HUGOvision

Assessing the economic and political environment in New Zealand

May 1 2020

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How long at Level 3?

Comments by the PM in recent days suggest that the govt is unlikely to move the country out of Level 3 lockdown until the week of Monday, May 18. Jacinda Ardern has made clear that while Cabinet will consider an alert level change at Cabinet on May 11, there will be a preparation time between level changes. She is adamant there will be no early lifting of Level 3 at either national or regional level. The govt is more worried about having to reimpose restrictions than by growing frustration with keeping them in place a little longer than anticipated.

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Politics of sectoral assistance

The govt is facing an increasingly febrile political mood and business sentiment as public patience with the lockdown wears thin, giving space to a growing belief that the actions taken have been either an over-reaction or should have been unwound before now.

Business owners who still can't trade under level 3, or can only do so in very limited ways, are increasingly expressing their deep worry as anger.

This sentiment is most prevalent among SME owners rather than large corporates. The govt's primary response had been to point to the wage subsidy scheme, which it is increasingly clear is able to be used for any business expenses as long as staff numbers are not reduced.

For SMEs, tax dept loans

However, the **unexpected appearance of an IRD loan scheme for small businesses in tax legislation passed under urgency yesterday** demonstrates the degree of pressure the govt has been under.

Details of the scheme will emerge this afternoon. The fact it has been created suggest the govt has had to rethink the efficacy of the 80% govt-guaranteed bank lending scheme.

Grant Robertson has also been stressing that businesses may only be in level 4 and 3 lockdown for seven weeks, while being given 12 weeks of nominal wage subsidy. Of course, for many businesses, the subsidy far from covers full wages.

However, ministers are clearly resistant to any new universal cash grants. A UBI seems to be off the agenda, as do untargeted 'helicopter money' payments and, for now, direct purchase of govt bonds by the RBNZ.

The n**ews media has been the only sector beyond SOEs and partially state-owned Air NZ to get a taxpayer bailout so far.** Traditional media owners were underwhelmed by the caution in that package, which was worth $50m and mainly helped the biggest media basketcase: TV3.

However, the govt is anxious not to be seen to be coddling failing media companies at a time when other sectors are seeking bailouts.

Tourism - targeted wage subsidy extension?

However, there is no question that with 20% of export receipts lost for an extended period by the freeze on international tourism suddenly gone, there will be major govt assistance for the tourism industry.

Tourism NZ has briefs out to marketing agencies this week for a huge govt-backed marketing campaign to encourage NZers to travel domestically once lockdown is over and hard borders remain.

But there will still be major job losses as the 12 week wage subsidy rolls off, and there is serious consideration of extending or repurposing the wage subsidy scheme for the most heavily affected workforces.

Ardern this week nominated not only the tourism, but also the events sector for such treatment.

No Rogernomics-type option

The govt is not considering how to 'save' tourism workers' jobs by maintaining their wages indefinitely.

Rather, it is considering whether they can avoid sending those workers straight to the dole queue by creating a class of 'transitional' wage that comes with an obligation to retrain for other work.

One of the key political drivers for this is that neither Ardern nor Grant Robertson wants or can afford to be seen to allow a brutal restructuring of such a large part of the economy occur without a proactive govt response.

Ardern, in particular, has spent her time as leader reminding people that Rogernomics was formative during her childhood and that she never wants to preside over anything similar.

Industry policy in vogue

The scale of the covid challenge is emboldening the instincts of all three parties of govt to believe the govt can affect transformational economic change.

Grant Robertson has been giving interviews in which he discusses the need for "a significant examination of what kind of economic approaches we need to get ourselves through this."

Robertson is a fiscally conservative centrist by training, but an optimistic interventionist by instinct. He is reaching back to his Future of Work Commission work, undertaken in Opposition, to frame his thinking on the jobs challenge.

Others, primarily David Parker and Phil Twyford, are thinking very big about 'industry policy' that could produce govt-directed economic development in new sectors. It is not clear, however, that either Parker or Twyford (in particular) will get much past the big picture stage before the election.

