

# Trans Tasman

Politics, Legislation, Trade, Economy

July 23 Issue • 2020 No. 21/2121 ISSN 2703-1837

## THIS WEEK

### **The Race To the Bottom Is Underway**

Is there no end to the sleaze in the Parliamentary precinct? This week's events have seen two MPs quit politics as a result of inappropriate behaviour, and raised suggestions this will be a dark and dirty campaign.

### **National Fires Shots In Infrastructure War**

It's clear transport is going to be a big battleground in this election, with delivery of major infrastructure being seen by both major parties as a job creation engine and delivering economic value for the country.

### **Labour Lashes Costings For National's Transport Plan...**

While business has applauded National for the forward thinking aspects of its transport plan, Labour has honed in on the costings.

### **...Joins Transport Game With Modest Auckland Spend**

While National was delivering spectacular KiwiBuild like promises on the transport front, Transport Minister Phil Twyford and Associate Transport Minister Julie Anne Genter announced details of Auckland transport projects .

### **Minor Players Get Nasty As Election Battle Looms**

While the equivalent of the Premiership sides, Labour and National, fight out their own tit for tat battle over sleazy allegations, with resignations apace, the lower division teams are also engaged in their own dirty fight.

### **PMI Rise Suggests Green Shoots Taking Root**

While National continues to push the gloomy economic forecasts of a month or two ago, the economy is progressing towards recovery at a faster than expected rate.

### **Goldsmith Outlines National's Economic Thinking**

Opposition Finance spokesman Paul Goldsmith delivered a major speech to INFINZ outlining how National would get the country back on track post Covid.

### **New Zealand Boosts Pacific Defence Diplomacy**

As China continues to wield increasing influence in the South Pacific, New Zealand is taking active steps to boost its Defence relationships with Island states

### **Peters Pushes "Insurance" In NZ First Campaign Launch Speech**

Winston Peters has launched NZ First's election campaign, urging voters to take out some insurance by making sure NZ First is in the Government to block some of the more radical proposals which are put forward.

## **Capital Talk, Department Briefs, In The Lobby**

## **AUSTRALIA**

## Comment

### The Race To the Bottom Is Underway

Is there no end to the sleaze in the Parliamentary precinct? This week's events, which have seen two MPs quit politics as a result of inappropriate behaviour, has thrown National's attempt to rebuild trust with voters into disarray, while the demise of Iain Lees-Galloway following an affair with a staff member in one of the Departments he oversees has raised questions of a power imbalance in the way politicians act with their staff. It is a bad look for Labour so close to the election, showing his lack of judgement, and raising trust issues with voters as well. It hints at a dark and dirty election campaign.

It has also been a matter of leadership, with Jacinda Ardern and Judith Collins having to act in situations where their reactions have been critical. And it has been intensely political, with both leaders having to act on allegations raised by the other party. Both acted decisively. It took Judith Collins slightly longer to make her decision on Andrew Falloon after he'd been caught out sending an inappropriate sexual image to a young university student. At first Collins and Falloon used mental health issues to cover the real reason for his decision to quit politics, and he may well have such issues – if so they shouldn't be downplayed – but it was very quickly made clear there were other incidents and Collins told him he should quit immediately, which is what he eventually did.

Ardern had Iain Lees-Galloway gone literally by lunchtime the day after allegations were handed to her by Judith Collins via a third party. She made it clear Lees-Galloway's position as Minister for Workplace Relations and Safety was untenable given the circumstances. Galloway had been having an affair, now ended, with a staff member. He is quitting politics entirely at the election, and is on leave from Parliament.

Ardern has been forced into a mini re-shuffle as a result. Carmel Sepuloni gets the ACC portfolio, Andrew Little will be responsible for Workplace Relations and Safety, and Chris Faafoi will pick up the immigration portfolio. The handling of the Falloon incident brought the Collins honeymoon period to an abrupt end.

The departures of Nikki Kaye and Amy Adams have shown there is not the unity in the party Collins is claiming and which is so desperately needed if National is to go into the election with its brand intact. The party is in a state of flux. The Falloon incident shows there's not the discipline either. It will be tough for Collins to truly bring it together. Only election victory will stop the infighting which is a hallmark of a large caucus trapped in opposition.

