

Has Winston lost control of his own process?

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The reasons being given for delay in govt formation decision-making by NZ First lack credibility and are politically damaging for leader Winston Peters. The need to take more time is not the issue. Rather, it is the appearance of making and then breaking self-imposed deadlines that raises questions about whether stumbling blocks have appeared.

Tracking govt formation

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Our plan had been to issue HUGOvision later than usual, if necessary, to coincide with govt formation announcements. With timing unclear, it is now our intention to offer insight on the new govt arrangements as soon as they are announced. We are refraining from adding to speculation on what, to date, has been a very secure and tightly held process.

NZ gets tough on UK-EU tariff quota plans

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NZ trade officials are preparing, with support from the US and Brazil, to get tough on the UK if that is what it takes to overturn a Brexit-related deal between the UK and EU on splitting preferential access for lamb and butter that would disadvantage NZ exporters. Blocking post-Brexit UK accession to the WTO is among options under consideration.

Freshwater quality and farm fencing

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Govt-funded research into the sources of agricultural pollutants reaching freshwater bodies finds that three-quarters of nitrates and phosphorous enter waterways via streams too small to be fenced under either existing or future fencing requirements.

Preparing for crisis 'contagion'

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New international research, including NZ contributions, offers insights for businesses exposed to the potential to be affected by crisis 'contagion', where a crisis experienced by a peer threatens to impact on businesses surrounding it.

Property market slowdown becoming entrenched

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The most widely watched barometers of the NZ residential property market are all telling the same story: both sales volumes and prices have stalled. Central and trading bank lending restrictions, peaking migration and pre-election caution are all identified as contributors. Business and consumer confidence have also stalled.

Japanese election

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Japanese voters head to the polls on Oct 22 in a snap election called by PM Shinzo Abe, who hopes to exploit current tensions over North Korea to renew his mandate. Should that fail, the TPP-11 push at the APEC summit next month will be in serious doubt.

Has NZ First lost control of its own process?

Between 2pm last Saturday, when the final vote count was announced, and late afternoon Wednesday, **Winston Peters ran a masterclass in political domination.** With just 7.2% of the popular vote, Peters was calling all the shots on the govt formation process.

National and Labour have been summoned to meetings set in a sequence determined by NZ First.

Only Peters has been able to make substantive, though often cryptic, comments where the major party leaders have taken great care to keep their media comments short and bland.

Greens leader James Shaw has been less gagged than either Bill English or Jacinda Ardern since he is not a direct participant in the talks. However, the **Greens**

have had to accept a negotiating process that requires Labour as an intermediary in what it hopes will be a 3-way coalition with NZ First. With a party vote total at 6.3%, the Greens' support base is not much smaller than NZ First's, but the party has no initial negotiating leverage because it will only support a Labour administration.

However, since revealing he would miss his self-imposed Thursday 'deadline' for a decision, **Peters has been drifting swiftly into appearing to overplay his hand.**

His secrecy over the membership of the NZ First board is at odds with his positioning as a force for political transparency. And his failure to ensure their availability for consultations late this week looks either incompetent or a convenient excuse to buy time to massage support for his preferred outcome.

Taking the necessary time to form a coalition govt is not the issue, although the mix of parties is nothing like as complex as in European parliaments cited as justification for prolonged negotiation. The political flak Peters is taking relates to being the author of the current timetable, of which he has lost control.

The process may now resolve quickly or could take another week or more. It is impossible to say. Even once NZ First has finished its processes, whichever side of politics he prefers may further cause further delay because of their own need to ratify a final decision. In the meantime, the country continues to function very much as normal.

NZ trade officials prepare for Brexit quota stoush

NZ officials are prepared to take a **tough line with the UK over a deal it reached with the EU to allocate existing tariff rate quotas for NZ lamb and butter** on the basis of the destination of exports over the past three years.

The deal will have to be lodged with the WTO once Britain leaves the EU, but Wellington argues that under WTO conventions no deal that it is a party to should leave any of the participants worse off.

