

Bubble suspended for two months

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The outlook for reopening the borders any time this year has darkened considerably with the government's announcement this afternoon of an eight week suspension of the full Trans-Tasman travel bubble. PM Jacinda Ardern was particularly downbeat in calling on the 20,000 NZers visiting Australia to come home as soon as they could. Ashley Bloomfield described delta as 1,000 times more infectious than previous variants of covid-19.

Hydrogen blowtorch applied to Rio Tinto

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The Meridian/Contact call for expressions of interest in partnering on a global-scale 'green' hydrogen plant appears to be as much about putting competitive tension into the next round electricity supply negotiations with Tiwai Point aluminium smelter and generating political capital by backing the government's enthusiasm for hydrogen in decarbonisation and wish for levers to improve both security of supply and wholesale electricity price volatility.

The taniwha pokes the dragon

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NZ took the unprecedented step of publicly naming and condemning China's Ministry of State Security as the source of cyber-attacks on the Microsoft Exchange servers that have severely disrupted many businesses and government IT systems.

Building and shipping costs escalate

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Fletcher Building and Steel and Tube pushed through repeated double-digit price increases this week in a fresh sign that covid-19 disruptions are flowing through into higher construction costs. Importers and exporters also protested a series of new fees and surcharges being levied by shipping lines over congestion and container storage.

Local inflation fear runs hot as global worry fades

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Inflation fears saw the Reserve Bank end its bond buying programme today and economists now expect three OCR hikes this year, before up to another four next year. The change in expectations came after business surveys showed price setters passing on higher costs and annualised CPI inflation rising to 3.3% in the June quarter. But up to 175 basis points of hikes would put NZ over a year ahead of US, EU and Australian central banks, who are tolerating above-target inflation.

Three Waters reform - 'make us do it'

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The government had hoped it could persuade enough councils to support its proposal to amalgamate their 67 water service entities into just four. However, the mood at the annual local government conference last week suggests compulsion via legislation will be difficult to avoid.

FMA's damning report on insurance culture

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The FMA read the riot act to the insurance industry in a report detailing how only two of 42 industry players reviewed had showed they were ready for tougher rules on culture and practice. The report detailed myriad examples of double-dipping, over-charging and poor IT systems. However, the industry said it had changed since the review.

Delta shreds bubble for months

Australians will have to join those from other covid-struck countries in quarantine in MIQ if they choose to come to NZ in the next eight weeks while the Trans-Tasman bubble is suspended. **NZ residents returning from Sydney will also have to go into MIQ**, regardless of whether they have a negative pre-departure test. MIQ spots are already scarce and this will further increase demand.

Returnees from Victoria or who have visited Victoria **must self-isolate upon return and get a covid test three days after arrival**. NZers coming home from Queensland, South Australia, Tasmania, Western Australia, ACT and Norfolk Island, can come through without going into MIQ or self-isolation, but must have a negative pre-departure test.

The gravity of the worsening delta outbreak in Australia was driven home by PM **Jacinda Ardern's** bleak pleas for NZers to come home as soon as they could. Also darkening the mood, **Ashley Bloomfield** noted overseas evidence the delta variant took only **four days of brewing to become infectious, rather than the six days of earlier variants**, and shed **one thousand times more infectious material per case**.

Three Waters reform - everyone agrees the need, not the form

Local government leaders almost all agree that some form of national amalgamation, accompanied by a new monopoly regulator, is the best way to address the infrastructure and service quality deficits in much of the country's drinking, waste and stormwater infrastructure.

Local government minister Nanaia Mahuta's problem is that turkeys don't vote for Christmas and only a handful of councils are likely to go voluntarily into such a scheme.

That means compulsion is now the most likely route by which the reforms will occur, with decisions on that due by perhaps the end of Sept and legislation in the House well before Christmas - perhaps even passed. **Central government would like the issue settled before next year, with local body elections due later in 2022.**

At face value, that may seem politically fraught, but our read is that in most cases, local councils will go quietly. The \$2.5b funding package announced at the Local Government NZ conference last week knocked the edge off some opposition.

