

Ardern set for second term

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Labour is expected to win a second term in Saturday's election. Polls show its support remained robust through the final fortnight of the campaign around 47-48%, which would just be enough to deliver 60-62 seats in a 120 seat parliament. National is marooned at around 30%.

Collins's campaign dissolves

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Judith Collins's hopes of running down Labour in the home straight crumbled into a mess of ineffective campaign appearances and distracting gaffes in the last fortnight. She served only to highlight the yawning gap in popularity between Ardern and everyone else. Her future as leader is unclear.

Full coalition or just supply and confidence deal?

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The main point of tension in Saturday night's result and the ensuing wait for a final result after the counting of special votes will be whether Labour can govern alone and whether Jacinda Ardern wants Labour to govern alone. The polls suggest an atypical one-party-wins result is possible, but the PM may choose John Key-style to form a coalition for coalescing's sake.

Extraordinary early turnout may help Labour

Close to two million of the expected turnout of up to 2.8 million voters will already have voted by tonight. Previous election results showed a high early vote was correlated with a slightly higher youth turnout and a higher vote for Labour, with specials helping boost the Greens.

RMA, Transport and employment law reform in focus

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A repeal of the Resource Management Act and its replacement with a Natural and Built Environments Act and a Resource Planning Act will be a focus of coalition negotiations, along with the likely shape of employment law reform and planned minimum wage increases. Labour will want certainty and speed, either on its own or in a deal with the Greens.

Will Ardern choose Shaw as Deputy PM?

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The shape of the next govt will be decided by the final Parliamentary numbers and Ardern's view on the need for a coalition for its own sake. A full coalition with Green cabinet ministers and James Shaw as Deputy PM could accelerate and embed reforms around the RMA, Transport and social welfare settings.

Or will the Greens be kept at arm's length?

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A confident Ardern may however decide to keep the status quo for the Greens by negotiating a more limited supply and confidence agreement that keeps Green MPs as ministers outside Cabinet in more peripheral roles. That raises risks for Labour of the Greens opposing or delaying aspects of RMA and transport reform.

All over bar the counting

PM **Jacinda Ardern** is almost certainly set to win a second term for Labour when the votes are counted early on Saturday evening. The major point of tension is whether it will be Labour alone, which would be unprecedented in 24 years under MMP, or **Labour** in some form of agreement with the **Greens**.

As of early on Friday afternoon, Labour's opinion poll support is solid around 47%, according to the **BusinessDesk Poll Tracker**, which is a time-weighted average of all the public polls. **National** is similarly stuck on 30% with one day of voting to go, while **ACT** is on 8% and the **Greens** on 7%. **NZ First** has crept up to 3.7% with just one public poll left to be published by Newshub-Reid Research on Friday night and appearing to lack the momentum to make it over the 5% threshold.

If this were replicated after the counting of special votes and there is a wasted vote of 8%, as suggested by polls, Labour would just scrape back in with the potential to govern on its own with 62 seats in a 120 seat Parliament.

However, a relatively small change in the mix between Labour and the Greens, and the size of the wasted vote, would make all the difference as to whether Ardern needed Green support to form a govt, either with a full coalition agreement that includes Green cabinet ministers, or a looser supply and confidence agreement with fewer policy concessions and ministers outside cabinet.

There remains an increasingly miniscule chance of a shock National-ACT win if the polls are just plain wrong, which they haven't been in NZ in elections for the last 20 years. Labour would need to drop towards 40%, National would need to rise towards 35% and ACT hold around 5%. The Greens and NZ First would also both have to fail to get above 5%.

Collins stumbles at finish line

The chances of that shock result shrivelled in the last two weeks of the campaign as National Leader Judith Collins failed to clearly win the two final setpiece debates against Ardern and her leadership was called into question by a series of poorly executed and erratic campaign appearances.

Internal National Party polls were reported to have slid after Collins fumbled a media-strewn 'walkabout' along the shops of Ponsonby Road last week. Initial appearances of enthusiastic support from members of the public quickly turned sour when journalists recognised long-time party activists as the 'random' members of the public. One shopkeeper's request for Collins and her entourage

of cameras and PR people not to come in simply added to the shambolic impressions. A collection of errors in the details of National's fiscal policy compounded the malaise.

Collins rubbed salt into the wounds in the final days with distractionary comments about obesity being an issue of personal responsibility and that the Greens were 'unemployable'.