Because the EU-UK deal would effectively freeze market access on the basis of the last three years and would split the existing quota between Europe and the UK, **NZ exporters argue it removes their flexibility to send products to whichever market is the most attractive on any one day.**

MFAT sources say **NZ is preparing to use its right to block UK post-Brexit accession to the WTO** if that is what it will take to stop the deal. **It has the support of the US and Brazil in this move.**

It is also proposing a WTO disputes tribunal be convened and, **in the meantime, NZ plans to veto UK accession to the WTO Govt Procurement Agreement,** which importantly includes the US.

Such a move would mean that the US Federal and state governments could impose "America First" provisions on British firms attempting to sell to them. That would include defence suppliers.

The tough response from Wellington is born of previous experience negotiating with the British.

One official said: **"They did us over in 1972 and again in 1990. We're determined it won't happen again."**

Maori water claims loom early for new govt

The Waitangi Tribunal is expecting to wrap up hearings on its long-running inquiry into Maori rights and interests in freshwater in hearings between Oct 30 and Nov 3, **putting one of the thorniest public resource issues back on the table early in the life of the new govt.**

The inquiry dates back to March 2012, when an urgent application for hearings on two claims about Māori proprietary rights in freshwater bodies and geothermal resources was lodged in response to the govt's partial privatisation programme for hydro-electric generators.

That issue was contained in claim number Wai 2357

Govt formation

At deadline for HUGOvision, the timetable for govt formation was unclear.

Even assuming an NZ First board discussion over the weekend, a centre-left combination may then require other parties to engage in their own ratification processes.

We will publish an update edition when there are concrete announcements.

We are avoiding speculation.

and dealt with by both the tribunal and the courts at the time, with Maori rights and interests in those resources ruled to exist, without constituting a reason to stop the asset sale programme.

The second claim, Wai 2358, is about the Crown's resource management law reforms, which the claimants say are failing to provide for Māori rights and interests in water.

In May 2016, the tribunal confirmed the next steps for the second leg of the inquiry, which would consider whether current law and the Crown's freshwater reform package, including completed reforms, proposed reforms, and reform options, are consistent with Treaty principles.

The inquiry's findings have the potential to impact on any proposals to tax water, use water-pricing to assist allocation, or to remove or reduce Maori rights in the allocation and management of water. Both are current political issues with Labour proposing a tax, NZ First arguing that Maori should have no specific role in water resource allocation or management, and National having a technical advisory group working on water allocation models, with a report due in December.

The tribunal may not report before the end of the year, but its findings will inevitably mesh with whatever water reform initiatives emerge from the next govt.

Fencing waterways – a waste of money?

Dairy farmers have spent more than \$1b fencing waterways over the last seven years and have been a key part of the Fonterra Clean Streams Accord. Further costs loom as the NPS on Freshwater Management's fencing requirements kick in.

However, new govt-funded research suggests this may have been close to a waste of time.

Undertaken by AgResearch and published in the Journal of Environmental Quality, the research finds in aggregate that **77% of pollutants are making their way into freshwater bodies via far smaller streams and tributaries than the regulations require to be fenced.**

Adding weight to its credibility is the fact that the research occurred as part of one of the govt's National Science Challenge initiatives.

The research was highlighted by the Green Party which, if part of a new coalition govt, can be expected to drive a harder line than National on pollutants to freshwater from pastoral agriculture.

Concentrations vary by region, but **streams currently**

exempt from fencing regulations contribute 73% of total nitrogen and 84% of dissolved reactive phosphorus into waterways nationally, according to the findings. The research was taken at point sources across the North and South Islands from "low order small streams", defined as "less than one metre wide, 30 centimetres deep, and in flat catchments (dominated by pasture)".

"Most losses occur in the headwaters, implying that a focus on fencing in larger streams may not reduce contaminant loads at regional or national scales."

Prohibitive cost and the impracticality of fencing small waterways in, for example, steep locations have informed the concentration on larger-order streams to date. The research suggests changes in nitrate and phosphate application practice are likely to have the biggest impact on reduced pollutants entering small waterways.