A second sweetener seems likely to emerge in the eight weeks of intensive discussion now occurring

between DIA officials and local government representatives. That could come in the form of tweaks to the proposed governance model.

Apart from Auckland, where mayor Phil Goff continues unrealistically to seek a government guarantee and to keep Watercare on the city's balance sheet, most of the opposition we observed amongst mayors related to fears of loss of local control and influence.

If those fears can be assuaged, then complaints about legislative compulsion are likely to be far more muted than they would otherwise be.

The reality appears to be that local government politicians are not willing to be seen rolling over to central government and would prefer to be told to do so by legislation. **The local optics are easier.**

A signal of this underlying dynamic is the limb that LGNZ, as the sector's lead body, has put itself out on by supporting the reforms.

The heads of agreement signed at last week's conference has LGNZ endorsing the proposed reforms as being robustly developed and in the best interests of the nation, and saying the funding package is fair.

It all accepts that an 'all-in' approach to the reforms is required. That being so, **LGNZ explicitly acknowledges that the government may legislate and won't oppose that.** It reserves only the right to express disappointment.

This outcome is perhaps inevitable. On one hand, Mahuta has invested heavily in trying to improve the routinely distrusting relationships between central and local government.

But the government is pushing massive reforms to the sector, not just in three waters but also in RMA reform and the review of local government's future role.

To imagine that scale of agenda could be accompanied by the sudden outbreak of a new, high-trust relationship is simply unrealistic.

Hydrogen plan - is it for real?

The **Meridian/Contact** study into the potential to build a global-scale 'green' hydrogen plant to replace the electricity load used by the Tiwai Point aluminium smelter is **a serious piece of research, a clever bit of politics, and a negotiating tactic all rolled into one.**

Whether it ever leads to the construction of a new, energy-intensive post-smelter industry for Southland very much remains to be seen. The prospect of it being constructed on a timeline to **replace Tiwai when the current smelter supply contracts run out in 2024 looks heroic.**

However, the smelter will close one day and there is no doubt that hydrogen is emerging as one likely energy source to replace fossil fuels in a range of industrial and transport settings.

However, there are **plenty of caveats** immediately apparent in the **McKinsey** report released with the project. **Here are three:** on a world map of potential venues for hydrogen production, **NZ has only 'average' renewable resource potential.**

Australia, with massive solar PV potential, the US with solar and wind prospects, and parts China, the Middle East and North Africa all rank better.

The report also makes clear that green hydrogen – which requires massive energy input for electrolysis and is relatively energy-inefficient - **will not be competitive with fossil fuel alternatives any time soon without "significant government support through carbon pricing or other measures"**.

Thirdly, there is as yet **no cost-competitive method of exporting hydrogen** - a key consideration for NZ, given the scheme is seen as mainly an export play.

However, the proposal **does contribute to a number of other objectives**, including:

- Creating some **tension in the age-old imbalance of negotiating power in the NZ power companies' talks with Rio Tinto** when it comes to renewing supply contracts to the smelter after 2024. Tiwai is currently paying about \$35MWh for electricity, while surging global metal prices suggest its breakeven power price is somewhere around \$135MWh, according to **Enerlytica's John Kidd**. Even if metal prices retreated, **there is substantial margin for Rio to pay more for its power post-2024**. As global decarbonisation gathers pace – and Rio seeks to repair its tarnished global reputation after various environmental and cultural snafus – it is not unreasonable to imagine that the prospect of maintaining a smelter producing **'green aluminium'** will become more attractive. The green hydrogen plant is touted as giving **flexible production rates** without the substantial costs involved in ramping the smelter's production up and down. In dry years, the hydrogen plant could back off. In wet years, it might produce more. This would **provide greater security of supply and should reduce wholesale market price volatility**.
- Being seen to simultaneously support the government's 100% renewable electricity by 2020 goal and its enthusiasm for the hydrogen economy as a source of decarbonisation.
- And doing so with a proposal that **may remove the need for the Lake Onslow pumped hydro scheme**, which the government shows every sign of green-lighting.