Her caucus appears less-than-thrilled with the performance. Fellow leadership aspirant **Mark Mitchell** distanced himself from Collins's comments about obesity in a radio interview. National's Auckland City spokesman and new MP **Denise Lee** fired off an angry email to her fellow caucus colleagues upon discovering her leader has decided to announce a policy for an immediate **Auckland Council** review without consulting her.

The email was promptly leaked to Newshub. In the email as reported, Lee described Collins' policy announcement as "incredibly poor form and displays a shockingly bad example of poor culture."

Other National MPs anonymously briefed journalists about what they said was Collins' bullying style and personal dominance of campaign strategy and tactics. Collins described Lee's comments as those of an inexperienced MP and defended her 'captain's call' as necessary in a fast-moving campaign.

PM's popularity extraordinary

The contrast with the public appearances of Ardern through the final two weeks could not have been starker. Thousands flocked to the PM's visits to shopping malls and campuses and scrambled to get selfies and show off their various bits of paraphernalia printed with her beaming face. The most memorable was a Dunedin student's beer pong table printed with her visage that was brandished on the edges of one throng. Your correspondents regularly saw teenage and not-so-teenage supporters in tears as they thanked her and asked for selfies. This level of adoration of a politician is unprecedented in modern times, and somewhat unsettling for professional sceptics.

Ardern's personal approval ratings in the final weeks of the campaign were the highest seen of any Prime Minister going into a second or third terms. Her 55% support as preferred PM in the final Colmar Brunton poll was higher than **David Lange's** 33% in 1987, **John Key's** 52% in 2011 and **Helen Clark's** 45% in 2002.

Ardern twisted the knife in the final debate, saying she would resign as Labour leader if Labour lost the election, as if to emphasise the relative strengths of the two leaders with their own parties and the public.

Gone by lunchtime?

Collins, however, faces an uncertain immediate future if the polls are replicated in the final result. She wrote in her biography that National does not tolerate leaders who lose elections and said early in her brief period in charge that she would view a National result of less than 35% as a failure.

The problem for National's caucus is the lack of an obvious immediate alternative. Just as they faced little real alternative when Collins put up her hand to lead the Party after Todd Muller's collapse in July, they also **don't have an obvious person to turn to in the coming weeks and months.**

There is a lot of media talk about incoming MP **Christopher Luxon** as a leader-in-waiting in the John Key mould. But Luxon has yet to serve a day as an MP, let alone demonstrate success in the mercurial world of politics. Although just as successful in global corporate life, Key was not considered as a potential leader until well into his second term. Key was elected as the MP for Helensville in 2002 when **Bill English** led National to its worst MMP-era result of 20.9%. Even with that result, English lasted another year before being ousted by **Don Brash**, who was also an inexperienced politician but experienced business leader.

Luxon is unlikely to want to jump straight into the toughest job in politics. The flameouts of Brash and Muller as National leaders in the first or second terms of Labour govt are sobering lessons for any politicians aware of the importance of timing. Given the risk for Luxon of being taken out with a hospital pass, Collins may well survive to swing in the breeze for many months to come.

Coalition by choice or necessity?

So will it be a Labour govt or a Labour-Green govt? The devil will be in the detail of the numbers after special votes are counted. Shifts of around 1.0 percentage point to the Greens from Labour, or a larger wasted vote, could be the difference between Labour on 62 or Labour on 59. That's the knife edge that could determine if the Greens make it into Cabinet for the first time in their history and whether Green Co-Leader **James Shaw** will become the Deputy PM.

We will probably know by the end of the night that Labour will lead the govt for a second term, but its ability to govern alone is likely to depend on the way the special votes shake out. In previous elections, the Greens' opinion poll support has been a percent or two better than their election night result, but that has been bolstered by a bigger share of special votes,

especially from overseas.

The final shape of the govt will also depend on whether the PM sees value in having the Greens fully inside the tent and less able to block or criticise policy changes as important as the replacement of the RMA and the big Auckland CBD to Airport rail and urban development project.

Ardern may choose to pull the Greens into the govt in some form, even if the raw numbers suggest Labour could govern alone. Then-National leader John Key chose to pull ACT, United Future and the Māori Party back into coalition in 2011 and 2014, despite not needing them all. National's 47% in those elections put it on the brink of governing alone with 59 and 60 seats respectively, but Key chose to add the five seats in the coalition partners to give a solid buffer in any contentious votes, and be able to play the partners off against each other if necessary.

