

Raising the energy

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This month we got a glimpse of what the government's pledge to "raise the energy" abroad will look like in practice, with Christopher Luxon, Winston Peters, Nicola Willis, Todd McClay, and Judith Collins all jetting offshore. Initial signs look positive.

The Aukus questions

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It has been a big month for Aukus, both in NZ and around the world, with Aukus partners formally considering an invitation to Japan to join pillar 2. Japan would be the first non-pillar 1 country to join. Details have begun to emerge about the opportunities and costs presented by membership. Labour is moving to capitalise on the growing public opposition.

Wellington gets reprieve

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The government has granted an extension to deadlines for strengthening earthquake-prone buildings and brought forward a review of the earthquake strengthening regime in the Building Act. The outcome of the review could mean moving to a less onerous regime, a win for building owners and hard-up councils.

RMA tweaks; Ruataniwha revival?

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Ministers Chris Bishop, Simeon Brown, and Shane Jones outlined two tweaks to the RMA which will be introduced this week and come into effect while the government is working out how it will repeal and replace the RMA itself. Fast-track legislation looks like it will have the ability to revive the Ruataniwha dam project and others like it.

An end in sight ...

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CPI figures out this week show the RBNZ's target band may be within reach, but high non-tradeable inflation suggests the final stretch may be the most difficult.

... no end in sight

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The latest benefit statistics show the number of people receiving main benefits continuing to rise, with March 2024 figures showing the largest number of people and highest proportion of the working-age population receiving a benefit since the post-pandemic high was reached in 2021. This is despite MSD showing a growing willingness to use sanctions.

Gold Rush

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A Central Otago gold mine developer reckons tax-paid profits from one deposit in its Bendigo-Ophir project could top \$2b over 10 years.

Raising the energy

It is a recess week in Parliament. Prime Minister Christopher Luxon has used the break to venture on his first extended overseas mission, visiting Singapore, Thailand, and the Philippines.

A short spell being fêted on the world stage tends to play well for prime ministers domestically. This trip will likely have the same effect, as well as giving Luxon a chance to demonstrate what he meant when he pledged to “raise the energy” in foreign relations.

Despite taking a trade delegation, Luxon did not shirk from the fact the trip was also checking in on regional friends facing the challenge of “strategic competition”, an unusually candid remark that might not have been foregrounded in similar trade and diplomatic missions as recently as a decade ago.

Times have changed.

Security and defence were themes of the trip, coming up in a substantive sense in all three destinations. Luxon appeared open to allowing Singapore to use NZ airspace to conduct training for its F-15 fighter jets (Singaporean airspace is too busy for some training). The idea was mooted in 2017, but decided against in 2018 (costly upgrades to local infrastructure would have been required).

In Thailand, he agreed to upgrade the bilateral relationship to a “Strategic Partnership”, a largely symbolic show of deepening ties after a period of military rule in the country.

This week the government also made its first foreign deployment of the P-8 Poseidon aircraft purchased by the Labour-NZ First coalition. A P-8 and crew are being sent to Japan to participate in mission monitoring breaches of UN Security Council resolutions targeting North Korea. NZ First, who pushed the acquisition of the aircraft, argued they would strengthen NZ’s reputation by allowing us to participate in more operations offshore. Further defence acquisitions, still being pushed by NZ First, will likely have similar arguments made for them.

The rest of Luxon’s travel schedule is firming up. He will spend a substantial amount of time overseas this year, making good on a pledge to “hustle” more internationally. Luxon’s forward itinerary looks like it will include multiple visits to Asia, including a visit to India. **It appears he will not now visit China**, with the Chinese side planning to send Premier Li Qiang to Australia and NZ some time this year

Finance Minister Nicola Willis travelled to the US to attend a meeting of the Five Eyes finance ministers, with counterparts from Australia, the US, Canada, and Britain. Willis also attended the spring meetings of the International Monetary Fund and World Bank.