Action Man Jones sees an opening

Exploiting all of this is Shane Jones, who remains fixated on creating more value from NZ timber.

He lost round one of the current battle by proposing a levy on all logs for export, which the logging industry hated and Labour ministers ran a mile from.

But he hasn't given up. He is currently drafting Cabinet papers that would rewrite the Forestry Act to **require all log producers, exporters and traders to register under a scheme requiring them to guarantee a certain level of secure domestic wood supply** for local use in order to be allowed to export.

This time round, he has also consulted MFAT's top trade negotiator Vangelis Vitalis to avoid offending against the requirements of free trade agreements.

He envisages legislation guided by **several key principles, of which the most commercially significant is the obligation to domestic supply.**

Other key requirements of registration would be:

- contribution to the resilience and employment of regional communities where logs are sourced;
- contributing to the long term sustainability of plantation forestry;
- contribution to national decarbonisation goals;
- transparency and professionalism in log trading;
- contributing to the development of NZ wood processing and manufacturing.

He believes more secure raw materials supply would see greater investment by NZers such as packaging billionaire Graeme Hart, that incentivising the use of wood in all building types could be achieved through the tax system, and that the govt has been too timid in its pursuit of a pre-fabricated housing industry.

On the latter point, analytical work is currently under way on whether NZ's housing shortage is likely to be as acute post-covid, with net immigration halted and a weaker residential rental and investment market.

Template for other sectors?

Jones, who has been an impatient minister in a Cabinet long on examining ideas and short on swift action, is hoping to convince Labour colleagues there is a **template in this approach for other primary sector resources**.

He has launched discussions already with agriculture and fisheries ministers **Damien O'Connor and Stuart Nash.**

Jones has had false starts before now, but the conditions are riper for his hands-on interventionist approach than at any time since the 2017 election. As one minister said this week: "We're making decisions in days that used to take us months."

The leadership coup that wasn't

National Party MPs were deeply unsettled, unimpressed and in some cases despairing at the way Simon Bridges expressed himself on the day the govt announced the move from level 4 to level 3 lockdown.

They, like the public, saw a second instance of their leader failing to exercise adroit political judgement at a moment when it mattered most. The first instance was when the level 4 lockdown was announced.

What **did not happen,** no matter how much it was reported that it did, was any serious consideration of a leadership bid.

Unless there were solid evidence that National is now polling well below 35% support - and there is no such evidence as yet - there is nothing to be gained from changing the leader so close to an election that is still odds-on likely to be held on Sept 19.

The main reasons for that are:

- there appears to have been no internal polling shared with National MPs recently, and no public polling. In the absence of evidence that National is in a very weak position, there is insufficient evidence of the need for a leader change;
- enough National MPs remain of the view that the economic damage from the covid-19 lockdown will start coming into focus as the election date approaches. The party has polled above 40% consistently throughout this parliamentary term, despite an uninspiring leader. They believe that is testament to the coalition's weak economic credibility, which may be expected to emerge again. They hope that National can poll around 40% again, even with Bridges at the helm. This is the **'acceptable loss'** scenario;
- most National MPs do not expect to win this election. Their **primary goal is to 'lose well'**. Only if it looked as if they would lose badly, would the pressure for a leader change mount to a level sufficient for a challenge to be attempted.

New electorate boundaries

Electorate names and boundaries were finalised by the Representation Commission for the next two elections.

One new electorate was created in south Auckland – Takanini.

Auckland, Waikato, Christchurch, Otago and Southland had the most boundary changes.

The bad loss scenario

A 'bad' loss would be anything where National's **next generation of promising MPs, such as Chris Bishop and Nicola Willis, lose their seats.**

So, for now, Bridges looks safe in a technical sense, but **only one bad poll or public snafu away from the party putting serious pressure on Todd Muller**

to mount a challenge. His likely deputy would be Nikki Kaye.

Adding to the pressure on Bridges is **a wave of negative feedback from rank and file members** to the National Party's non-parliamentary leadership. That is said also to be affecting donations, including the appetite of at least some traditional large donors to back National as it prepares for the election.