Assuming the Greens remain united, that mix and match ability will not be there for Ardern, but her good working relationship with Shaw, in particular, and the relative weakness of her own front bench suggest she may choose to bring the Greens into govt, even if she could govern alone.

The stocks of senior cabinet ministers and even young up-and-comers are thin in Labour and she may want to include the likes of Shaw, **Marama Davidson, Chloe Swarbrick, Eugenie Sage and Julie-Anne Genter** in her ministerial line-up, even if lower down the pecking order.

Inside Cabinet, or at arm's length?

The exact nature of any govt-forming agreement will depend on how the parliamentary numbers shake out after the counting of special votes, and the strength of the PM's desire to bring the Greens fully inside the tent, or just under the awning with a supply and confidence agreement and ministers outside of cabinet.

The Greens' negotiating position remains relatively weak, regardless of whether Labour gets over the 60 seat threshold. Unlike Winston Peters in 2005 and 2017, the Greens have not created a credible expectation that they could join a coalition with National and ACT.

Genter implied in the final weeks of the campaign that the Greens could choose to stay out of the govt if Labour did not at least consider a wealth tax, but that was downplayed by Shaw and even the suggestion of the Greens joining with National and ACT would spark an immediate grassroots and caucus revolt.

Ardern's personal desire to recreate a united front in

POLITICS AND POLICY

public with clashes limited to inside a sealed Cabinet room may dominate any tendency to want to govern without a pesky partner.

Ardern's policy platform is limited enough not to need unfettered parliamentary power, and the most contentious bits of Labour's agenda - RMA reform and employment law reform - could benefit from the political land mines being defused inside Cabinet and Cabinet committee rooms.

Meanwhile, the **less attractive Green policies would be deep frozen in any govt-forming talks**, including the much-debated wealth tax. Ardern's hard ruling-out of a wealth tax in Labour's second term over the last fortnight has in effect already deep-frozen that policy, assuming she remains as Prime Minister for the full term.

Notably, Finance Minister Grant Robertson, who is seen as the obvious successor if Ardern was to leave early, has not committed himself so wholeheartedly to never bringing in some form of wealth tax.

Ardern said in the last TV debate she would serve the whole of the next term.

How that choice defines policy

A Labour-alone govt would make the prospect of RMA reform more predictable and faster if it was done as part of a confidence and supply agreement. A full Labour-alone govt would create the risk of RMA and transport reform being blocked or stymied by the Greens in combination with National. The RMA reform is shaping up as a key bone of contention in any govt-forming negotiations, given it is one of the policy areas not ruled out and where there is commonality.

The Greens have agreed generally with Labour's plans to replace the RMA with a Natural and Built Environment Act and a Strategic Planning Act.

One concession the Greens could force would be the addition of a Climate Adaptation Act that specifies how councils are funded and prepare for climate change.

Transport is also a rich area for negotiation, with Green hopes for a big boost for public transport being a possible avenue for extra infrastructure spending stimulus.

The demise of NZ First's toys

Another expected feature of the election result if the polls translate into seats in Parliament is the end of NZ First's Provincial Growth Fund and its hopes for a move of the Auckland port to Northland.

The fisheries and racing industries may also find more of their pleas for slower and looser regulation, along with subsidies for new racetracks will go unheard.

One event to watch next year will be the Serious Fraud Office's prosecution of two unnamed people associated with the NZ First Foundation. That may reveal details of donations and understandings that force any new govt to either suspend spending engineered by NZ First, or to distance the govt from it.

The course of this trial may help determine whether NZ First has a future at all following the likely retirement of Winston Peters before the next election.