Minister of Trade Todd McClay went to China for talks. Science Minister Judith Collins has departed for a tour of Europe.

The Aukus questions

Foreign Minister Winston Peters returned from a long tour of the Middle-East, Europe, and the United States, with an itinerary heavy on meetings with old friends.

Though Peters outwardly claims the government’s positions on issues like Nato and Aukus are unchanged from the Labour administration, and that the only major difference is his impressive work ethic, Peters’ personal Atlantic worldview does mark something of a departure from Labour’s foreign policy. The only real question is how big a change.

At Nato headquarters in Brussels he continued negotiating an update of NZ’s longstanding association with the alliance. There had been speculation Nato would look to formalise its relations with the Indo-Pacific 4 (IP4): South Korea, Japan, Australia, and NZ, but it appears China sensitivities have prevailed and instead NZ will strengthen its longstanding Individually Tailored Partnership Programme, a bespoke deal shorn of association with the rest of the IP4.

It appears likely the result of this will be announced in Washington DC in June when Nato leaders meet for their annual catch-up. Luxon is expected to attend as an IP4 nation, marking the third year in a row a NZ leader has attended the summit, which is fast becoming a fixture in the Beehive calendar, more regularly attended than the UN General Assembly leaders’ week.

In Washington DC, Peters secured meetings with Secretary of State Antony Blinken and his recently-elevated Deputy Kurt Campbell (he met with Republican senator Lindsey Graham to keep a channel open to any future Republican administration). Campbell is well-liked in Wellington and spent time in NZ following the Christchurch earthquakes. He was responsible for the Obama administration’s “Pivot to Asia” and his elevation to Deputy Secretary is being looked on positively by officials here.

Aukus critics, notably former Prime Minister Helen Clark, sounded the alarm at the language in the Blinken-Peters joint statement, which said both sides saw “powerful reasons for NZ engaging practically with [Aukus], as and when all parties deem it appropriate”. Clark said this gave a very strong indication NZ wanted into the deal. That would be a change from the last government’s position which was to dispassionately consider Aukus. Peters insists there

has been no change.

Clark is fast becoming the face of Aukus opposition in NZ. She leads an unlikely coalition including Don Brash and Richard Prebble who have all come out against the deal, much to the chagrin of Peters, who argues none have read any recent security briefings, which detail the security threats Aukus is meant to hedge against (mainly an aggressive China).

There has been a quiet acknowledgement from parts of the diplomatic community that the new government's rhetoric at least is a bit more forward leaning than the last one's, even if the position is officially the same.

Labour itself is cooling on Aukus and has spied an opportunity to turn it into a domestic political issue. It argues the government has in fact departed from its agnostic exploration of association with pillar 2 and is intent on joining. It held a summit at Parliament this week canvassing mainly anti-Aukus viewpoints. It could be fertile ground for Labour, in the way opposition to the TPP was during the Key government.

Labour's main contention is that Aukus does not offer anything in terms of technology exchange that NZ does not already receive from the likes of Five Eyes. But the Americans argue it offers far more, noting a key part of Aukus is the dropping of export barriers on sensitive technologies between Aukus partners, and potentially allowing firms from the Aukus partners to bid for more sensitive defence work. They have talked up the potential economic development benefits from the deal. The government here is keen to ensure the nascent space industry doesn't lose business to the likes of Australia by being locked out.

The week also provided further evidence the Aukus partners are far from being on the same page over whether the deal is a technology-sharing pact, or something that looks more like an alliance-lite, or a security deal like the Quad.

Campbell himself is responsible for this.

Living up to his reputation as a maverick, Campbell said Aukus would have a "cross-strait" implication – code for deterring Chinese aggression against Taiwan. The other Aukus partners seem less enthused about this. NZ seems unconcerned so far.

Leaks out of Australia suggest the three partners are also unsure about inviting other states to pillar 2, even as the partners openly consider allowing Japan to join. The Americans are keen to expand the pillar 2 part more broadly, while the Australians do not want to divert focus from Aukus' primary goal: the delivery of nuclear submarines.