"Nevertheless, high costs may be justified when a large amount of contaminant loading originates from a small area," the researchers say.

NZ's corruption drop reversed

Much was made politically of NZ's fall to 4th place in the 2015 Transparency International Perceptions of Corruption Index, with both TINZ and govt critics concerned it was an early warning of a slide in the country's relative reputation for honesty and integrity, particularly of its govt agencies.

It turns out that ranking was wrong. TINZ reported this week that **NZ should have been ranked 1st equal**, where it has often sat, level-pegging with Denmark. The alteration follows an audit that revealed undercounting.

Nonetheless, TINZ chair Suzanne Snively believes **NZ still risks falling behind other developed countries in taking proactive steps to entrench its historically very solid reputation for probity.** NZ has completed only one of the seven commitments it made at last year's global Anti-Corruption Summit, relating to partnerships with international sporting bodies to combat corruption in sport.

Lack of progress on a public central register of company beneficial ownership, an initiative being adopted by EU member nations, is "inconsistent with international perceptions that NZ is a leader in addressing corruption".

2018 CEO Retreat

Next year's Hugo CEO Retreat at Millbrook is scheduled to run from dinner on **Thursday August 16 to lunch on Saturday, August 18.**

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

Mark your calendar now.

Risks to climate change insurance cover

Also funded by the National Science Challenges are a series of research projects getting under way now into the potential for the insurance industry to start reducing its cover or drastically raising the cost of cover for foreseeable impacts of climate change.

Among topics to be explored are:

- where liability should sit for failure to mitigate climate change effects;
- the role of the EQC as climate change-related damage occurs;
- the respective obligations of landowners, local govt, central govt and the insurance industry;
- the extent to which risk-sharing should be collective or individual.

Low emissions inquiry submissions roll in

The Productivity Commission's investigation into path to a low emissions NZ economy will take on much greater weight if a centre-left govt is formed. Submissions were due Oct 3 and are being progressively published to the commission's website.

Submissions from various sectors of the economy fall into two broad camps: those seeking urgent cross-party consensus on an approach to climate change action and who support the Parliamentary Commissioner for the Environment's proposal for a Climate Change Commission; and those who fear it is too early to empower such a commission and that placing emissions targets in law could place export competitiveness at risk.

Some also fault the commission for paying too little attention to the role of the RMA or whatever might replace it. "It is with some concern that the role of the RMA is not mentioned in any substantive way in the (commission's discussion) paper," the Auckland District Law Society says, "despite climate change coming within the purview of the Act and it being the primary statute concerning resource management and land use".

Fertiliser manufacturer Ballance, DairyNZ, and the Major Electricity Users Group are typical of submissions that focus on the potential for substantial economic loss if industries depart NZ, only to set up in another part of the world and produce so-called 'carbon leakage'.

"The ongoing absence of political consensus means

that putting in place an independent body now would be too soon as its appointments and terms of reference will in turn be viewed to be politicised," says Ballance. "There is also **the risk that an independent body such as a Climate Commission may enable politicians to disassociate themselves from the difficult decisions.**"

Contact Energy, partly with an eye to finding uses for surplus hydro-electricity in the event of the Tiwai Point aluminium smelter's eventual closure, urges political parties to coalesce around a common approach and to implement a Climate Change Commission swiftly.


MEUG's submission warns a high carbon price could see electricity intensive plant closures in NZ "in some scenarios", only to reopen "in more benign carbon price regimes overseas.

Containing 'crisis contagion'

New research into the little-studied issue of 'crisis contagion' – the phenomenon of **corporate entities being tainted with guilt by association with a crisis affecting a peer** – identifies the four most common vectors for such contagion and proposes basic risk management approaches.