A possible wildcard result

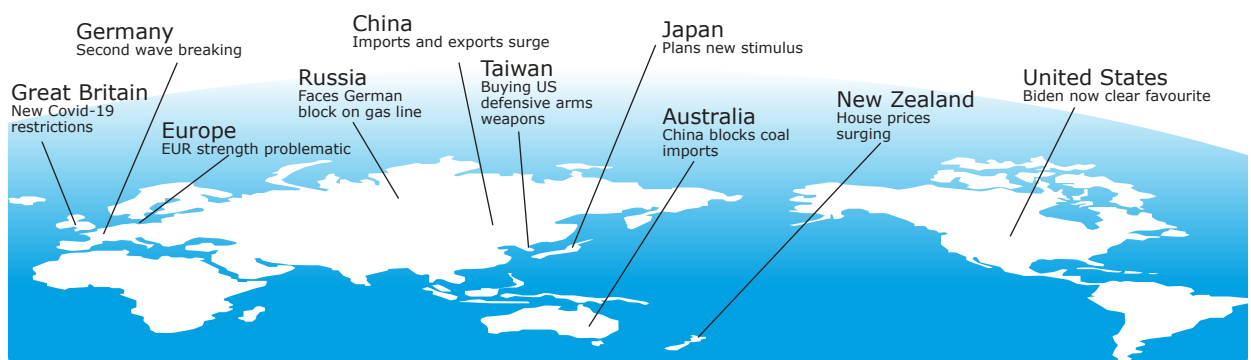
There remains the potential for a wildcard result that upsets the calculations around whether Labour forms a govt alone or only a supply and confidence deal with the Greens.

The **Māori Party** has not featured in many scenarios, given its absence from Parliament in the last three years, and as it's changed its leadership.

The rare and sometimes-inaccurate polls of the Māori electorates suggest the Māori Party's **Waiariki and Tamaki Makaurau** candidates, **Rawiri Waititi and John Tamihere** respectively, could oust Labour's **Peeni Henare and Tāmāti Coffey** respectively, partly due to tactical voting.

The Māori Party has pitched a two-for-one special to voters where they tick Waititi and Tamihere for the

The world at a glance



electorates and Labour for the party vote to ensure all four Māori candidates make it into Parliament.

Henare and Coffey are high enough on the Labour list to get back into Parliament with a strong overall showing. Just as the loss of former Māori Party co-leader **Te Ururoa Flavell** in 2017 was a surprise, another surprise there cannot be ruled out.

However, it is a very long shot. The Curia polls that suggest this outcome still show big gaps between the Labour and Māori Party candidates.

The new Māori Party under co-leaders Tamihere and **Debbie Ngarewa-Packer** have reassured supporters they would not go with National again.

If one or both of Tamihere and Waititi were to win their electorates, it could offer Ardern another choice to leverage more concessions out of the Greens and provide a bigger buffer on key Parliamentary votes.

The counter to this scenario is the deep antipathy that exists between the Labour Māori caucus and the Māori Party. Labour's ultimate aim has long been to extinguish the Māori Party. Including the party in governing arrangements would not obviously further that aim.

A Māori TV-Curia poll showed Waititi just 12 points behind Coffey. Rawiri is seen as a strong candidate and popular locally with aggressive 'ground game' in Rotorua against the Wellington-bound Coffey. The bespectacled Waititi is a well-known locally, resplendent with a full face tattoo and cowboy hat.

Tamihere is also a well-known, if polarising, local candidate in Auckland after his failed run for the mayoralty and many years as a Labour MP. A Māori TV-Curia poll found Tamihere just six points behind Henare.

The Labour candidate's task is tougher in Tamaki Makaurau given the Green candidate in the electorate is co-leader **Marama Davidson**.

The Curia poll for **Te Tai Hauāuru** showed Ngarewa-Packer 18 percentage points behind the Labour incumbent **Adrian Rurawhe**.

Labour's **Kelvin Davis, Nanaia Mahuta, Rino Tirikatene and Meka Whaitiri** are expected to hold **Te Tai Tokerau, Hauraki -Waikato, Te Tai Tonga and Ikaroa Rāwhiti** respectively.

Other races to watch

National's slump towards 30% and the ability of local Labour candidates to hitch their wagons to Jacinda Ardern's popularity will also determine the fates of some high-profile National MPs.

Chris Bishop has a fight to hold **Hutt South** against Labour's **Ginny Andersen** and he would struggle to return on the list. Labour's **Kieran McNulty** is hopeful of taking **Wairarapa** from first-time National candidate **Mike Butterick**, particularly given NZ First's **Ron Mark** will scoop up centre-right votes.