The taniwha pokes the dragon

NZ sought safety in numbers when it took the unprecedented step this week of publicly and formally accusing China of being behind the latest spate of hacking attacks on NZ organisations using Microsoft Exchange servers.

GCSB Minister Andrew Little issued a statement late on Monday night to coordinate with similar condemnations issued by others including all Five Eyes partners, the European Union, Japan and the 30-nation NATO alliance.

Little said the GCSB had confirmed Chinese state-sponsored actors were behind the exploitation of Microsoft Exchange vulnerabilities in NZ earlier this year.

"We call for an end to this type of malicious activity, which undermines global stability and security, and we urge China to take appropriate action in relation to such activity emanating from its territory," Little said.

Little called out China's **Ministry of State Security** by name for being responsible for the Advanced Persistent Threat 40 (APT40) group behind the attacks.

GCSB officials later also took the unusual step of detailing in public its concerns about the recent attacks, but also ones in previous years.

"The type of activity that the minister called out in his statement does go back some years, obviously the Microsoft Exchange compromise only happened this year, but it is part of a broader pattern," GCSB Director General **Andrew Hampton** told BusinessDesk.

China's embassy in Wellington said the accusations were "totally groundless and irresponsible" and lodged a "solemn representation".

"We urge the NZ side to abandon the Cold War mentality, adopt a professional and responsible attitude when dealing with cyber incidents, and work with others to jointly tackle the challenge through dialogue and cooperation, rather than manipulating political issues under the pretext of cyber security and mudslinging at others."

NZ foreign officials later met with China's representative at the local embassy at the request of China.

NZ exporters were jittery after the condemnation. "News reports this morning are deeply concerning," said **Stephen Jacobi**, executive director of the NZ International Business Forum. "There are always trade risks when NZ expresses concerns about

Coming up

July 26 - Reserve Bank to release mortgage lending stats for June

Aug 3 - Parliament to resume for two weeks after three-week winter break

Aug 6 - Refining NZ shareholders vote to end local refining

Aug 18 - Reserve Bank expected to hike OCR 25 bps to 0.5%

Chinese policy, but potential threats to national security cannot be ignored.”

Trade Minister **Damien O'Connor** was more confident, telling a trade policy roadshow in Auckland he did not expect retaliation.

“This is a security issue. It’s not a trade issue. We have no reason to believe that there should be any reaction,” he said.

Later, Opposition Leader **Judith Collins**, who is also briefed by the GCSB, appeared to suggest the Chinese hack was responsible for the breach of the **Waikato District Health board’s** massive IT outages over the last month that have caused surgery delays and slowed vaccination rates in the region.

Collins also said NZ needed to move quickly to diversify its trade exposure away from China.

PM Jacinda Ardern echoed this quiet but deliberate pivot away from linking NZ’s future to the Asia Pacific alone in speeches and in comments as she spoke with US President Joe Biden ahead of a virtual APEC leaders’ meeting focussed on the covid pandemic. Ardern and Biden talked about the stability of the Indo-Pacific region, trade and investment, and the vaccine roll-out.

Biden’s approach has been to try to isolate China and bolster alliances elsewhere, including ramping up the concept of an Indo-Pacific bulwark against China. America, Australia, Japan and India have formed a ‘quad’ dialogue in recent months.

In her speech to APEC leaders, Ardern pegged NZ alongside countries such as the US in focusing on the wider “Indo-Pacific” region in foreign policy. Ardern said that region included China - “an engine of global growth and one of our most significant, but also one of our increasingly complex relationships.”

Border loosening fades into 2022

PM **Jacinda Ardern** is still a couple of weeks away from giving more detail on NZ’s pathway to

loosening its border controls. But the indicators are **the precursors to a more open border are unlikely before 2022**, and possibly into 2023.