Published in the international marketing journal *Business Horizons*, the collaborative research effort included work by researchers at Victoria University. **The four largest risk factors identified are: country of origin, industry, organisational type, and positioning strategy.**

It found, for example, that a crisis involving products from a particular country could have an impact on other products from that country, unless their brand names were not obviously from that country. Similar products (e.g., cars during the VW emissions scandal, sugary drinks during focus on sugar content in Coca Cola), and similar brand strategies (e.g., as a fair-trade company), are bellwethers for possible contagion.

Awareness of the potential for crisis contagion is the first step to managing the risks associated with its emergence, the study says. Social media monitoring is an obvious first step for evidence of an issue trending negatively. Companies finding themselves linked to a crisis should not shy away from engagement and explanation as to why they are not involved. "If on the other hand, the risk of contagion is low, it is best for the company not to respond. A public denial in this case would actually have the opposite effect and spread the crisis," the study finds. 

High rainfall affects economic outlook

The recent run of heavy rainfall is nudging down forecasts for meat and dairy production and export volume outlooks for the current season. GDP growth forecasts for 2018, previously at 3.1%, have drifted back to 2.9%.

The 'big wet' has particularly affected much of the North Island with areas such as the Waikato, King Country, Taranaki and Manawatu areas soaking. Parts of the South Island also had some severe flooding during winter.

Beef + Lamb NZ is expecting slightly lower than forecast beef and lamb production as a result.

Total dairy production is also likely to be lower than previously forecast, providing some support to international prices.

None of these are major changes to the outlook, which may be more affected by govt formation and the early policy moves of the next administration.

This makes GDP forecasts over the next few years something of a work in progress. Whatever the final make up of next govt, greater fiscal stimulus appears to be assured, which will at least initially support growth.

The extent and timing of such stimulus remains fluid.

Property slowdown continues

All three bellwether property indices show a national slowdown in residential property prices and volumes is becoming entrenched. The REINZ, QV and Barfoot & Thompson monthly reports all tell a similar story.

REINZ figures for Sept showed the volume of property sales across NZ dropped 26% with all 16 regions recording a decline.

A total of 5,428 properties were sold across the country in Sept, marking the **lowest level for the month in six years**.

The median number of days it took to sell a property increased to 34 from 31 in Sept 2016 while the number of auctions slid 55%.

QV reports annual growth in property values continued to slow in Sept, staying below 5%, with the normal spring surge in listings not eventuating which kept the market from dropping further.

The QV house price index rose 4.3% in the year to Sept, down from an annual increase of 4.8% in Aug.

The slowdown was again led by Auckland, where values rose 0.8% in the year, and were down 0.6% in the rolling three-month average. The **volume of**

Auckland house sales also slumped by more than a third in Sept from a year earlier. The number of sales fell to 658 in Sept from 1,051, the lowest level for the opening month of spring in seven years, **Barfoot & Thompson** said.

Corporate tax take swells fiscal surplus

The **govt's annual operating surplus** was a little bigger than projected in the pre-election forecast as strong corporate profits helped swell the Crown's tax take and as some govt spending was delayed. The operating balance before gains and losses (obegal) was a surplus of \$4.07b in the 12 months ended June 30, ahead of the \$3.71b forecast in the pre-election fiscal and economic update.

Confidence falters

Business optimism about the economy fell in the Sept quarter, but companies still expect better times ahead. A seasonally adjusted net 7% of firms surveyed in the NZ Institute of Economic Research's quarterly survey anticipate better economic conditions in the coming year versus 17% in the June quarter.

The **ANZ-Roy Morgan consumer confidence index** fell four points to 126.2 in Oct, although that is still the third highest reading in the last three years.

Economic indicators

The **Q3 CPI** is due Oct 17, with annual inflation likely to stay at 1.7% yoy, suggesting inflation is not going to fall by nearly as much as the RBNZ projects by early 2018, if at all.

Commodity prices rose in Sept for the first time since June with all of the six major groups lifting on the month, although key categories showed only small improvement. Dairy prices were up 0.4% on the month, as were meat prices, while wool prices rebounded 7.7%, but off very low levels. Horticulture prices lifted 2.6% and aluminium prices rose 3.5%. In NZ dollar terms the index rose 1.7%.