Ardern showed her steely side in the decisive way she handled the Lees-Galloway incident. In the past she has been reluctant to dismiss Ministers, but Lees-Galloway had obviously overstepped the mark, and with the eyes of the public firmly on MPs' behaviour it was clear he had to go. Ardern will be hoping Labour can rapidly draw a line under the incident and move forward. The Falloon incident might not be so easy for National to brush away, with a police investigation likely to keep the issue in the headlines for a bit longer.

Whatever the outcome, the spotlight has been shone on the behaviour of male MPs, with obviously no improvement despite the furore over the Jami Lee-Ross episode. There is also the issue of mental health issues being used as a cover for these incidents. Using this as an excuse for bad behaviour is an insult to those who struggle to live their lives under the pressure of real mental health problems.

Parliament has been described as a toxic workplace – is it time for MPs to sign a code of conduct?

## Election

### National Fires Shots In Infrastructure War

It's clear transport is going to be a big battleground in this election, with delivery of major infrastructure being seen by both major parties as a job creation engine and delivering economic value for the country into the future. Labour got the ball rolling earlier in the year with its \$12bn plan, but National has clearly trumped it with an ambitious \$31bn programme of road and rail building.

It is nice to see National indulging in some blue sky thinking. Much of this would have been down to the Todd Muller team, but Judith Collins has shown the good sense to keep it, although in its scope it looks like a KiwiBuild, or Auckland Light Rail in the making – hopelessly optimistic, rather imaginatively budgeted, and unlikely ever to be fully completed. It is surprising in its vision, but also looks slightly desperate – the policy of a party struggling to make a splash in the lead-up to an election in which it is well behind in the polls, and is unlikely to make it to Government, so probably will never have to actually deliver it.

Transport spokesman Chris Bishop says *"congestion costs Auckland over \$1bn per year. It means unreliable journey times, goods being delivered late to market, and endless frustration. Our plan for Auckland and the upper North Island is a 20-year pipeline of projects that will smash congestion through better public transport and safer roads."*

He is right when he says previous Governments have not been ambitious enough in dealing to congestion. World-class cities have high-quality public transport networks where mass transit is a normal part of everyday life. *"Under National, Auckland will become the world-class city it can and should be – and the Upper North Island will become an interconnected economic powerhouse."*

National's plan consists of \$31bn of new transport investment over the next ten years, on top of the funding already committed by the Labour-led Government. About \$17bn will go into National's Upper North Island Transport Package.

Bishop says *“National is the party of infrastructure, and will begin immediately by pumping \$300m into digger-ready projects across the country in 2021 – fixing potholes, roundabouts, and crash corners.”*

The funding plan is interesting - *“we will restore state highway funding within the National Land Transport Fund and every dollar that goes into that fund will benefit road users. Crown funding will pay for our expansion of the existing rail network in Auckland. National will repeal the Auckland Regional Fuel Tax within our first 100 days in office, delivering \$150m in savings per year into Aucklanders’ back pockets. We will not increase fuel tax or road user charges in our first term.”*

Bishop says NZTA will be allowed to borrow significantly more on its own balance sheet, using the \$4bn in annual revenue it gets from fuel tax and road user charges to service the debt. *“This will allow transport funding to operate on an intergenerational basis rather than year-to-year as it does now.”*

There’s been general acclaim for the plan to link Whangarei, Auckland, Hamilton and Tauranga via a 4 lane expressway. Economically it has been likened to the link created between the Swedish city of Malmo with Copenhagen in Denmark via the Oresund Bridge. But some caution is needed particularly around the estimated costs. The Oresund Bridge project – a 7.8km bridge and a 4km tunnel, cost \$4.5bn NZ dollars. In New Zealand such a project would most likely have cost north of \$15bn. National’s plan envisages two four lane road tunnels – one through the Brynderwyn ranges south of Whangarei and one through the Kaimai ranges west of Tauranga. Both would likely be between 2 and 4km in length. On current costing for the Auckland City Rail Link tunnels, there is half your \$31bn budget gone on those two projects alone. If a PPP is created, look to the Transmission Gully project for a guide to success. National says the roads would be tolled – the toll for the trip across the Oresund Bridge is around \$85 New Zealand dollars. Food for thought.