Even before today’s announcements on the trans-Tasman bubble, Covid-19 response minister **Chris Hipkins** had said the possibility of moving to shorter MIQ stays of seven days rather than 14 days for lower-risk countries was now unlikely until well into next year.

He also said the possibility of allowing privately run or self-run isolation was only a “medium to long term” prospect.

Government agencies, business representatives and others met last week to consider a draft report outlining approaches to border control from the six-person expert group led by epidemiologist **David Skegg**.

That plan will be released as a draft for public comment.

However, whatever it proposes, the evidence from Hipkins and the examples provided by events in Australia and the UK - where a less science-led approach has allowed the Delta variant to leap way - suggests **the Cabinet will remain ultra-cautious**.

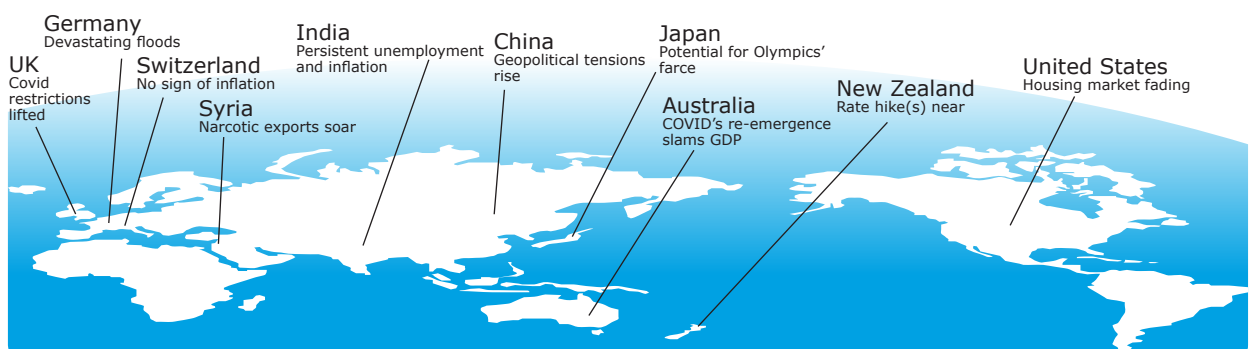
That will be all the moreso given NZ’s low vaccination rates and ongoing evidence of a stuttering rollout in parts of the country.

Grant Robertson warned: “This is not about cutting a ribbon at the airport one day and everyone coming in but it is about saying how do we use our vaccination process to enable us to start to reduce some of that down in a safe way.”

Test case to watch - holiday pay and bonus payments

Employers need to keep an eye on the outcome of a Court of Appeal case involving Metro Performance Glass relating to the treatment of bonus payments in calculating holiday pay.

The world at a glance



The **Labour Inspectorate** accused **MPG** of **under-paying holiday pay by not appropriately recognising its short-term incentive scheme as part of employees' gross income**. The employment court decided in the inspectorate's favour last year, effectively ruling that only a narrow class of bonus payments could be excluded from holiday pay calculations.

The result of MPG's appeal is expected in coming weeks. BusinessNZ's employment specialist, **Paul Mackay**, said businesses could be expected to backpay six years' worth of holiday pay if the decision is upheld.

A "back of the envelope" calculation suggests this bill could easily be worth hundreds of millions, which would be paid largely to executive employees.

"The irony is that because discretionary pay is concentrated at the senior level, so the greatest beneficiaries of this would be at the highest levels."

Professional services firm **EY** today issued an advisory note saying a broad class of employers may be impacted by the decision, if it is upheld.

Just briefly

More than half (53%) of NZers rate housing as a top issue in society - twice that of any other issue in an **Ipsos** poll. Housing has consistently been the top concern since Ipsos began tracking in 2018.

Parliament's **Finance and Expenditure Committee** will hold an inquiry into cryptocurrencies.

The **Green Party** appointed **Robin Campbell** as new Parliamentary Chief of Staff to replace **Tory Whanau**. Campbell is a long time staffer.