Retail spending on electronic cards was flat in Sept, which was attributed in large part to cooling house prices. Seasonally adjusted retail spending on credit and debit cards rose 0.1% from August, having dropped 0.2% that month from July.

New vehicle sales rose 4.5% in Sept to hit a new high for the month, against expectations for a slowdown during the election period. Some 14,507 new vehicles were registered in Sept, ahead of the 13,884 registered in the same month last year and the highest ever for a Sept month. ■

Theresa May survives

An attempted coup against UK PM Theresa May, has failed despite a disastrous party conference and several instances of undermining by her Foreign Secretary, Boris Johnson. The tension over May's leadership was already rising before the conference after she outlined what Brexit hardliners saw as a softening of the two year hard deadline for leaving the EU. At the conference, her own performance – affected by illness, undermining and stage prop failures – looked briefly like a perfect storm that would topple her. Meanwhile, the **fifth round of EU-UK talks on Brexit are reported to have achieved almost no progress.**

Trump administration woes

Multiple US news and foreign policy analysis sites are reporting that the relationship between US President Donald Trump and Secretary of State Rex Tillerson may have become irretrievably toxic while Trump's increasingly erratic behaviour is prompting a fresh round of speculation about possible impeachment. His **stability in relation to responses to North Korea is a particular concern, as is the mounting fear among US producers that the NAFTA pact may unwind suddenly.**

While Tillerson may not leave his post immediately, the expectation that he will be replaced, possibly by CIA director Mike Pompeo, is growing.

The development adds instability to US global projection as Trump prepares for an important swing through Asian capitals early next month, including the APEC leaders summit in Vietnam and the East Asian Summit in Manila.

Abe's early election

Japanese voters go to the polls on Oct 22 after PM Shinzo Abe exploited a bounceback in previously dire polling for his Liberal Democratic Party to seek a fresh mandate after a string of scandals leading all the way to the PM. The excuse used for an early election: a desire to use less of a GST increase to reduce national debt and to push it to increased investment in education instead. However, Abe clearly hopes to exploit a national mood made jittery by the threat of a nuclear confrontation on the Korean Peninsula.

The **LDP is in the unusual position of fighting the election against a newly minted opponent.** The **New Hope Party** is seeking to fill the place suddenly vacated by the Democratic Party. NHP is led by former TV host and current Tokyo governor, Yuriko Koike, a charismatic political figure. The DP, which has formed only in 1996 and governed only once

between 2009 and 2012, dissolved, with its leader urging candidates to stand either as independents or for the NHP. Since then, left-leaning former DP MPs and candidates have formed another new party.

Ms Yoike, 65, is not running for parliamentary office in the upcoming poll, but as the head of a new political movement that she describes as a **"reformist, conservative" alternative to "vested interests"**, she is ensuring NHP attracts attention in an electorate weary of Abe's scandal-plagued administration.

The fate of the TPP-11 push at next month's APEC summit is but one of the possible casualties if Abe is not convincingly returned.

Macron's European vision

French president Emmanuel Macron is cementing his agenda for European Union revitalisation, stepping into a Continental leadership role just as the German chancellor Angela Merkel starts to run out of steam as she faces new political challenges at home.

In a key speech, Macron has outlined reform for Europe in the following six, broad areas:

- **Eurozone:** push for a common Eurozone area fiscal policy;
- **tax:** revive discussion of an EU-wide financial transactions tax;
- **labour market:** restrictions on rules allowing surplus employees of a firm in one economy to work in branches of that firm in another country;
- **security:** support for a common intervention force, defence budget, and doctrine for action;
- **democracy:** use the EU Parliament seats abandoned by the UK after Brexit to create a new class of -an-EU MP to hasten the creation of 'transnational lists';
- **migration:** greater alignment of border management, asylum and migration policies .