Muller not keen? What about Collins?

Muller, a thoughtful former Fonterra senior executive with something of the Bolger solidity about him, is not currently pushing for this outcome.

The party could turn for a short term shot of adrenalin to Judith Collins, whose **attacking instincts may just what would unsettle Jacinda Ardern in an election campaign**.

Public polls are likely after the May 14 Budget and Collins has an auto-biography out in June. That timing could suit a late leadership bid.

$5-$10b shovel-ready projects?

The Crown Infrastructure Partners exercise to solicit and then select so-called 'shovel-ready' projects has produced somewhere between $140b and $170b of possible projects, according to various sources.

However, it looks very much as if not more than $5b-to-$10b of projects will make the cut. That's partly because there is only sufficient fiscal headroom left for capex of that size in the short term window that this list is meant to fill.

Also at issue is industry capacity and ongoing evidence that the rhetoric of improved govt procurement processes is not matched by a change in ingrained agency behaviours.

Meanwhile, Education Minister Chris Hipkins announced $100m in regional school building upgrades this week. More announcements of this sort are likely in the lead-up to the Budget.

Insurance for private sector infrastructure problematic

International reinsurance markets are drying up when it comes to cover for pandemics.

While other cover is still available, no insurer is keen to bear lockdown risk in the current environment.

Govt ministers and officials are considering what role the Crown might play.

Momentum for trans-Tasman travel 'bubble'

The NZ and Australian govts are actively engaged on creating a 'trans-Tasman travel bubble' as soon as possible, assuming that both countries remain on similar elimination paths with the coronavirus.

However, tourism industry leaders may be getting ahead of themselves in hoping that such arrangements could be in place in time for the September school holidays.

There is some prospect of Australia opening on a state-by-state basis, given their differing paths in covid containment.

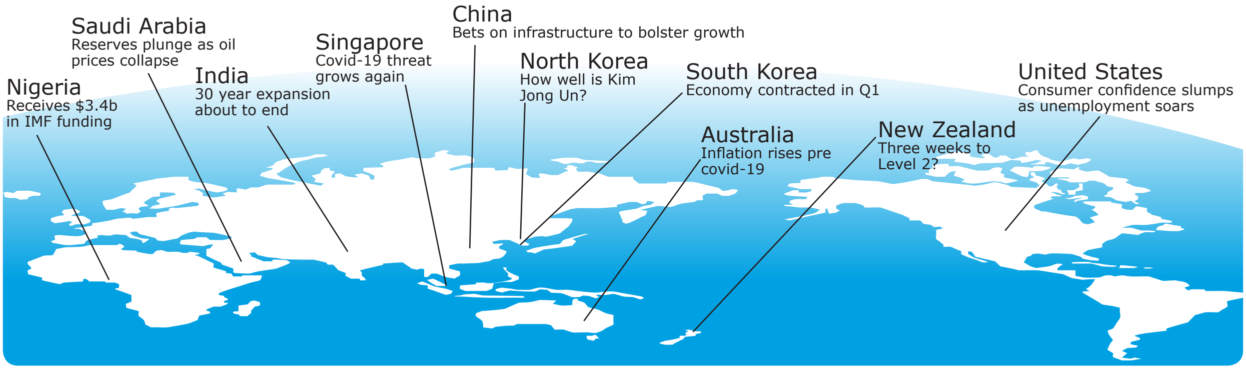
Peters pushes the envelope with China

Winston Peters is proving willing to dice with the China relationship.

This week, he backed the Australian govt's call for a global inquiry into how the covid-19 virus originated and was spread. Beijing reacted angrily to Canberra about that. The Chinese embassy in Wellington has not been so aggressive in response to Peters's comments, which align NZ with not only Australia, but the US administration.

Peters also took the rare step of raising NZ govt concerns about the latest crackdowns in Hong Kong against pro-democracy activists there. There has been conspicuous silence in the past on China's heavy-

The world at a glance



handed approach in Hong Kong. It may or may not be coincidence that the statement appeared on the same evening as Peters was dealing with news that he had lost in court in relation to the leaking of his pension overpayments before the 2017 election.