## Election

### Labour Lashes Costings For National’s Transport Plan...

While business has applauded National for the forward thinking aspects of its transport plan, Labour has honed in on the costings. Finance Minister Grant Robertson says *“confirmation that National hasn’t even costed the centre-piece of its transport announcement ... is a further sign of the shambles in the Opposition, and raises serious questions about National’s competence.”* He says *“the Brynderwyn and Kaimai tunnels weren’t just a side note to the announcement. They were literally the “first” projects Judith Collins talked about in her press release about a transport plan that she said was “worth \$31bn across New Zealand.”*

Robertson says National has now confirmed it has no idea how much these projects might cost. *“It’s hard to believe this sort of omission would have been allowed under John Key or Bill English. It’s a real shambles.”* He adds *“National is also still yet to come clean over which existing projects in the transport plan it will cancel.”* He says it said it would reallocate \$6.2bn of money in the National Land Transport Fund. It highlighted light rail funding (\$1.8bn in the NLTF) for being cut. *“The question is very simple: What else will they cut to make their numbers stack up? They’ve already banked the money.”*

## Election

### ...Joins Transport Game With Modest Auckland Spend

While National was delivering spectacular KiwiBuild like promises on the transport front, Transport Minister Phil Twyford and Associate Transport Minister Julie Anne Genter announced details of Auckland transport projects to help the region’s economic recovery.

The Government says around 800 jobs are expected to be created through a \$182m investment in four transport projects. It says the investment protects around 200 jobs on the two projects already underway. It also frees up \$98m in Auckland Council’s Emergency Budget to be re-invested in other infrastructure projects. Phil Twyford says it’s a balanced transport package reflecting the need to invest in *“shovel ready”* projects and create a pipeline of work. *“By investing in the under construction Puhinui Interchange and Stage One of the Ferry Basin Redevelopment project, we are protecting jobs and making sure these important projects can continue. Both are expected to be completed next year. Two West Auckland projects have the green light; \$100m worth of improvements to the North Western Motorway to allow faster and more frequent bus services, and a new \$37m shared path alongside the Whau River connecting New Lynn and Te Atatū.”*

Twyford says the latter two projects still need detailed design and consenting work, and construction is expected to begin next year. *“This helps to create a pipeline of projects to support the construction sector and create jobs over time.”*

The Northwestern Bus Improvements involve a range of short-term works which include new bus interchanges at Te Atatū Rd, Lincoln Rd and Westgate, local bus stop improvements, and bus priority at motorway interchanges and along motorway shoulders. Auckland Transport is upgrading Puhinui Station to become a major bus and train interchange. Alongside the underway upgrade of State Highway 20B, it will create a 10-minute bus service to the airport.

The Ferry Basin Redevelopment is creating six new berths on the west side of Queens Wharf to deliver a facility suitable for Auckland’s growing transport needs. It will have improved accessibility and accommodate increased passenger numbers.

## Analysis

### Minor Players Get Nasty As Election Battle Looms

While the equivalent of the Premiership sides, Labour and National, fight out their own tit for tat battle over sleazy allegations, with resignations apace, the lower division teams are also engaged in their own dirty fight to avoid relegation. At the heart of the scrap is NZ First and Winston Peters. His party looks doomed on the basis of current polling and Peters is fighting like some are calling a cornered rat, throwing allegations left right and centre.

The latest to feel his wrath is ACT's Seymour, with Peters using Parliamentary privilege to call out Seymour's former partner Rachel Morton – Simon Bridges' former Chief Press Secretary - as the person who leaked his superannuation details in 2017. Peters claimed she leaked them to Seymour, who was involved in a hit job on him along with National. Both Seymour and Morton have denied the allegations, as have several others Peters named in the House. Seymour was later ejected from the House for calling Peters a liar, later having to return to withdraw and apologise. Peters is taking the matter back to court soon.

Peters has lashed out at all those around him, calling the possibility of a post election Labour/Green coalition dangerous, and lambasting the current cabinet as among the most inexperienced he's ever worked with. He's been accused of trying to deflect attention away from questions over whether he improperly arranged for two friends to visit Antarctica at the taxpayers expense, a claim the NZ First leader has rubbished.