The next set piece in the Aukus debate will be a

major foreign policy speech delivered by Peters next month clarifying the government's position on Aukus. It is likely to make clear he believes NZ's independent foreign policy does not mean non-alignment.

Labour is planning its own foreign policy intervention, with caucus discussing whether to harden the party's position on Palestinian statehood. Labour's last manifesto included an implicit recognition of Palestine by asking a representative to present diplomatic credentials in Wellington. The decision has been helped by tougher rhetoric from Australian Foreign Minister Penny Wong's and British Foreign Secretary David Cameron.

Peters will not match this, arguing recognition now would only add to tensions, though he sees NZ's long standing support for the two state solution as an implicit recognition of eventual statehood. He delivered a very strongly-worded critique of Israel at the United Nations on his trip, an indication of the government's fraying patience. The rhetoric positions NZ roughly in the middle of the Anglo-European pack. More critical than the Americans, but not quite as critical as some Europeans.

Latest CCC advice

The Climate Change Commission released three documents for consultation primarily around emission reduction targets, carbon budgets and whether international travel and transport should be included in domestic targets and action.

Polls

Support for National fell by 0.3 points to 37.1% in the latest Taxpayers' Union-Curia poll with Act down 2.8 points to 7.2%, and NZ First down 1.1 point to 6.3%. The Green Party lifted by 3.3 points to 14.6% – a very high support rating for the party. Labour was up 0.4 points to 25.7% with Te Pāti Māori rising 2.1 points to 4.6%. Christopher Luxon's net favourability fell two points to -7%. Chris Hipkins was down eight points to -6%.

Wellington gets reprieve

Building and Construction Minister Chris Penk has brought forward a review of the rules that govern whether a building is earthquake-prone and set deadlines for strengthening.

The decision came with a four year long extension to current strengthening deadlines that allows the owners of nearly 500 earthquake-prone buildings whose deadlines expire in that time some breathing space. That is a win not just for those building owners, but for cities like Wellington, which could have faced hundreds of buildings potentially being shuttered, having not been strengthened by their statutory deadline.

POLITICS AND POLICY

The rules relate to a 2016 amendment to the Building Act 2004, which followed the Canterbury earthquakes in 2010 and 2011.

That law set deadlines for territorial authorities to identify earthquake-prone buildings that needed strengthening and set deadlines for building-owners to strengthen buildings to code. If an owner is unable to meet that standard at the time their deadline expires, the building would face being shuttered.

The Building Act split deadlines for councils to identify and owners to strengthen earthquake-prone buildings depending on whether they were located in an area of low, medium or high seismic risk. High risk areas had roughly a decade to identify and strengthen earthquake-prone buildings, while low risk areas had longer. In a high risk place like Wellington this meant a peak of strengthening deadlines that threaten to shutter large numbers of city buildings – 229 strengthening deadlines expire in 2027 alone.

The issue is not just Wellington, but provincial, National voting towns in parts of the country classed as high risk, which face having significant main street buildings shuttered unless owners can come up with the money to strengthen.

A statutory review of the regime had been slated for 2027. The Building Act will be amended to bring this forward to this year and to extend strengthening deadlines by four years. Terms of Reference will be agreed by Cabinet this month.

Penk took aim at “high costs” involved in strengthening as well as “heritage rules and ownership structures”.

He has spoken of the need to balance safety with the cost of strengthening and concerns that imposing onerous regulations on apartments will simply drive up the cost of housing (52 residential buildings housing 980 individual units have been classified as earthquake-prone in Wellington alone).

Penk’s challenge is that while the cost of high cost of

strengthening appears to be moving public sentiment towards liberalising the regime, our understanding of the country’s seismic risk has moved in the other direction.