Differentiation agenda

Peters's China comments were part of a wider attempt at political differentiation.

While Shane Jones pursues practical policy development to encourage more NZ-based manufacturing *(see page 2)*, Peters has ramped up his 'made in NZ' rhetoric.

A long-time theme for NZ First, the issue is now playing out more credibly as the impact of covid-19 is clearly putting a spoke in the wheel of global supply chains and creating opportunities for industries that are close to their final market.

His commentary on a future for Air NZ in which it is compelled to fly regional routes that it may not regard as commercially viable is in the same vein. Expect him to take a similar view if discussions turn to govt assistance for Auckland International Airport, which is facing a shock to operations commensurate with Air NZ's.

Climate change policy review

Climate Change Minister James Shaw asked the Climate Change Commission to review NZ's Nationally Determined Contribution under the Paris Agreement.

Permanent carry-back regime

A permanent version of the loss carry-back tax scheme introduced in response to the covid-19 impact on firm's profitability is on the agenda.

Legislation to introduce a temporary version of the scheme was passed under urgency with other covid-related tax measures this week, but a permanent regime is envisaged from the 2021/22 tax year.

Notes to the Covid-19 Response (Taxation and Other Regulatory Urgent Measures) Bill say "the longer-term regime may be more traditional, such as not allowing a refund before the loss has been established and may have more integrity measures to cover some technical risks".

Legislation to allow tax losses to be carried forward by a company that undergoes a change of control will be introduced separately, later in the year.

Foreign investment reform

David Parker is signalling the govt is likely to follow other countries and expand the foreign investor screening regime to protect 'vulnerable' industries from foreign takeover in the current environment. This appears likely to be achieved by **bringing forward the new national interest test** and call-in powers in the current Overseas Investment Amendment Bill, with Cabinet **decisions in the next couple of weeks.**

Trading partner growth

(2018-2019 actual; 2020-2022 Hugo and Consensus Forecasts)

Trading partners		GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
	Weights %	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
China	31.9	6.1	2.0	7.8	5.5		2.1	2.9	3.3	2.1	2.4
Australia	17.8	1.8	-3.6	4.1	3.4		1.9	1.6	1.4	1.6	2.1
United States	11.3	2.3	-4.0	3.9	3.0		2.4	1.8	0.8	1.8	2.2
Japan	7.1	0.7	-3.3	2.1	1.0		1.0	0.5	-0.1	0.2	0.7
Eurozone	5.8	1.2	-5.7	5.4	1.8		1.8	1.2	0.4	1.3	1.4
South Korea	3.4	2.0	-0.5	3.1	2.5		1.5	0.4	0.6	1.4	1.9
United Kingdom	3.1	1.4	-5.4	4.7	2.3		2.4	1.8	1.0	1.6	2.0
Singapore	2.3	0.7	-3.5	4.6	2.5		0.4	0.6	-0.1	0.9	1.9
Hong Kong	2.6	-1.2	-3.3	3.5	2.2		2.4	2.9	1.8	1.8	2.2
Taiwan	2.4	2.7	0.1	3.2	2.7		1.4	0.6	0.3	1.0	1.3
Malaysia	2.1	4.3	-1.6	5.9	4.5		1.0	0.7	0.1	1.6	2.5
Indonesia	2.0	5.0	2.1	5.4	5.4		3.2	2.8	2.8	3.2	3.7
Thailand	2.1	2.4	-4.6	5.0	3.6	3.0	1.1	0.7	-0.4	0.9	1.3
Philippines	1.7	5.9	2.0	7.0	6.4		5.2	2.5	2.2	2.7	3.0
Vietnam	1.5	7.0	4.2	7.3	6.4		3.5	2.8	3.7	3.5	3.8
India	1.4	4.7	2.7	6.3	6.7		3.4	4.6	4.0	4.3	4.7
Canada	1.5	1.6	-3.9	4.1	2.6		2.3	1.9	1.0	1.9	2.1
NZ Trading Partners	100.0	3.3	-1.4	5.4	3.8		2.0	2.0	1.7	1.7	2.1
Forecasts for New Zealand											
Consensus		2.3	-6.2	6.6	3.8		1.6	1.6	1.3	1.6	1.5
BNZ Forecasts		2.3	-9.1	3.9	4.5	3.5	1.6	1.6	1.4	1.1	1.6
The World		2.5	-2.1	4.4	3.1	-0.8	2.9	2.7	2.6	2.5	3.1