Whatever the reason, the campaign is shaping up to be a nasty, sleaze filled battle for the minor placings with Peters, who is sounding increasingly desperate, set to be centre stage, Watch out for more fireworks.

## Economy

### PMI Rise Suggests Green Shoots Taking Root

While National continues to push the gloomy economic forecasts of a month or two ago, the economy is progressing towards recovery at a faster than expected rate. The latest BNZ - BusinessNZ Performance of Manufacturing Index shows the sector has expanded for the first time since February. The seasonally adjusted PMI for June was 56.3, up 16.5 points from May, and the highest result since April 2018.

BusinessNZ's executive director for manufacturing Catherine Beard says a return to expansion for the sector is obviously a welcome result given the very difficult period experienced over the last three months. *"However, given the path towards recovery has simply meant trying to get back to standard operational levels for many, it was just a matter of time before the sector would be back in black. Leading the way were the key indices of production and new orders (both at 58.6). Like the main result, these were at the highest level of expansion since April 2018."* She sounds a warning note. *"Overall, we should remain cautious that one expansionary result does not represent a trend given ongoing offshore uncertainty around COVID-19. A consistent trail of new orders over the coming months would go a long way towards ensuring the second half of 2020 is better than the first."*

BNZ Senior Economist, Doug Steel says *"June's positive result is not enough to rescue the second quarter of the year overall, through which the PMI averaged a very weak 40.7."* He adds all major PMI components printed above their respective long-term averages in June, except for employment. *"At 48.5, not only was the employment index below its long-term average of 50.5 but it was also sub-50 indicating the manufacturing sector continues to shed staff."*

But NZ's PMI is now higher than other countries we often compared ourselves to. This follows a period of NZ underperformance. The turnaround tallies with suggestions NZ is enjoying more freedoms than many elsewhere after undergoing tighter Covid restrictions than most.

## Economy

### Goldsmith Outlines National's Economic Thinking

Opposition Finance spokesman Paul Goldsmith delivered a major speech to INFINZ outlining how National would get the country back on track post Covid. He repeated a set of gloomy, mostly outdated forecasts, and zoomed in on debt. He told his audience the recovery will be a choice between Labour's Government led response and National's view the primary engine of sustainable job creation is private sector investment.

He said *"the current Government's primary response seems to be for the Government to buy jobs. It plans to spend billions to pay for people to plant flax bushes, kill possums, to go through Mana-in-Mahi programmes and to build public works."* He noted during the lockdown period, urgent Government spending made sense to avoid the failure of businesses that were otherwise sound.

But he said *"Government spending, however, cannot provide the full plan. The money has to come from somewhere – it either comes from current taxpayers, leaving them with less to make their own investments, or from future generations – leaving them with less to make their own investments."*

He told the audience the campaign will provide a sharp contrast between a National Party determined to hold the line on taxes and Labour. *"We won't introduce new taxes. We will adjust the income tax thresholds in our first term for inflation, and will do so regularly thereafter. We will also cancel the Auckland fuel tax and not increase fuel taxes in our first term. We won't have a Capital Gains Tax, or a Wealth Tax, or Death Duties or any other new form of tax for New Zealanders."*

Goldsmith turned back to a recurrent National Party theme, and a policy of the Bridges era – getting rid of unnecessary regulation. *"My primary goal as Minister of Finance will be to translate the same discipline the*

previous National Government demonstrated with fiscal policy to the regulatory side. As well as overhauling the RMA and dialling back some of the excesses of existing regulation, such as the excessively bureaucratic Anti-Money Laundering legislation, we'd put a hold on new regulations for the next 18 months, exempting emergencies, to give stressed businesses post-Covid time to adjust."

He also stressed National's openness to investment telling the audience current Government policy is to further restrict the flow of money into New Zealand. "If wealthy people from around the world want to come and base themselves here, and then to start investing, we should welcome them with open arms."

He also hit out at the Government's strict border controls, "we need a path towards the opening of bubbles with countries, or states, with similar Covid status. We need a process to allow skilled workers or investors to come here, to pay for their isolation, and then get on with rebuilding our economy. The current flat no, to everyone but the Government's arbitrary list is unsustainable."