A 2022 update to the National Seismic Hazard Model (the first since 2010), which included lessons learned from the Kaikoura sequence found parts of the country were far more likely to have severe earthquakes than previously believed.

The research did not find that these quakes would be any more severe than thought under the previous model. It did find that the likelihood of an earthquake was much higher. The average increase in hazard across the country was 50%.

Labour tenancy change reversed

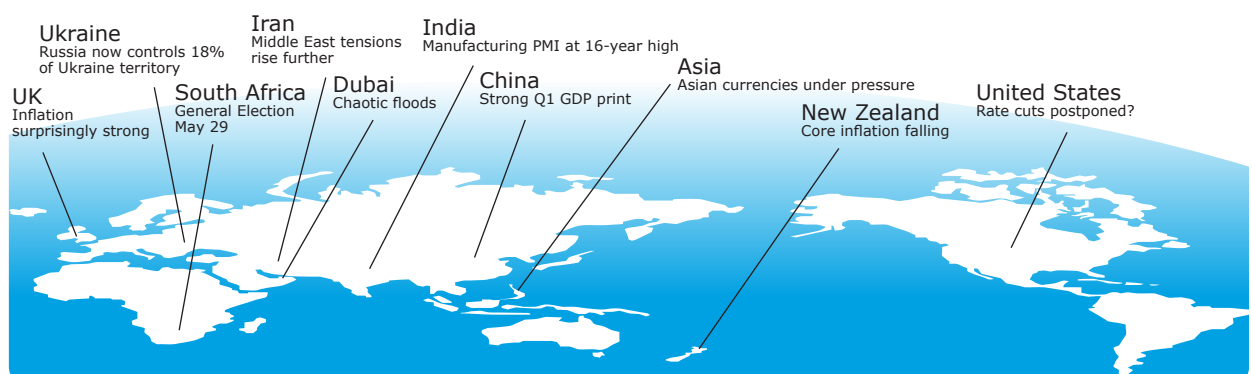
The government said it would roll back changes to tenancy laws introduced by the previous Labour administration. Among the changes will be reintroducing the power for landlords to end a periodic tenancy for any reason within 90 days, returning notice periods for a landlord to end a periodic tenancy to 42 days if they want to move themselves, their family, or employees into the building, or where the property is subject to an unconditional agreement for sale requiring vacant possession. Landlords will also get back the ability to give notice to end a fixed-term tenancy at the end of the term without a specific reason.

RMA tweaks; Ruataniwha revival?

The government announced two RMA changes as part of a suite of strategic tweaks to the legislation, which will be introduced this year while the government decides on a permanent RMA replacement.

RMA reform Minister Chris Bishop called on colleagues to submit additional RMA tweaks to be included in this year’s amendments so expect to see more announced shortly.

The world at a glance



The first change will make it easier for coal mining, by reducing a suite of measures brought in under the last government that treated coal mining more harshly than other forms of resource extraction. The government will make changes to National Environmental Standards for Freshwater and the National Policy Statements for Freshwater Management and Indigenous Biodiversity, which apply extra controls on resource consent pathways for coal compared with other mining.

The government is also removing a provision introduced by Labour that ended the consenting pathway for existing thermal coal mines from 31 Dec 2030. The change means existing mines will be able to be re-consented after that date.

This amendment is due to be introduced in May in the first of two RMA amendments to be introduced this year. The first bill will also clarify the hierarchy of obligations in the NPS – Freshwater Management, extend the duration of marine farm consents, and stop the implementation of new Significant Natural Areas for three years to enable a review of their operation – an issue dear to Act and NZ First.

The second change, which will be included in the second RMA amendment bill coming this year will extend port consents for a further 20 years. When the RMA was passed in 1991, ports were required to get coastal permits to continue their pre-1991 activities. These lasted for 35 years and were due to expire next Sept. The government will extend them for a further 20 years. The permits cover things like navigation aids (buoys, lights and fog signals), exclusive

occupation areas such as safe anchor areas, and some structures such as wharves.