Ratings agencies on NZ outlook

Moody's reconfirmed NZ's Aaa (stable) credit rating, notwithstanding the massive increase in new govt debt created for the covid-19 response.

The rating reflects "very strong institutions and policy effectiveness, and a robust fiscal position compared with peers."

"While the global coronavirus outbreak presents unprecedented challenges to NZ's economy, the govt has promptly deployed its fiscal capacity to buffer the impact of the shock. Institutional effectiveness mitigates vulnerabilities related to reliance on external financing and elevated household debt."

Moody's sees the economy remaining resilient, largely owing to its recent policy settings. This underpinned a higher medium-term growth potential of around 2.5%-3.0% p.a. for NZ compared to advanced economy Aaa-rated peers.

"A flexible exchange rate, over one-half of external debt obligations denominated in local currency, and banks' reduced reliance on short-term external funding all mitigate potential credit risks."

However, a "large and sustained increase in government indebtedness" could lead to a downgrade.

Fitch said it expects a Labour-led govt to be re-elected this year. Rising unemployment and the threat of a slowing economy were the major risks to the coalition's re-election. "Our view is informed by the govt's decisive response to the covid-19 pandemic, which we believe will result in increased support for the ruling coalition," Fitch said. The biggest risk to the ruling parties comes from the rise in unemployment, leading to voter dissatisfaction, and meant the National Party couldn't be ruled out entirely. Fitch said National leader Simon Bridges' "populist, combative stance" would weigh on his chances.

Sector risk profiles - Asia-Pacific

Standard & Poor's provided guidance on relative sector risk across the Asia-Pacific region by relative impact of covid-19.

High impact sectors: automotive, chemicals, gaming, metals and mining, oil and gas, retail, transport and transport infrastructure;

Medium impact: building materials, capital goods, consumer products, real estate development, technology, financial institutions, insurance, public finance;

Low impact: telecommunications, utilities.

Unemployment claims rising fast

Some 35,000 people claimed the JobSeeker benefit in the five weeks to April 24 taking the total to 180,383, or 6% of the labour force. At this stage, however, the 12 week wage subsidy appears to be preventing a larger spike in unemployment benefit claims.

Indicators awful, but …

ANZ's April business confidence reading was predictably appalling, with a net 66.6% negative about the future.

Amazingly, **it could have been worse.** That readout is slightly better than the early April measure of negative 73.1% and not far off the -63.5% measured for March. This suggests confidence was around -58% in the latter part of April. Own activity was -55.1% in April, well down from March's -26.7%, although not quite as awful as early-April's -61.2%.

A net 70.4% of firms expect profits to fall over the coming 12 months and almost 1/3 of firms said they have fewer staff now than a year ago, compared with 2.4% in March.

As long as there is no further lockdown or a worsening in global economic conditions, it **may be fair to hope that things can't get much worse.**

However, labour-shedding may only begin in earnest once businesses emerge from the period of wage subsidy assistance - which obliged them to try to keep staff on, even if on short rations.

A material decline in employment in the second quarter of the year and the beginning of a sharp rise in the unemployment rate to double digits over the coming 12 months is still ahead.

Investment intentions are extremely weak at -44.9%. This is much worse than March's -14.4%, although marginally better than early April's -50.2%.

With housing demand likely to be dramatically weaker, residential construction was one of the weakest components of the survey with a reading of -63.9%: a record low.