Senator **Tom Udall** was nominated by President **Joe Biden** as the **US Ambassador to NZ and Samoa**. Udall was a two-term US Senator before standing down in 2020. In the Senate he served on the Foreign Relations Committee and has been a strong advocate for Native American tribes and Pueblos in Washington DC and in New Mexico. He has extensive experience on climate change and conservation issues and is understood to have the ability to 'pick up the phone' to Joe Biden.

At least **18,000 visa holders will be able to stay in the country for two years instead of one and a streamlined application process will benefit another 57,000** after immigration rule changes.

NZ made a loss of \$156m from hosting the America's Cup event in March, according to a report for the **Crown** and the **Auckland Council**. The loss is put down to higher than projected public investment, few international visitors, and only three of the potential 10 challengers racing.

Farmers and supporters gathered in a series of '**Groundswell**' protests around **NZ over various reforms** including the "ute tax", freshwater, biodiversity and greenhouse gas emissions regulations.

The **nurses' union lifted strike notices** for two 24-hour strikes - on Aug 29 and Sept 9 - and an eight-hour strike on Aug 19 after a new pay offer. 🇳🇿

Trading partner growth

(2019-2020 actual; 2021-2023 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
China	32.9	6.0	2.3	8.6	5.6	5.3	2.9	2.5	1.5	2.3	2.3
Australia	16.1	1.9	-2.4	5.1	3.2	2.6	1.6	0.8	2.2	1.9	2.0
United States	13.1	2.2	-3.5	6.6	4.4	2.3	1.8	1.2	3.7	2.8	2.3
Japan	7.1	0.7	-4.7	2.5	3.0	1.2	0.5	0.0	0.0	0.5	0.7
Eurozone	5.7	1.3	-6.7	4.6	4.4	2.2	1.2	0.3	1.9	1.4	1.5
South Korea	3.4	2.0	-1.0	4.3	3.2	2.4	0.4	0.5	1.8	1.6	1.6
United Kingdom	3.0	1.4	-9.8	6.8	5.3	1.9	1.8	0.8	1.9	2.4	2.4
Singapore	2.2	1.3	-5.4	6.8	4.4	2.9	0.6	-0.2	1.6	1.4	1.6
Hong Kong	2.4	-1.2	-6.1	6.5	3.3	2.5	2.9	0.3	1.8	1.9	1.8
Taiwan	2.6	3.0	3.1	6.0	3.2	2.5	0.6	-0.2	1.6	1.5	1.4
Malaysia	2.1	4.3	-5.6	5.0	5.9	5.0	0.7	-1.1	2.7	1.8	2.5
Indonesia	2.1	5.0	-2.1	4.0	5.4	5.2	2.8	2.0	2.0	3.0	3.4
Thailand	1.9	2.3	-6.1	2.1	5.0	3.4	0.7	-0.8	1.2	1.3	1.5
Philippines	1.4	6.0	-9.6	5.2	7.1	6.5	2.5	2.6	4.3	3.2	3.0
Vietnam	1.6	7.0	2.9	6.3	7.2	6.3	2.8	3.2	2.7	3.8	3.6
India	0.9	4.0	-7.3	9.2	7.3	6.2	4.8	6.2	5.4	4.8	5.2
Canada	1.6	1.9	-5.3	6.2	4.2	2.3	1.9	0.7	2.8	2.4	2.0
NZ Trading Partners	100.0	3.4	-1.8	6.3	4.6	3.6	2.0	1.3	2.0	2.1	2.1
Forecasts for New Zealand											
Consensus		2.4	-2.9	5.6	2.8	2.6	1.6	1.7	2.3	2.1	1.9
BNZ Forecasts		2.4	-2.9	5.6	3.0	1.9	1.6	1.7	3.2	2.7	2.5
The World		2.5	-3.3	5.9	4.4	3.4	2.7	2.1	3.0	2.8	2.8

DOMESTIC ECONOMY

RBNZ set to strike out on its own

Economists and most in the financial markets are now picking the **Reserve Bank will start hiking the Official Cash Rate from its Aug 18 Monetary Policy Statement** to as high as 1.0% by the end of the year. This came after the central bank issued a surprisingly hawkish decision and statement last week and stopped its bond buying programme today.