This bill also includes changes to allow the government’s housing reforms and to consent more renewable electricity.

The government’s new fast track consenting regime may revive the Ruataniwha dam project – a major irrigation scheme planned for Central Hawke’s Bay, but scuttled after a Supreme Court decision that found DoC was not entitled to revoke the special conservation status of a section of Ruahine Forest Park needed for the dam and “swap” it for another piece of land. The decision put an end to DoC land swaps and a 2017 effort by the National government to overturn the decision failed to get anywhere before the election.

The new fast track legislation will include amendments to DoC legislation as part of an effort to build a “one stop shop” for consents. NZ First wants to legislate over the Supreme Court decision, allowing DoC to consider land swaps for Ruataniwha and projects like it. The new pro-development Conservation Minister Tama Potaka is likely to support such a change.

The six members of the government’s new fast-track projects advisory group were named. David Tapsell, Rosie Mercer, Vaughan Wilkinson, David Hunt, Mark Davey and Murray Parrish will make recommendations to ministers on projects to include in the Fast Track Approvals Bill currently before Parliament. 🇳🇿

Trading partner growth

(2022-23 actual; 2024-2026 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
China	27.0	3.0	5.2	4.7	4.4	4.1	2.0	0.2	0.8	1.6	1.8
Australia	12.8	3.8	2.1	1.4	2.2	2.5	6.6	5.6	3.2	2.8	2.5
United States	12.5	1.9	2.5	2.3	1.7	2.1	8.0	4.1	2.9	2.2	2.3
Japan	5.3	1.0	1.9	0.6	1.2	0.9	2.5	3.3	2.4	1.8	1.6
Eurozone	6.2	3.4	0.4	0.5	1.4	1.5	8.4	5.4	2.3	1.9	2.0
South Korea	3.3	2.6	1.4	2.1	2.2	2.2	5.1	3.6	2.5	2.0	2.0
United Kingdom	2.2	4.3	0.1	0.3	1.2	1.6	9.1	7.3	2.5	2.2	2.2
Singapore	2.5	3.8	1.1	2.4	2.6	2.6	6.1	4.8	2.7	2.0	1.7
Hong Kong	1.6	-3.7	3.2	2.8	2.8	2.6	1.9	2.1	2.1	2.2	2.2
Taiwan	2.2	2.6	1.3	3.4	2.7	2.5	3.0	2.5	2.1	1.6	1.5
Malaysia	1.9	8.7	3.7	4.1	4.6	4.5	3.4	2.5	2.4	2.6	2.4
Indonesia	2.3	5.3	5.0	4.9	5.1	5.0	4.2	3.7	3.0	2.8	2.9
Thailand	1.8	2.5	1.9	2.8	3.3	3.1	6.1	1.2	0.8	1.7	1.8
Philippines	1.1	7.6	5.6	5.7	5.9	5.9	5.9	6.0	3.6	3.3	3.3
Vietnam	1.3	8.0	5.1	6.0	6.3	6.3	3.2	3.3	3.6	3.3	3.4
India	0.9	6.5	7.6	6.6	6.7	6.8	6.7	5.4	4.6	4.6	4.7
Canada	1.4	3.8	1.1	0.9	1.9	2.2	6.8	3.9	2.5	2.1	2.0
NZ Trading Partners	86.4	2.7	2.7	2.5	2.6	2.6	4.2	2.6	1.8	1.8	1.8
Forecasts for New Zealand											
Consensus		2.4	0.6	1.0	2.3	2.9	7.2	5.7	3.2	2.1	2.0
BNZ Forecasts		2.4	0.6	0.3	2.7	3.0	7.2	5.7	3.1	2.3	2.6
The World		2.9	2.6	2.4	2.5	2.5	7.4	5.6	4.3	3.0	3.0

End in sight?