ProdCom restates problem

Weaknesses in innovation, international connections, management capability and ownership structures may be holding back NZ's top-performing businesses, the Productivity Commission says. Most of NZ's most productive firms are well behind their global peers in terms of productivity levels and productivity growth rates, while the productivity range of the other 90% of firms appears to be wider than those in comparable OECD countries, the agency said in a new discussion paper.

Primary Sector

Fonterra's large product range and diversity of markets is cushioning the impact of covid-19. **Ceo Miles Hurrell** said: "China goes through a hole in the floor in Feb and we can move those products into retail in Australia, for example." Fonterra's product diversity was proving a "huge plus" at present, despite calls to focus into specific product categories. The co-op is bringing forward payments for its milk supply to improve cashflow for farmer shareholders. Monthly payments on the 15th will start in June, versus the 20th currently.

PGG Wrightson's newest substantial shareholder – **Beijing Holdings BAIC** – is not so far seeking board representation. The Hong Kong investment company is ultimately controlled by Beijing Capital Agribusiness and Foods Group and has built a 9% stake in PGW. BAIC said its investment in PGW is strategic with the aim of exploring future closer ties between NZ and China for ag exports.

Alliance Group expects processing capacity to be nearly normal under alert level 3, which may help clear a bottleneck as farmers look to offload stock before winter.

A2 Milk chair David Hearn sold $37.2m of stock in the company to meet a British tax bill he'd have to pay for exercising the five-year-old options. Hearn now holds 1.3m shares in the company, worth $26.17m at the current price.

Energy and resources

The govt has taken control of the **Tui** oilfield and is assuming responsibility for its decommissioning following its operator, Singaporean **Tamarind Resources**, being placed in receivership last year.

Mercury NZ expects full-year earnings of about $490m, $10m less than forecast in Feb due to declining hydro-electric water storage in the North Island and a preliminary assessment of the covid-19 impact.

Meridian Energy's March operating earnings were down about 24% from a year earlier as upgrade work on the Cook Strait cable restricted electricity transmission to the North Island and covid-19 cut commercial and industrial demand at the end of last month. ForBarr estimates the firm's earnings at $59m, down $19m on the corresponding period in 2019.

Genesis Energy trimmed full-year guidance by $5m, citing lower-than-expected production from Tekapo and Waikaremoana hydro. It now expects June-year earnings of $355m to $365m, down from its Feb forecast of $360m to $370m. At the start of the year the range had been as high as $380m.

Genesis said demand across its portfolio is down by 8% to 10% with residential demand up 10% to 15%. Demand from small businesses is down about 45% and industrial usage down about 25%.

Bathurst Resources lost its appeal against a US$40m performance payment on coal production from its mothballed Buller operations. It's reviewing legal options after the Court of Appeal confirmed the 2018 High Court decision favouring L&M Coal Holdings.

Trans-Tasman Resources is seeking a Supreme Court appeal of an order to send its seabed mining consents back to the Environmental Protection Authority for reconsideration.

Gas distributors **First Gas**, **Powerco** and **Vector** offered a payment deferral scheme for at least three months to help business customers through the cash crunch caused by the covid-19 lockdown.

Banking, finance and insurance

ANZ Bank NZ's 1H net profit fell 15%, reflecting a $200m increase in charges against profit for bad debts on the expected impact of the coronavirus.

Net profit for the half to March fell to $789m from $896m in the same period last year, which had included $98m from selling OnePath Life and its stake in Paymark. The bank's Australian parent has chosen a middle path compared with other banks in providing for expected coronavirus-related losses.

It booked A$1.03b against profit for covid-19-related bad debts, which helped drag its net profit for the six months down 51 percent to A$1.55b.

Westpac will book a A$2.24b impairment charge in its upcoming first-half results, including A$1.6b of provisions for losses due to the coronavirus outbreak. Westpac's announcement follows **National Australia Bank's** A$807m provision for covid-19 related impairments, an amount broking house UBS said looks inadequate.