Other National MPs at risk in a sub-30% result include **Nicola Willis** (list), **Tim Macindoe** (Hamilton West) and **Dan Bidois** (Northcote). ■

Trading partner growth

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

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
China	31.9	6.8	6.1	2.2	7.9	5.5	2.1	2.9	2.8	2.0	2.4
Australia	17.8	2.7	1.8	-4.0	2.7	3.3	1.9	1.6	0.6	1.5	2.1
United States	11.3	2.9	2.2	-4.4	3.8	2.6	2.4	1.8	1.1	1.9	2.2
Japan	7.1	0.3	0.7	-5.6	2.6	1.1	1.0	0.5	-0.1	0.1	0.7
Eurozone	5.8	1.9	1.3	-7.7	5.5	2.0	1.8	1.2	0.4	1.0	1.4
South Korea	3.4	2.7	2.0	-1.2	3.3	2.9	1.5	0.4	0.4	1.1	1.9
United Kingdom	3.1	1.3	1.5	-10.1	6.5	2.0	2.4	1.8	0.8	1.5	2.0
Singapore	2.3	3.5	0.7	-6.2	5.8	3.1	0.4	0.6	-0.3	0.9	1.9
Hong Kong	2.6	2.9	-1.2	-6.8	4.5	2.5	2.4	2.9	0.9	1.7	2.2
Taiwan	2.4	2.7	2.7	0.5	3.1	2.6	1.4	0.6	-0.2	1.1	1.3
Malaysia	2.1	4.7	4.3	-6.1	6.8	4.5	1.0	0.7	-1.1	1.7	2.5
Indonesia	2.0	5.2	5.0	-1.9	5.1	5.2	3.2	2.8	2.2	2.6	3.7
Thailand	2.1	4.1	2.4	-7.7	4.6	3.6	1.1	0.7	-1.1	0.9	1.3
Philippines	1.7	6.3	6.0	-7.5	7.7	6.0	5.2	2.5	2.4	2.8	3.0
Vietnam	1.5	7.1	7.0	2.4	7.7	6.4	3.5	2.8	3.3	3.1	3.8
India	1.4	6.8	4.2	-8.9	10.5	6.9	3.4	4.8	5.4	4.6	4.7
Canada	1.5	2.0	1.7	-6.0	5.2	2.7	2.3	1.9	0.7	1.7	2.1
NZ Trading Partners	100.0	4.1	3.3	-2.6	5.4	3.8	2.0	2.0	1.4	1.7	2.1
Forecasts for New Zealand											
Consensus		3.2	2.3	-5.5	4.3	3.8	1.6	1.6	1.5	1.2	1.5
BNZ Forecasts		3.2	2.3	-4.9	1.5	4.2	1.6	1.6	1.6	0.8	1.3
The World		3.2	2.5	-4.6	5.0	3.5	2.9	2.7	2.0	2.4	3.1

DOMESTIC ECONOMY

House prices rocketing

House prices rose at annual rates well into the double digits across the country in Sept and volumes rose at their fastest rates in more than three years, REINZ reported.

REINZ's House Price Index, which removes the skew to medians from more houses selling in some price bands than others, was up 2.5% in Sept to a record high 3145 and up 11.1% from a year ago. That means the value of NZ's housing stock has risen by \$75b to \$1.3t in the last three months.

"Much of this activity is being driven by the extremely low rates at which people can borrow money, which is at its lowest levels since records began, consumers having additional 'cash' available due to a lack of international travel and some uplift from returning ex-pats," REINZ ceo **Bindi Norwell** said.

"When you then add in high levels of confidence in the housing market, the removal of the LVRs back in March and people's fear that prices are just going to keep increasing in the future, then this explains why people are going to such lengths to secure a property now," she said.

Housing shortage growing

ASB also upgraded its forecasts for the housing shortage and house price inflation in the next year after reassessing fresh population figures and the likely fall in interest rates.

ASB said it had flipped its small negative forecast for 2021 to an 11% increase and had doubled its estimate of the cumulative housing shortage to 60,000-65,000.

"A more severe housing shortage, a less gloomy outlook for the labour market, and the RBNZ's effective 'green light' for asset price cycles all promise to keep house prices rising at a rapid clip over the coming 12 months," ASB economists said.

ASB now expects mortgage rates to go below 2.0% next year, although Heartland has already launched a 1.99% one year rate. ASB cited massive Reserve Bank stimulus and a lack of concern, for now, that the stimulus is pushing house prices up too much.

"Direct lending to banks looks like a done deal before Christmas, and our sense is that a negative Official Cash Rate in 2021 is still more likely than not. The Bank is not particularly concerned about booming asset prices," ASB's economists said.

"In fact, if anything the Bank is actively encouraging asset price cycles, and recently downplayed the possible return of LVR restrictions when they are next reviewed in May. We wouldn't be surprised if

this view changed by the time May rolls around," they said.

IMF goes full Keynesian

The IMF argued in its Oct fiscal monitor released this week that advanced economies should use low interest rates to invest heavily to boost the recovery during and post-covid-19.