The latest quarterly inflation figures showed that in the year to March, annual CPI inflation was 4% versus 4.7% in the Dec year, still well above the central bank's target range of 1% to 3%. The CPI lifted 0.6% in the quarter. The RBNZ had forecast annual inflation to be at 3.8% in the March quarter and quarterly inflation of 0.4%.

BNZ analysis said that there was nothing in the figures that should be surprising: nothing that would spook the RBNZ, but nothing that would cause it to bring forward rate cuts either. Some economists, including Cameron Bagrie, still think there is a good chance the RBNZ will need to continue rate hikes. BNZ thinks the bank could cut rates before the end of the year.

Rents, house construction costs, and council rates continued to rise at pace. Services inflation remains elevated at an annual 5.3%.

Domestically driven non-tradeable inflation remained high at an annual 5.8%, above the RBNZ's forecast of 5.3%, this was mainly due to costs from rent, construction and cigarettes and tobacco.

Food prices rose 0.7% for the year ended March, the lowest since May 2021, as fresh produce – notably salad items – dipped more than 13%.

The annual decrease in fruit and vegetables was the largest in the 25-year history of the data, but was being countered by rises in groceries, takeaway meals and soft drinks.

The RBNZ kept the official cash rate on hold at 5.5% and reiterated ongoing restrictive monetary policy settings are still necessary to tame inflation.

A Xero Insights report said small business labour productivity, or output per hour worked, fell sharply in Dec to 20% below its Nov 2022 peak. The data shows small business productivity is still lagging 10% behind pre-pandemic levels. Small businesses had an average output of \$99.30 an hour in Dec, falling from \$122.60 an hour in Nov 2022.

The latest **NZIER Quarterly Survey of Business Opinion** showed a net 24% of businesses in the March quarter expect a deterioration in the general economic outlook over the coming months on a seasonally adjusted basis. A net 23% of firms reported a decline in activity over the March quarter. This was a turnaround from the net 7% of businesses that had reported increased activity in the previous quarter.

The Global Dairy Trade auction recorded a 0.1% lift following a 2.8% rise from the event two weeks ago. Whole milk powder – which has the biggest impact

on Fonterra's farmgate milk price – had a 0.4% lift, to an average of US\$3,269/MT.

There was an **annual net migration** gain of 130,900 in the year to Feb 2024. The 253,200 arrivals and 122,300 departures in the Feb 2024 year were provisionally the highest on record for an annual period, Stats NZ said. Annual net migration provisionally peaked in the year ended Nov 2023, with a gain of 142,200.

The skills mix of migrants is also changing. Despite the surge in migration, 14,000 fewer highly skilled migrants came to NZ last year than in 2017, despite net migration levels being vastly higher then. Levels of low-skilled migration have increased 85%, while high skilled migration levels are down 36%.

Quarterly benefit numbers from MSD showed there were 370,251 people receiving a benefit at the end of March, up 24,834 or 7.2% when compared to the same time last year. This equates to 11.6% of the working-age population, up on 11.1% the same time last year. The number of people on Jobseeker was 187,986 or 5.9% of the working-age population. This is up 19,488 (11.6%) when compared to March 2023.

There are more than 66,769 more people receiving Jobseeker support than in Dec 2017 and the largest number of recipients since 2021.

The number of benefit sanctions increased by about 20% compared to the first three months of last year, an indication MSD is implementing the expectation set by the new government.

BNZ and BusinessNZ's Performance of Services Index fell to 47.5 in March from 52.6 in Feb. The PSI has only been below 50 in one other month over the past year and that was in Dec, when it fell to 48.9.

Four key components of the index were in contraction: activity/sales (44.8), supplier deliveries (48.7), stock/inventory (46.9), and new orders/business (48.3). Employment showed a small level of expansion at 50.1.

The Helen Clark Foundation Pathways to Prosperity report, produced by NZIER singled out the primary sector's co-operative structures as one reason why more risks had not been taken in the food and fibre sector.