The RBNZ's signalling of a tightening followed the most inflationary business survey in decades and June quarter CPI figures showing annual inflation increased to 3.3%. Quarterly inflation of 1.3% was higher than expected and the biggest increase in nearly 10 years.

Higher petrol prices, new home building costs, rents and rates drove most of the increase. Retail spending remained robust in the June quarter, powered by wealthier home-owning households, jobs growth and some wage growth.

Retail spending rose by 0.9% in the month of June and 5.7% for the June quarter, Stats NZ said. This was also stronger than many economists had picked. The increase was related to increased spending on groceries (+1.8% for the month). However, there was also increased spending on hospitality (+2%) and further increases in spending on household durables (+0.4%) which has been particularly strong since the economy exited lockdown. Services spending also rose 2.3% in June.

But the rest of the world isn't so hot

The RBNZ's apparent pivot to tightening and the local market's conviction about higher interest rates is happening as the **rest of the investing and central banking world is losing the enthusiasm for tighter policy**.

If the Reserve Bank were to tighten this year, it would be at least a year or two ahead of the United States, Australia and the Eurozone.

The delta waves of covid-19 ripping through Europe, Britain, Southeast Asia, Japan and America have derailed hopes for a very quick rebound. There are also fears China's rebound is slowing under the weight of continued logistics and supply chain problems, along with nervousness about China's reliance of its own less-effective Sinovac and Sinopharm vaccines. **China's vaccination rate is still less than 15%** and countries in Southeast Asia such as Thailand and Indonesia are rapidly abandoning China's non-mRNA shots for their healthcare workers after a series and infections and deaths for those with vaccinated by China's shots.

China's central bank has loosened its capital

requirements and the **Reserve Bank of Australia** is expected to reverse its signals about winding down its bond buying next week in the wake of new lockdowns for more than half the population in Sydney and Melbourne.

Last night the **European Central Bank** also vowed to continue money printing and keep its official rates below 0% because its inflation remains subdued. This month the ECB joined the Fed and RBA in saying it would tolerate inflation running hot above its target range for a period. President **Christine Lagarde** said the ECB had no plans to slow or taper its existing €1.85t bond buying programme.

Happy days for home owners

Stats NZ released its first cut of experimental data this week showing **household net worth** increased \$402b to \$2.3t in the covid-19 year to the end of March.

That included a **\$417b rise in the value of assets, including property, shares, bonds and deposits, while household debt rose just \$15b.**

Financial assets contributed \$245b to the increase in household assets since March 2020, exceeding the rise from owner-occupied property of \$172b. However, those financial assets were categorised as including the rise in equity from rental properties.

Stats NZ reported the **increases in the values of residential property accounted for about 54% of the household asset increase** for the March 2021 year once rental property was included.

The housing boom keeps on booming on

Median prices for residential property across NZ increased by 28.7% from \$637,000 in June 2020 to \$820,000 in June 2021, according to the Real Estate Institute.

Five out of 16 regions reached new record median prices, one region had an equal record and 20 districts reached new record median highs.

The House Price Index's monthly inflation rate slowed marginally to 0.9% nationally in June, but was still at 29.8% from a year ago. Annualised inflation rates over the last three months since the government's March 23 tax deductibility shock have still averaged over 10%, albeit down from over 20% in the previous three months.

The HPI for Wellington city rose 46.2% in the last year to June. The index for Palmerston North rose 61.3% in the last year.

The average compounding house price inflation rate out of Auckland in the last five years has been 12.3%. That rate means a doubling of house prices every six years. 🏠

Banks, insurers and fund managers

The FMA reported from a review of fire and general insurers' conduct many insurers had failed to actively check the suitability of their products, failed to effectively withdraw poor value or legacy policies and had over-charged some customers. It said several were now having to refund customers millions of dollars.

