation into the major supermarket operators following allegations of Fair Trading Act breaches. **Consumer NZ** claimed supermarkets engaged in misleading pricing, charging more than advertised and had misleading specials and promotional practices.

The commission also released its statement of preliminary issues and gave two weeks for submissions on whether to allow **Foodstuffs** to merge its North Island and South Island co-operatives.

Michael Hill cut senior managers and closed six stores worldwide amid a 10% decline in NZ sales for the six months to the end of Dec. Sales across the group were up 4% to A\$362.8m (\$389.9m), when including sales from the Australian family jewellery business Bevilis, which it bought in June for \$45m.

Transport

KiwiRail's board and senior management have spent the last few weeks assessing the implications of the government's unexpectedly abrupt pre-Christmas decision not to fund the iRex rail ferries project because of cost-overruns and uncertainties. The first stages of a response are expected in coming weeks.

CORPORATE ROUND-UP

After a year-long investigation, **Maritime NZ** filed a health and safety charge against **KiwiRail** over an Interislander ferry losing power during a Cook Strait crossing.

Kotahi, NZ's largest shipping group, said exporters face a shipping surcharge of US\$1,000 (NZ\$1,600) per container because of disruption at the Suez and Panama canals.

The **Motor Industry Association** said 7,077 battery and hybrid-powered cars were sold during the month, representing 72.5% of all new vehicle sales, ahead of the scrapping of the clean car discount scheme on Jan 1. Overall Dec registrations were 17.5% lower, at a combined 9,768 vehicles down on the prior Dec 11,835 units sold. Annual sales dipped 9.5% to 110,678 new vehicles.

Manufacturing and construction

Watercare picked 34 contractor and consulting companies, including 15 Māori businesses, to work on its \$3.5b infrastructure renewal programme.

Courts, legal and regulation

The Commerce Commission is seeking financial penalties from the High Court for alleged breaches of responsible lending laws by **Go Car Finance** and **Second Chance Finance**.

TruScreen was ordered to pay \$25,000 plus costs and was censured by the stock market watchdog for not having enough members on its audit committee.

Technology and IT

TradeWindow reaffirmed revenue guidance and said it has mostly finished a restructuring to cut 40% of staff. Last year's trading revenue was \$4.9m with guidance for the 12 months ended March 2024 is between \$6m and \$6.5m.

Blackpearl Group said annual recurring revenue reached \$5.5m as of Dec 31 2023, a 122% increase year-on-year and a 20% increase from the previous quarter.

Service industries and healthcare

Pacific Edge halved its commercial team from 34 to 17 after a 17.78% drop in test volumes for its Cxbladder product, due to uncertainty over its future in its core US market, with a pending decision on

whether medicare contractor **Novitas** will cover US testing.

Tourism

Tourism Holdings agreed to buy Adelaide-based RV sales dealership Camperagent RV Centre for A\$11.9m (NZ\$12.8m). THL planned to consolidate its existing Adelaide rental depot and Apollo RV dealership with the Camperagent's North Adelaide site.

Corporate actions

NZ Rural Land Company is selling 25% of its portfolio to an Australian investment fund for about \$44.2m as part of a wider restructuring of the NZ stock exchange-listed company. The transaction is conditional on a company restructure that will transfer NZ Rural Land's group assets, except for cash on hand, into a limited partnership. NZ Rural Land will hold 75% of the partnership, with the other 25% owned by the investment fund.

Accounting firm **Grant Thornton** is trialling a nine-day working fortnight for all staff in NZ with them paid for 10 days.

Winton Land shareholders approved the acquisition of 6,991,166 ordinary shares by **Perpetual Corporate Trust**.

Capital markets

Geo delisted from the NZX saying it would save up to \$380,000 and free up about 400 hours of management time.

NZ investors will be able to get direct exposure to the price of bitcoin on share trading apps like **Sharesies** after the USEC approved the listing and trading of exchange-traded funds tied to the price of cryptocurrency.

People

Zespri chief executive **Dan Mathieson** is leaving to take up a new job as president of the Americas for California-based berry company Driscoll's.

Director **Anna Nelson** will become chair of **Silver Fern Farms**, replacing **Rob Hewett** in May.

Fonterra chair **Peter McBride** was appointed chair of Australian farmers market operator **Sydney Markets**.

Warren Parker, the chair of Pāmu and ex-Ceo at Scion and Landcare Research died on Dec 29 aged 68. 🇳🇿