Productivity growth had slumped in relation to the rest of the world from the 1970s through the 1980s and 1990s. Productivity grew in the 2000s, but did not make up lost ground.

The OECD average of exports was 60% of GDP for countries with a population of less than 20 million but in NZ exports were 27% of GDP. 🇳🇿

Primary Sector

The share price in **PGG Wrightson's** second-largest shareholder, **Elders**, fell nearly 25% after downgrading its earnings, blaming bad weather and weak farmgate prices. It expects ebit between A\$120m (NZ\$131.2m) and A\$140m for the full year ending Sept. That compares with ebit of A\$171m in the 2023 financial year, down from \$232m the prior year.

Fonterra is closing its Waitoa specialty powder plant and coal centre, and two powder dryers at Te Rapa due to their age. The closure would only affect the plants and not the whole factories at the sites.

NZ officials are monitoring overseas developments after bird flu spread to two dozen US dairy herds across eight states. One human is reportedly infected, the first instance of cow-to-human spread of bird flu. NZ has never had a case of highly pathogenic avian influenza.

Energy and resources

Central Otago gold mine developer **Santana Minerals** released estimates that tax-paid profits from one deposit in its Bendigo-Ophir project could top \$2b over 10 years at current elevated global gold prices.

Meridian Energy's hydro storage levels continued to rise, reaching 102% of the historical average in the month to April 15 2024. It also reported a 3.4% increase in national electricity demand in March 2024, compared to the same month last year.

Mercury's report for the quarter ending March said lower national inflows resulted in higher spot electricity prices averaging \$195/MWh in Auckland. Forward prices remained high averaging \$180/MWh in Auckland for financial years 2024 to 2026 as at March 31 2024 due to increased gas supply uncertainty.

Manawa Energy said Q4 FY24 was characterised by elevated spot prices, solid wind volumes, and lower than average hydro generation production (3,18GWh). Production volumes were 9% below expected average and 31% lower than the pcp, due to the planned Waipori scheme outage and lower than average inflows. FY24 total production volumes of 1,901GWh was in line with FY23 levels (1,917GWh).

Lodestone Energy added three consented sites in Canterbury to its second phase of solar farms partly funded by a \$250m debt facility with ANZ. In Feb, Lodestone announced an equity capital raise of \$55m for its phase two solar farm programme. Construction for all three solar farms is planned to run from 2024 through 2026.

QIC, an investment company owned by the Queensland government, is considering selling a 33%

stake in **Powerco**. It has owned 58% of Powerco since 2009.

Foresta has signed a 10-year supply agreement with **PF Olsen** for wood as stock for its planned torrefied wood pellets and chemical extraction plant in Kawerau.

Banking, finance and insurance

Tower now expects full year underlying net profit after tax to exceed \$35m. The previous guidance had been for this to be at the top end of or surpass a range of \$22m to \$27m. The forecast takes into account the full utilisation of the FY24 large events allowance, which is conservatively set at \$45m. No large events have been recorded in the current financial year.

NZ-founded global wealth management platform **FNZ** appointed **Jeremy Graham** as the new chief executive of NZ and **Aroha Steele** as the country's chief operating officer. FNZ was founded in Wellington in 2003 and now has more than \$2.5 trillion in assets under administration employing more than 5,000 people around the world.

The **Reserve Bank** opened consultation on what would be the first government-backed digital NZ currency.

Heartland Group said it had indicative regulatory approval for its purchase of Australia's **Challenger Bank** and laid out a goal of \$200m net profit after tax by 2028. After 15 years **Jeff Greenslade** will step down from his role as chief executive of the bank at the end of 2024.

Telecommunications, media & entertainment

The **Commerce Commission** is proposing to cut \$303m from **Chorus's** total expenditure allowance for the next four years. In a draft decision, \$1.59b would be allowed for the years 2025-2028, a reduction of 16% from what Chorus requested. This was in addition to a \$181m reduction that Chorus tabled in an amended proposal announced to the market on Feb 5.