On the debt front he focused on the 53.6% of GDP debt will be in 2024 under Labour's policies. "That's an eye-wateringly high level." He noted even alongside predicted strong economic conditions in the future, Budget 2020 predicts net core debt will remain as high as 42% in 2034. At that rate of decline, New Zealand would not get back to 20% of GDP, which has been regarded as prudent now for several decades, until perhaps the mid-2050s.

He called for consistent disciplined spending and growth-orientated policies, suggesting a rebooting of Treasury's capacity and authority within the public service on spending. "In our view, Treasury has lost the capability to fulfil its role as a watchdog on Government spending."

He told the audience National would run the rule through spending in the current Covid-19 fund, to reduce the peak of debt, reprioritise poor quality spending and temporarily holding back nice-to-have spending.

He said the National Party can't and doesn't want to outspend Labour. "But we can show more ambition where it comes to quality infrastructure that helps our economy grow faster. And we are prepared to spend more in certain areas, where the gains can be demonstrated."

## Diplomacy

### New Zealand Boosts Pacific Defence Diplomacy

As China continues to wield increasing influence in the South Pacific, New Zealand is taking active steps to boost its Defence relationships with Island states, through establishing a resident Defence Adviser in the Kingdom of Tonga. Defence Minister Ron Mark says "New Zealand has a longstanding defence relationship with Tonga, dating back to World War I, when Tongan citizens served in the Māori and Regular Battalions in the New Zealand Army."

He says "our close and multi-faceted defence partnership, which was recognised in the Statement of Partnership we signed with Tonga last year, is underpinned by these historical ties and strong people-to-people links."

Mark says New Zealand's security and wellbeing is intrinsically bound to the peace and stability of the Pacific. Together, we face dynamic and intensifying regional security challenges, including the impacts of climate change, transnational organised crime, and resource competition. The Pacific Reset, announced in March 2018, responded to such regional challenges with a lift in New Zealand's strategic ambition and investment in the Pacific.

Mark notes "the Reset represents a commitment to building deeper partnerships with Pacific Island countries and other key partners and institutions in the region. If we are to deliver on that commitment, our people need to be present in the region, to better understand our partners' priorities." He says "establishing a Defence Adviser in Tonga will support our Pacific Leader Development Programme and other bilateral training activities. It will also enable better coordination of operational activities in support of Tonga, as we most recently saw when Tropical Cyclone Harold passed over Tonga in May."

Tonga was formerly supported by a Defence Adviser based in Suva. The resident Defence Adviser, who will commence later this year, is joining an existing overseas network of Attachés and Advisers from the New Zealand Defence Force who represent New Zealand overseas. In the South Pacific, New Zealand also has resident Defence Advisers in Fiji and Papua New Guinea.

## Election

### Peters Pushes "Insurance" In NZ First Campaign Launch Speech

Winston Peters has launched NZ First's election campaign, urging voters to take out some insurance by making sure NZ First is in the Government to block some of the more radical proposals which are put forward, such as things like Auckland Light Rail, and a Capital Gains Tax. He fell back on the tried and true, offering policy ideas on law and order and immigration.

He described NZ First's record of achievement in Government as impressive and unique, telling his audience no other Party has an 80% plus achievement record in under three years. He says the party "used common-sense to hold Labour and the Greens to account. We've opposed woke pixie dust. We've defended socially conservative values, like the right to believe in God. We've focused on the wisdom of sound economics. Whilst the rest have been politically correct, we've set out to correct politics."