BNZ's cash earnings rose 5.6% in the six months ended March, mainly reflecting 8.5% growth in housing lending and lower charges against profit for bad loans. Earnings at its parent, National Australia Bank, more than halved. BNZ's cash earnings of $562m compare with $532m in the previous first half. **Ceo Angie Mentis** said her executive team will forgo the short-term at-risk components of their remuneration packages, which can account for up to 50% of their annual take-home salary.

Telecommunications, media and entertainment

The govt offered an initial $50m media support package including $21.1m to cut transmission fees for six months. A further $16.5m will be used to reduce **NZ On Air** content contribution fees, $1.3m will be used to purchase news media subscriptions The package also includes $11.1m for targeted assistance to companies, as and when needed. A second package is due, possibly with the Budget, and may include pre-purchase of govt advertising to assist print publications' cashflow. Ministers' attitude to allowing the **NZME/Stuff** merger to proceed is unclear, although **Kris Faafoi** has said the govt will not support failing business models.

Meanwhile, **newspaper advertising rates have already recovered sharply** with the move to level 3 and more commercial trading. A half-page advertisement in a Saturday edition of Wellington's Dominion Post was available for $1k in the weekend of April 25/26. It has increased almost four-fold for this weekend. Likewise, national TV advertising in NZ's most-watched news programme, **One News**, plummeted. A 15 second, nationally televised spot was available for $5k in the week before level 3 lifted - an incredible bargain likely never to be repeated.

Commercial property

Listed retail property owner **Investore** reported a marginal improvement in the value of its property portfolio to $761.4m to March 31, in spite of uncertainty over covid-19. It confirmed the $140.75m purchase of three retail properties from its manager, **Stride Property,** would go ahead after being signed off by the Overseas Investment Office. Independent valuations across its retail portfolio estimated the impact of covid-19 at between 0% and minus 7.5% from original draft values, resulting in an overall 1% increase.

Manufacturing and construction

Steel & Tube is planning to make up to 200 staff redundant and warned its restructuring efforts and other coronavirus-related impairments and doubtful debt provisions will hurt this year's bottom line.

Transport and logistics

Air NZ's direct flights between Auckland and Buenos Aires will not resume and it won't launch its non-stop service to New York until late 2021 at the earliest. It also won't resume its Los Angeles to London route, which was to cease anyway in Oct. 95% of Air NZ's international routes are currently suspended until at least June 30 and the airline is making drastic cuts.

Wellington City Council agreed to underwrite a $75m loan facility as part of refinancing efforts by the city's airport. The details of the underwrite, to be provided alongside fellow shareholder **Infratil**, are still to be worked out. **Wellington International Airport** is operating on about 5% of normal domestic capacity and is expecting minimal revenue this year.

ASP Ships Group took a 50% shareholding in **Coastal Bulk Shipping**, which owns and operates the MV Anatoki, an 820 DWT cargo vessel.

Technology and IT

RealityVirtual, a Wellington-based machine-learning photogrammetry company, received a $1m grant from Epic Games to support its open-source 3D graphics capabilities. **Director Simon Che De Boer** said overseas companies had seen value where local industry and investors had not.

Smartphone advertising firm **Postr Media**, which received millions in start-up funding from investors including NZVIF Investments, collapsed owing $1m to employees and creditors. Liquidator Heath Gair said covid-19 was not the cause of the liquidation.

Over 33 days in lockdown **Spark** and **Skinny's** wireless broadband network traffic increased by 40%, with more than 17,000 terabytes of data used in total.

The govt allocated up to $15m to improve rural broadband capacity.

Service industries and healthcare

A landmark court battle is looming over the $1.49b taekover of **Metlifecare** by **Asia Pacific Village Group.** APVG, a subsidiary of Swedish private equity firm **EQT,** is invoking the impact of covid-19 on MET's prospects to trigger a Material Adverse Change clause.

MET rejects that interpretation of the MAC and says the deal should proceed at $7 a share. Attempts to escape unsettled pre-covid deals are rife internationally.

NZ observers, close to MET, say M&A norms may change dramatically if EQT is successful.

Summerset Group chair Rob Campbell will retire at the end of his current term, having served since its NZX listing in 2011.

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