"Govts need to scale up public investment to ensure successful reopening, boost growth, and prepare economies for the future. Low interest rates make borrowing to invest desirable," the IMF said.

Paolo Mauro, deputy director of fiscal affairs at the IMF, said high levels of uncertainty in the global economy strengthened the case for increasing public investment.

"You get a bigger bang for your buck from public investment because investment by private firms is extremely low," Mauro said.

Buried deep in the IMF supporting materials are estimates of average GDP per capita through to 2025, which make **relatively sobering reading for NZers**.

GDP per head in 2019 was US\$42,031.50, is forecast to fall to US\$38,857.30 this year and not to have recovered to above 2019 levels in five years' time, when it forecasts US\$41,340.47 GDP per capita. Peer countries the US, Australia, UK and Canada all see GDP per capita above 2019 levels by 2025, although Canada's return to those levels is sluggish.

Fed begs for more stimulus too

US Federal Reserve chair Jerome Powell also thumped the tub for the US Govt to step up and help, or at least negotiate a second stimulus package, which has been stalled since benefits ran out last month.

Powell said it was better to 'overdo' the pandemic response than to undershoot.

"Too little support would lead to a weak recovery, creating unnecessary hardship for households and businesses." Powell said in remarks to the National Association for Business Economics

Powell said now was a bad time to worry about too much debt, even though America's govt debt to GDP ratio is on track for 200%.

"This will be the work of all of govt. The recovery will be stronger and move faster if monetary policy and fiscal policy continue to work side by side to provide support to the economy until it is clearly out of the woods." Powell said.

Congress failed again this week to do a second stimulus deal. None is expected before Nov 3. 🇺🇸

Wallace flies off to Mediaworks

Two high-profile executives jumped into two just-as-high profile jobs on either side of the Tasman this week.

Long-time Air NZ executive and twitterati alumnus **Cam Wallace** announced last month he would leave Air NZ. This week he accepted an offer to be come the ceo of **Mediaworks**, which is being shorn of its TV operations to focus on its profitable radio and outdoor advertising units.

Meanwhile, a fifth senior executive announced his departure in as many months. CFO **Jeff McDowall** announced yesterday he would resign once the airline's capital raising was complete next year.

This follows the resignations of head of revenue Wallace, chief people officer **Jodie King**, chief air operations and safety officer **John Whittaker**, alliances officer **Nick Judd** and chief marketing and customer officer **Mike Tod**.

While this initial clean-out at the top of Air NZ was planned, it appears both Wallace and McDowall's departures reflected relations with new ceo Greg Foran.

Meanwhile, Foran appointed a 15-year Air NZ veteran and current sales exec **Leanne Geraghty** to a new sales and customer role reporting to him.

Hrdlicka flown into Virgin hurriedly

Former A2 Milk ceo **Jane Hrdlicka**, who was parachuted in to a surprisingly brief stint last year at the infant formula exporter, has turned up at **Virgin Australia**.

In a surprise move that Virgin's new owner **Bain Capital** initially said they would not do, Virgin removed ceo **Paul Scurrah** and appointed Hrdlicka as the new ceo.

It is reported the move will alarm Virgin's unions and indicates a fight over pay and conditions is imminent.

Hrdlicka certainly has the pedigree, given she came to A2 Milk from a stint as **Jetstar ceo**.

Finally, Fonterra exits China farms

Fonterra announced last week it had sold its two dairy farm complexes to state-connected firms in China for \$555m, which was less than the \$1b it had invested over the last decade.

The sale is part of the dairy cooperative's pivot away from the previous ceo **Theo Speirings's** strategy to create a 'global milk pool' with access to supplies outside of NZ to supply large global customers.

The sales have been signalled over the last year

as new chairman **John Monaghan** and ceo **Miles Hurrell** shifted Fonterra's focus back to selling its farmers' milk.

Marsden Pt dials back to 1995 levels

Refining NZ announced last week it would cut refining production capacity by a third to 90,000 barrels a day of oil, which was the level it operated at in 1995.

The cuts would mean about a quarter of the workforce of 100 workers would be laid off. It said it was still investigating moving to becoming an importing terminal only, rather than a refinery with a terminal.

Subsidy backlash brewing

There is growing debate over whether some companies who subsequently made profits and granted dividends should repay wage subsidies.