He said this September “provides a clear choice for voters - how to make their party vote count. *“The best way they can do this is to use their vote to take out some necessary insurance. Insurance against the ideological urge to tax, tax, tax, insurance against big Government and the view that nanny state knows best, insurance against the folly that tax payers money can solve any problem, insurance against extremism - from either side of politics, and insurance against any who would seek to govern alone.”*

Peters said with over 180 Government Bills passing into law, NZ First has been a seriously constructive presence in the Government. *“It’s tough being the smaller party in a coalition - rarely sharing in the limelight of success but never failing to be cast as the villain. How futile does a Capital Gains Tax look right now? And on Auckland Light Rail and many others, we have stopped bad, un-costed ideas and called them to account.”* He told his audience *“we’ve been the quiet but dynamic achievers in this Government.”* He told delegates *“two weeks ago the press gallery asked about National’s claim Labour had only three competent Ministers out of 17 in Cabinet. Can’t they count. Labour hasn’t got 17 Cabinet Ministers. Our response was immediate. We speak for New Zealand First. New Zealand First has four high performing Ministers and a very effective Under-Secretary.”*

He made a couple of policy announcements – to recruit 1000 more police officers over the next three years, and to reset the country’s immigration policy. He told delegates NZ First will be demanding the immigration portfolio in any Government it is involved with. He said *“immigration should be about what we can cope with in schools, hospitals, home ownership and infrastructure.”* He argued the level of immigration which prevailed prior to Covid means a reset is imperative. *“There is only one Party which understands what the cost of mass immigration has been to the New Zealand worker.”* In what amounts to a backwards step for growth, NZ First would limit immigration to 15,000 a year, and *“only for high-skilled workers who will add value and help grow our economy.”* He concluded by telling his audience *“this is an election about the economy. This is an election about the future. This is an election where stability and experience have never mattered more.”*

## Capital Talk

**The Green Party remembered former co-leader Jeanette Fitzsimons** on Monday at a public memorial service at Wellington’s Cathedral of St. Paul’s. Following her passing in March, the celebration of her life brought together her friends, family and colleagues to honour her life and legacy. .... **Winston Peters was at his combative best when interviewed on Q+A by Jack Tame.** He told Tame he had *“the most shallow interpretation of politics,”* described him as a slow learner, and when questioned about NZ First’s low polling responded with *“my party’s survived for 27 years being put down, traduced, marginalised, and Cinderella-ised by you guys only for you to, on election night, climb through the door and ask me what’s going to happen next.”* ..... **Another MP is quitting at the election.** Labour list MP Raymond Huo is going, putting some of the blame on senior National MP Nick Smith. He says every time he sees Smith’s face it reminds him it’s time to quit the game.

## Dept Briefs

• **National’s finance spokesman Paul Goldsmith** says if elected to Government he would exert more financial discipline across departments. He *“would task Treasury with substantially beefing up its core role of imposing discipline through its Regulatory Impact Statements process and cost benefit analyses. It is nowhere near assertive enough.”* Goldsmith says the current administration has made mockery of processes designed to protect businesses from departmental regulation. *“We’d put a hold on new regulations for the next 18 months, exempting emergencies, to give stressed businesses post-Covid time to adjust. Our intention thereafter to knock out two existing regulations for each new one introduced, is a crude mechanism, but it’s intended to send a powerful signal to Ministers and officials that we can’t keep adding layer after layer of bureaucracy.”* He said Treasury has lost the capability to fulfil its role as a watchdog on Government spending and its capacity and authority within the public service on spending had to be *“rebooted.”*

• **The Environmental Protection Authority** has launched its Mātauranga Framework, which aims to help appointed decision-makers and EPA staff incorporate Māori perspectives and mātauranga evidence into their decision-making. Chief Executive Dr Allan Freeth says the Mātauranga Framework is the first of its kind to be developed for a NZ regulator. The Principal Advisor in Kaupapa Kura Taiao, the EPA’s Maori Advisory team, Erica Gregory, says there is no one definition for mātauranga, but it could be described as a unique knowledge and understanding of Te Taiao – the natural environment. *“It has its own unique characteristics that are as valid as, but different from, other knowledge systems including science. A simple example of mātauranga would be the Māori consideration that when a pōhutukawa tree is in blossom it is also a good time to harvest kina.”*

## In The Lobby

**Parliament resumed on Tuesday** after a two week adjournment for the final three week session before the election.....**The Crown Pastoral Land Reform Bill** was introduced.....**The Ngāti Hinerangi Claims Settlement Bill, Infrastructure Funding and Financing Bill, Support Workers (Pay Equity) Settlements Amendment Bill** and the **Dairy Industry Restructuring Amendment Bill (No 3)** all received their second readings with all parties in support.....**The New Zealand Superannuation and Veteran’s Pension Legislation Amendment Bill** completed its third reading with all parties in support.....**The Veterans’ Support Amendment Bill (No 2)** was reported back from the Social Services and Community Committee and the **Fuel Industry Bill** was reported back from the Finance and Expenditure Committee.