It cited insurers double charging customers, not giving customers promised multi-policy discounts, and significantly overcharging some premiums due to poor IT systems. The FMA concluded the industry was not ready for a new conduct licensing regime being legislated through the Parliament right now as the Financial Markets (Conduct of Institutions) Amendment Bill.

The FMA said only two insurers of the 42 reviewed - **IAG and Medical Insurance Society** - had met its expectations in full. It said 30 were inadequate and a further 10 were deficient in some way.

At least six insurers had withdrawn poor value or legacy products from sale after the review. Several large unnamed insurers had started "large scale remediation" activity with thousands of customers.

The issues being rectified or refunded included: pricing and multi-policy discounts not being applied, over-charging on agreed premiums, no-claims bonuses not being applied, late payment fees being charged without good reason and obsolete products being charged for when they couldn't be used.

The FMA said 28 of the 42 insurers had removed or committed to removing volume-based sales incentives. **Insurance Council** ceo **Tim Grafton** said the review didn't reflect the current situation.

Fitch Ratings revised the outlook on its A+ credit ratings for **ANZ NZ, ASB, BNZ and Westpac NZ** to stable from negative due to the strength of NZ's economic recovery.

ASB appointed tech entrepreneur and former head of **Microsoft NZ Greg Cross** as a director.

ASB entered into a strategic partnership with **BlackRock**, the world's largest fund manager.

Customers in Canterbury lodged 3,538 claims costing over \$43.8m for damages in the May 29 - June 1 floods, the **Insurance Council** reported.

TSB agreed to pay a \$3.85m fine after admitting its systems to stop money laundering were inadequate.

Complectus, which is owned by **Andrew Barnes**, has sold **NZ Guardian Trust Company and Covenant Trustee Services** to Hong Kong-based **Tricor Group** for an undisclosed sum. Complectus will retain the **Perpetual Guardian** personal trustee services arm

which deals with wills, family trusts, philanthropic organisations and also owns the **Givealittle** crowd-funding platform.

The FMA fined equity crowdfunding service provider **Equitise** a \$7,500 fee for failing to file financial statements on time.

Energy and resources

Z Energy said the end of oil refining at **Marsden Point** would free up \$150m in working capital for the country's largest fuel retailer. Z will vote in favour of moving to an import-only terminal at a **Refining NZ** shareholder meeting on Aug 6.

Genesis Energy decided to keep its 46% stake in the **Kupe** oil and gas field after a strategic review. The field's operator, **Beach Energy**, upgraded its reserves estimate for Kupe for a third time in 11 years last year. Kupe provides about 15% of NZ's annual gas demand, and will supply about 50% of LPG demand until 2025. Beach owns a 46% share in Kupe, while **NZ Oil and Gas** owns 4%.

Electricity retailer **Flick Electric** has stopped taking new customers because of high and volatile wholesale power prices. Fellow retailer **Electric Kiwi** ramped up its call for the structural separation of the generator-retailers.

Former **Contact Energy** CEO **Dennis Barnes** was appointed to the **Mercury Board** effective Sept 1.

The **First Gas** campaign to promote the transition from natural gas to hydrogen in the gas network has fallen foul of the **Advertising Standards Board** following a complaint from a lobby group, Lawyers for Climate Action NZ, and members of the public.

It was found to have over-reached in claiming that "gas is going zero carbon too" and that it meant "absolutely nothing" for consumers.

The board found that claim was "unsubstantiated, incorrect, and misleading" and ordered First Gas to remove the ads.

Manufacturing and construction

Fletcher Building's Placemakers announced price increases of up to 14% across a range of products this week. Earlier, **Steel & Tube** lifted prices by 3- 15%, the fifth such increases since Sept last year.

About 1,000 **Inland Revenue** staff in its main central Wellington office were sent home after a new seismic assessment put the **Asteron** building at a lower safety level than previously assessed.