Vector announced over the weekend it would repay \$1.6m connected to 230 staff employed by its ventilation company Cristal Air International, which was completely shut during the first lockdown. It said it was the right thing to do.

After weeks of criticism, **Briscoe Group** also announced it was returning the subsidy. The retailer claimed \$11.5m of wage subsidy and went on to pay \$20.3m worth of dividends, including \$15.6m to 78% owner **Rod Duke**.

Company profits robust

It's early days, but many companies seem to be coping much better than expected with the covid-19 shock, which could help the govt's corporate tax revenues.

Figures out over the weekend from tax pooling group Tax Management NZ showed many companies still paying large amounts of tax.

55% of businesses contributed more to the tax pool than they did at the same time last year, TMNZ's Chris Cunniffe reported. Just 42% paid less into the tax pool in expectation of a lower profit, even though the IRD had signaled a more lenient approach.

Takeover action at Abano, Metlifecare

Shares in dental company **Abano** shot up 13% after it announced an increased headline price of a takeover offer for the business.

Abano's board had already unanimously recommended shareholders accept a Scheme of Arrangement offer from **BGH Capital and Ontario Teachers' Pension Plan** at \$4.45 per share and subject to certain conditions.

CORPORATE ROUND-UP

But the \$1.28b **Metlifecare** takeover by Swedish firm EQT hit another snag as the High Court at Auckland delayed its hearing into a shareholder's objection until Oct 20.

Pacific Edge is to be added to the NZX 50 to replace Metlifecare when its takeover is complete.

Kawerau paper plant in crosshairs

Norske Skog said NZ's high and volatile electricity prices remain a concern and would feature in the review underway of its newsprint operation at Kawerau.

Demand for publication paper in Australia and NZ is down 25% this year in what the company believes is a permanent change.

At this stage, Norske Skog is not looking to close operations, but to switch to producing other products.

Mainfreight delivers through covid-19

Shares in **Mainfreight** jumped 13% this week after a half-year trading update showed it had improved revenue and profits as a result of growing market share during the covid crisis.

Managing director **Don Braid** said estimated revenue for the past 26 weeks was up 7.2% to \$1.6b and estimated profit before tax was up 23.4% at \$102m.

NZ country manager Craig Evans said customers were flocking to Mainfreight's service at a time when covid was disrupting alternative supply chains and competitors.

The local air and ocean business gained market share as "competitors went missing during the height of the pandemic," he said. NZ revenue rose 4.4% to \$378.7m.

In Australia, targeted govt support and pent-up consumer demand diverted to local goods and services resulted in strong trading. Mainfreight delivers through covid-19.

IkeGPS flies

IkeGPS's share price jumped to an all-time high on news of a new commercial relationship with a major US-based utilities company to use the company's system for assessing and designing power pole infrastructure.

More good news for farmers

Fonterra upgraded its payout forecast this week, citing strong Chinese demand for dairy products.

Fonterra lifted the forecast to a range of \$6.30-to-\$7.30 per kilogram of milk solids from a prior forecast of \$5.90-to-\$6.90/kgMS. That earlier projection was an improvement on the opening forecast of \$5.40-to-\$6.90/kgMS provided in May.

The mid-point is now \$6.80/kgMS which would see more than \$10b flow into farmers' bank accounts.

Cream for Lewis Road founders

Southern Pastures bought out the half of premium milk company **Lewis Road Creamery** that it did not already own.

The dairy investor owns and operates farms in Waikato and Canterbury.

Lewis Road founder **Peter Cullinane** said the sale was a "fantastic conclusion" to a journey which started at his kitchen table.

The business was founded in 2011 and offers organic and premium ranges. Cullinane will step down from Lewis Road but general manager **Nicola O'Rourke** will stay on.

NZX tilts to Singapore

NZX, which has struggled this year with Australia's **ASX** nabbing high-profile IPOs and with tech problems, is edging closer to the **Singapore Exchange**

This week it announced a 10 year deal to list its suite of dairy derivatives on the Singapore Exchange next year.

The NZ and Singaporean stock exchange operators signed a non-binding heads of agreement to explore the listing on the SGX's trading and clearing platforms.

Meanwhile, NZX will see Rua Biosciences list next Thursday Oct 22, and expects a second IPO in Dec with the announcement that Rural Land Co will seek between \$75m and \$150m from the public. There are indications of at least one other IPO that could emerge before Christmas, involving a financial services provider, with other possibilities also believed to be in the wings. 