The closure of **Newshub** – the news section of TV3 – was announced and after talks it emerged that **Stuff** will produce a news bulletin for TV3 after the closure. Newshub has 300 employees, it is unclear how many of these would transfer to Stuff but there were reports it would be less than 50. By some estimates, NZ will lose close to 20% of journalist positions across the sector in the coming months.

NZME said its advertising revenue increased by 4% year-on-year in the first three months of 2024 despite the market environment.

Just one-third of NZers trust the news media,

CORPORATE ROUND-UP

according to a report from the Auckland University of Technology. **Trust in journalism** fell from 42% last year to 33% this year, a 9 percentage point decline in 12 months and 20 point drop over four years. Three-quarters of people surveyed said they actively avoided news content to some extent, many finding it “negative and depressing” or “too opinionated”.

Transport

Air NZ selected Wellington and Marlborough Airports as the bases for its first all-electric aircraft, initially in a cargo-only service in partnership with **NZ Post**.

The government said it is considering a 4 kilometre tunnel under most of central Wellington as part of its pledge to build a second Mt Victoria tunnel and as a replacement to Let’s Get Wellington Moving.

Manufacturing and construction

The E Tu union said as many as half of the 50 unionised staff at Fletcher subsidiary **Easysteel** are set to be made redundant.

Courts, legal and regulation

Grocery commissioner Pierre van Heerden wrote an open letter to supermarket suppliers reiterating **Foodstuffs** and **Woolworths’** obligations to them and the regulator’s dislike for handshake deals which come under the now enacted Grocery Supply Code.

The Commerce Commission filed high court proceedings against **One NZ** alleging multiple breaches of the 111 Contact Code. One NZ said it was disappointed that the commission had opted to file the proceedings as it had been addressing concerns.

Inland Revenue warned the construction sector to sort out its tax obligations over undeclared income or face action.

Crowd funder **Equitise** had its FMA licence revoked after a history of repeated fines and failures to comply with legal requirements. The Australian-based company has been licensed to provide equity crowdfunding services in NZ since 2014 and in Australia since 2018, where it continues to operate.

The **SFO** filed 21 charges of corruption and bribery against former Auckland council building inspector **Nicholas Bright**, claiming he received cash bribes between 2018 and 2020. An Auckland building company director – who has interim name

suppression – faces 23 charges of corruption and bribery of an official.

Technology and IT

Scott Technology’s profit fell 42% on one-off costs in the half year to Feb 29 2024, but revenue was up 11% to \$141m. Net profit after tax was \$4.5m for the half year ended Feb 29, compared with \$7.8m for the same period last year. The company attributed that to one-off strategic review costs as well as higher lease and finance costs.

Rocket Lab won a US\$32m (NZ\$53m) contract to contribute to the Tactically Responsive Space Mission known as “Victus Haze” in a push to give the US military’s Space Force wing the ability to respond to threats from space.

TradeWindow reported updated revenue guidance confirming it is on track to break even on a monthly operating earnings basis by March next year ahead of the closing of a \$2.2m capital raising.

Service industries and healthcare

Online food delivery platform **Menulog** will discontinue its NZ operations in May citing the small market.

Worker representatives raised concerns over ride-sharing app **Uber’s** market dominance in NZ after rival rideshare firm **Ola** closed.

Mark Lucas stepped down as chief executive of medicinal cannabis firm **Cannasouth**, just hours before a creditor meeting with voluntary administrators.

Tourism

The receivers of **Ruapehu Alpine Lifts** completed the sale of the Tūroa ski field to **Pure Tūroa** and are now looking for buyers of **Whakapapa**.

Property

A large housing development in Beachlands South was given the go-ahead with the approval of a change to the Auckland Unitary Plan.

Corporate actions

Trade Window’s founder-chief executive **AJ Smith** is committing up to \$500,000 towards the company’s effort to raise \$2.2m from new and existing shareholders. ■