Primary sector, food and beverages

Fonterra will tweak its proposed capital restructure after a poor initial response. Changes could

CORPORATE ROUND-UP

include letting sharemilkers buy shares and letting shareholders hold as few as one share per 3kgs of milk solid supplies, down from one share per kg. The changes are aimed at making entry into the cooperative easier as it switches to a farmers'-only market.

Fonterra's units have fallen 19% since the initial announcement was made in May, Fonterra shares – traded by farmers – have fallen 31%.

ASB's economists lowered their forecast for next year's **Fonterra** milk payout by around 30c/kg to around \$7.90/kg after a series of weak dairy products auctions.

A2 Milk is reorganising its Asia Pacific division into three business units and announced two new appointments. The move follows the resignation of **Peter Nathan**, CEO for Asia Pacific, and a series of profit warnings because covid-19 severely restricted its daigou, or cross-border, trade into China. A2 shares have fallen 62% over the past 12 months.

Blenheim contract winemaker **VinLink Marlborough** agreed to buy **Sacred Hill's** Marlborough business for an undisclosed sum.

Retail and wholesale

My Food Bag chief operating officer **Richard Wafer** announced he would leave later this year in a move seen as surprising so soon after its poorly received NZX float.

Peter and Anya Hutson and investment partner **James Reeves** sold their audiology business for A\$550m to the world's largest hearing aid retailer, **Amplifon**.

Michael Hill International shares rose to three-year highs this week after it forecast it match or better analysts' profit forecasts despite covid-19 disruptions.

Tech, telcos, media, IT and entertainment

Telco industry group, the **NZ Telecommunications Forum**, appointed PR man and former editor of **Computerworld Paul Brislen**, as CEO. He has previously also been **Vodafone's** PR man and CEO of user group **TUANZ**. He succeeds **Geoff Thorn**, who left after seven years in the role.

Ben Kepes, a Canterbury-based clothing and cafe supplies entrepreneur and newspaper columnist, was appointed to the board of **Kordia**.

NZ on Air approved the first round of funding from its \$55m Public Interest Journalism Fund, assigning about 40% of the money to Māori journalism projects.

NZX-listed vehicle fleet software firm **EROAD** agreed to buy fellow fleet hardware and software firm **Coretex** in a deal worth NZ\$188.25m. Coretex uses a Software As A Service model.

Wellington-based tech firm **CoGo** expanded its partnership with **NatWest** to integrate its carbon footprint services into the UK bank's mobile app.

Members of the **Auckland Racing Club** voted overwhelmingly to amalgamate with the **Counties Racing Club** to create a new club called **Auckland Thoroughbred Racing Inc** with \$130m in assets.

Transport and logistics

TIL Logistics ceo **Alan Pearson** had resigned with immediate effect and cfo **Lee Banks** is acting ceo.

Freight forwarders and importers are considering legal action after **Mediterranean Shipping** imposed a US\$1,000 fee onto Auckland bound containers from Australia.

Courts, legal and regulation

The **US SEC** charged former **NZ Warriors** owner **Eric Watson** with insider trading over the **Long Island Iced Tea Co** becoming the **Long Blockchain Company**.

People moves

Marko Bogoevski will step down as ceo **Infratil's** manager, Morrison & Co, at the end of this year after 13 years and will be replaced by **Paul Newfield**, currently head of Australia and NZ

Air NZ appointed **Alison Gerry**, **Claudia Batten** and **Paul Goulter** as directors on the airline's Board. Gerry is currently a director at **ANZ Bank NZ** and is the founding chair of **Sharesies**.

Batten is the chair of **Serko**.

Goulter is the **National Secretary of NZEI Te Riu Roa** and a director of the **Co-operative Bank**.

They fill the vacancies created by the retirement of long-serving directors **Jan Dawson**, **Rob Jager** and **Linda Jenkinson**, who will leave the Board at the firm's AGM later this year. ■