# Australia

## Economy

### Voters Like Morrison's Performance

The latest Newspoll shows support for the Government has hit its highest level in a year. Despite the latest outbreaks of Covid-19 in NSW and Victoria, there's been a dramatic swing towards the Government over the past three weeks. The Coalition's primary vote is up two points to 44% as support for Labor fell a point, delivering a four-point turnaround in the two-party-preferred vote, with the Coalition now leading 53% to 47. The result marks a 10-point turnaround in the two-party-preferred vote since the bushfire crisis in January, when Labor led the Coalition by 52% to 48. Labor's primary vote of 34% in the latest poll is only marginally higher than its election result of 33.3%, regarded as a historical low for the party and one point down on the last Newspoll conducted three weeks ago. The Greens have fallen a further point to 10%, marking a three-point fall in support from the party's post-election high of 13%.

## Economy

### Construction To Suffer Major Job Losses

The Australian Construction Industry Forum's July update warns the sector is set to lose about 140,000 jobs over the next two years, with the losses to be most keenly felt in Victoria which is facing an 18% contraction in its building labour force. The update contains research by FTI Consulting forecasting a 12% national decline in construction employment by the end of 2021, driven by a drop-off in new projects. It says only 11 projects of greater than \$20m were announced, in June, worth a total of \$771m. This compares with 91 projects announced in May with a total value of more than \$20bn. Fewer high-value infrastructure and utility projects are behind the marked decline, with the largest project in June relating to a segment of the Inland Rail valued at \$300m. FTI notes while the Government is aiming to bring forward infrastructure projects, the next wave has yet to come through. It's warning the Australian construction workforce is estimated to contract from 1.18m to 1.05m and reduce aggregate employment across the country by more than 1% by the end of next year.

## Economy

### JobKeeper Extended At A Lower Rate

The Government has decided to extend JobKeeper payments beyond September at a new rate of \$1200 a fortnight for an additional six months, as businesses face a slower recovery because of new virus outbreaks in Victoria and NSW. Even with the reduced payment the jobless will still be ahead of the previous \$556 a fortnight they received through the Newstart payment. But tighter eligibility tests will be applied to JobKeeper, which subsidises the wages of about 3.5 workers whose employers have suffered a major revenue hit from the pandemic. There will be a steeper reduction in payments for almost 900,000 part-time and casual workers who had received an average effective pay rise under the scheme. Under the rules to apply from October, businesses will face stricter eligibility guidelines on accessing the payments through a more targeted system which will regularly assess their loss of turnover. The shake-up represents a massive expansion of the Government's \$260bn economic rescue package.

## Economy

### Huge Boost To Retail Spending

A second wave of 800,000 workers withdrawing up to \$10,000 from their superannuation funds is driving a national shopping spree during the pandemic but there's a warning once the cash dries up businesses could face another shock. Data from the Australian Prudential Regulation Authority shows in the week to July 12, 581,000 people applied to withdraw up to \$10,000 from their superannuation. This included 109,000 first-time applications and 472,000 applicants making a second withdrawal, with \$6.2bn paid out in total over the week. At the same time, consumer spending rose 17% compared with normal pre-Covid levels, attributed to super withdrawals and the "anticipatory effect" of the Government's \$750 stimulus payments from July 13. However when taking these factors out of the analysis spending for the week dropped 2% below normal levels. Department store spending is up 54%, while gyms and public transport remain lower than they were before the outbreak. Spending on education, pubs, road tolls and travel also remained down. However, spending was up for home improvement, alcohol and tobacco and online gambling. The categories with the biggest increases were food delivery, where purchases were up 294%, and furniture and office goods up 114%.

## Last Word

*"Well that's a great fallacy, it doesn't lead to growth ... it doesn't lead to export growth, it doesn't lead to added growth in your own country ... it is purely consumption."*

**Winston Peters justifies his call for migration limits.**