Christine Lagarde on the rise of crypto-currencies

IMF managing director Christine Lagarde has challenged central bankers at a Bank of England conference to **consider the prospect of crypto-currencies becoming a more popular and stable medium of exchange than local currencies.**

Calling the development 'dollarisation 2.0', she suggests **current problems with crypto-currencies are technological rather than fundamental**, and will prove fixable over time, allowing them to become credible rivals for traditional currencies. ■

Capital markets

The **benchmark S&P/NZX 50 Index** has topped 8000 for the first time and is heading for its fifth straight year of gains above 10%. Analysts say low inflation and interest rates, and a stable economic outlook continue to make returns from stocks attractive. **A2 Milk** is up about 230% this year and its manufacturing partner **Synlait Milk** has climbed more than 110%.

KiwiSaver assets have topped \$40b, rising \$7b in the last year, but the Financial Markets Authority remains concerned about financial literacy and “**disappointing**” progress in encouraging users out of default funds.

Total stock trades on the **NZX** climbed while the value of trading fell in Sept. Total equity trades jumped 26% to 187,317 last month from a year earlier while the value traded fell 2% to \$3.6b. Trading in debt securities climbed 5.6% to 3,172 while the value traded rose 56% to \$208m.

Retail-focused, online funds management platform **InvestNow** has bought RaboDirect’s NZ managed funds book.

ESG and diversity

NZ fund managers woke up to the importance their customers place on investing in companies with high environmental, social and governance (ESG) standards, but worry more than their global peers that those priorities won’t deliver high enough investment returns, the second annual NZ Investment and Operations Outlook Survey shows. Some 18% of funds managers indicated “a lack of belief that ESG will improve long-term goals”.

Meanwhile, **Contact Energy** was placed 1st in a list of 6000 global firms ranked by financial news and data provider Thomson Reuters according to their diversity and inclusion policies. Contact ranked 5th last year. Three other NZ companies made the top 100 - Kathmandu (9th), Spark (34th), and Kiwi Property Group (47th). Contact scored strongly for a board split 50/50 between men and women, two directors of Maori descent, and recognition for a significant increase in employee engagement, flexible work practices, and having a diversity and inclusion policy.

Telecommunications

Sector analysts IDC say NZ telcos face “incredible price pressure and levels of competition in both fixed and mobile” as the mature market reaches saturation point and new entrants offering bundled utilities continue to emerge. “Overall ARPUs (average revenue per user) are either flat or declining in

both broadband and mobile.” **Spark** has urged the Commerce Commission to keep its investigation into the mobile market narrow and brief to avoid regulatory uncertainty for investors. Terms of reference for the study will seek to identify how customer preferences are evolving, and how carriers are responding to those shifts and new technologies.

Construction and infrastructure

Fletcher Building has as much as \$100m potential upside in operating earnings over the next three to four years if it can return to the performance it produced in its core businesses before the 2008 financial crisis, says brokerage First NZ Capital. It suggests divestment of some non-core assets may also assist focus, and appears to point the finger at the Formica unit, with operations in the US, Europe and Asia that FNZC says are not aligned to rest of the group’s activities. Some Aust segments are also underperforming and may not be worth the effort involved to secure improvement.

Primary sector

MPI has announced it will oversee the **culling of some 4000 animals** to contain the outbreak of microplasma bovis found on seven dairy farms around Oamaru. **Dairy product prices unexpectedly declined** at the Global Dairy Trade auction, down 2.4% from the previous auction two weeks earlier to US\$3,223. **Polish Dairy**, the fifth largest producer of milk in the EU is to join the GDT platform, offering skim and whole milk powder, butter and lactose. **Westland Milk Products** shareholders have voted to shrink the dairy cooperative’s board and overhaul the selection process for new directors. The board will shrink to eight from 11 and those elected by shareholders will reduce to five from eight.

The **NZ meat industry** wants halal slaughtermen to be excluded from proposed changes in immigration rules which it says would have “a severe detrimental impact on the industry”.

Retail

Michael Hill International lifted sales by 7.8% to A\$130m in the first quarter as its performance in NZ, Aust, and Canada continued to improve, making up for a dip in US revenue. Same-store sales grew 3.5%. **Glassons**, the women’s wear brand owned by **Hallenstein Glasson Holdings**, has split its CEO role into two after the departure of **Di Humphries**, replacing her with separate NZ and Aust heads as it seeks to establish itself further across the Tasman.

Media

NZX-listed **NZME** and **Stuff**, the recently renamed

CORPORATE ROUND-UP

NZ arm of ASX-listed **Fairfax Media** have confirmed they are committed to pursuing their appeal against the Commerce Commission's rejection of the proposal to merge their operations. The appeal is set down for a 10-day hearing in the Wellington High Court from Oct 16.

Meanwhile, Stuff announced another foray into consumer utilities bundling, adding electricity supply to its Stuff Fibre broadband offering. Former **Genesis Energy** retail head **David Goadby** is behind the initiative, which currently only has offerings in the **Vector** distribution area.

Energy and resources

OG Oil & Gas has lifted its partial takeover bid for **NZ Oil & Gas** by 1c to 78c, winning over the energy explorer's independent directors. OG Oil, the oil and gas division of Ofer Global Group, is seeking a maximum 70% of NZOG. Its offer trumps the 72c proposal from rival Zeta Resources.

Healthcare and retirement living

Merging **Summerset Group** and **Metlifecare** would put them on firmer ground in mounting a trans-Tasman expansion as the domestic property market starts to fade, says First NZ Capital. "We raise the question of what a more benign property market might mean for capital appreciation in the medium term and highlight why the upside for investors in the companies from a re-rate in Mergeco could be substantial," the brokerage says. **Both companies say no such merger has been discussed.**

Technology and innovation

Xero's drive to sign new customers in the UK picked up the pace in the first half of the current financial year, as it added more than 40,000 new clients, putting the UK alongside the software developer's home market of NZ. It had 253,000 UK customers as at Sept 30 while those in NZ exceeded 250,000.

GeoOp continues to hold discussions with the Aust stock exchange, which has requested a higher minimum initial public offering than the A\$2m it had planned raise, and said it expects the process to take another four to six weeks.

ERoad says it is continuing to gain traction in the US ahead of the Dec deadline for logistics firms to adopt and use electronic logging devices. The company

sold 2,313 units in the US in the three months ended Sept. 30, taking total units in the US to 9,736. In Aust and NZ sales rose 11% to 49,802.

Fundraising app developer **Pushpay**, which is finding success in US churches, announced a jump in annualised committed monthly revenue (ACMR) of 96.8% and reiterated its target to break even on a monthly cash-flow basis before the end of 2018.

Banking and finance

ANZ Bank's NZ chief economist **Cameron Bagrie** has resigned after more than a decade in the role. He has been with the bank since 1999, including his time at the National Bank which was later bought by ANZ. He worked at the Treasury before then.

Bank profits dropped in the second quarter as operating expenses rose, outpacing gains from non-interest income. Net profit fell 1% to \$1.19b in the three months ended June 30, KPMG's quarterly survey shows. Net interest income rose 3% to \$2.3b and non-interest income rose 6% to \$724.9m, but that was more than offset by 14% growth in operating expenses to \$165.5m. Net interest margin gained 6 basis points in the quarter to 2.07%.

Courts and regulation

The Supreme Court has ruled that litigation funder **LPF Group** was allowed to back a legal claim against **PricewaterhouseCoopers**, despite the two parties settling their dispute in private. The lawsuit from the liquidators of David Henderson's failed property development firm Property Ventures (PVL), which was bankrolled by LPF in return for 42.5% of the settlement, had alleged PwC and managing partner Maurice Noone advised PVL on ways to continue trading when by some accounts it was insolvent while at the same time giving the company a clean bill of health as auditor.

Crowd-funding

Renaissance Brewing, the first local company to raise capital through equity crowdfunding, is up for sale after cash flow woes and product management issues led to the appointment of voluntary administrators. The brewer ran into cash flow difficulties and was operating too many product lines at times, but the voluntary administrator says the business is good and will keep operating as usual. ■