

## **“Mentally prepare for weeks”**

Page 2

The extension of the nationwide lockdown to next Tuesday evening is unlikely to be the end of it. The incubation period for the delta variant of covid-19, and the dates of exposure identified for an increasingly large number of ‘close contacts’ of those infected will dictate its length. A longer lockdown for Auckland is almost guaranteed as health officials wanted it extended to Aug 31 today.

## **‘We only get one chance’**

Page 2

The government has made the only credible choice it could by locking down the whole country immediately on finding a single case of the delta variant of covid-19 in the community. Delta is highly transmissible compared to earlier strains. The choice was either to lock down hard or to accept a NSW-style spread by taking half-measures.

## **Political highwire all the higher this time around**

Page 2

To the extent that the hospital system remains short of ICU beds and vaccination rates are low, the choice is all the more inevitable. For now, the daily press conferences featuring the PM are likely to boost support for the government. However, public tolerance and economic resilience for an extended lockdown, especially if the outbreak is not demonstrably being contained in short order, is unlikely to last in the way that it did the March/ April 2020 lockdown.

## **Budget robust for resumption of supports**

Page 6

Grant Robertson announced the resumption of job subsidy, covid resurgence and leave support schemes for business at the same time as the lockdowns. He said there was plenty of room in the budget to afford the subsidies without having to borrow more than signalled in the May Budget. However, a prolonged nationwide lockdown is likely to exhaust the remaining \$4.7b in the covid relief fund and require further government debt issuance.

## **Transpower in the firing line over blackouts**

Page 7

Transpower is getting much of the blame for the worst power blackouts in more than a decade last Monday. It mistakenly ordered much bigger cuts than necessary in the Waikato. However, the whole electricity sector faces renewed political and regulatory risk because of the incident. A report due next week alleging super-profits by hydro generators will add to the pressure.

## **Pressure on big emissions cut plan for Glasgow**

Page 3

Ministries and cabinet sub-committees are scrambling to develop as substantive an Emissions Reduction Plan ahead of the Glasgow climate change conference in nine weeks time.

## **CEO Retreat 2021 – reschedule to Oct 7-9**

We were very disappointed to have to call off this weekend’s Hugo Group CEO Retreat at Millbrook, but the level 4 lockdown left us no option. However, we have secured new dates, from Oct 7-9 and will be in touch with registered attendees very shortly. We anticipate that some spaces may open up for the rescheduled Retreat and will be in touch with members if that proves to be the case, as soon as possible.

## Lockdown grows one step at a time

The whole of New Zealand will stay in level 4 lockdown until at least 11.59pm next Tuesday, Aug 24, with the odds strongly favouring further extensions now that the delta variant has been found in patients in Wellington.

With hundreds of close contacts self-isolating around the country, including in the South Island, no other decision was likely.

The government is determined not to risk allowing delta to gain a foothold by holding back. This is truly the 'fast and early' response that was trumpeted but arguable when the government moved to level 4 in March 2021.

It is almost inevitable that Auckland's lockdown will last longer and official advice was to extend the Auckland-Coromandel lockdown to Aug 31. Cabinet will consider that, and the rest of the country, next Monday.

All cases identified so far have been traced to the reference case, who arrived from NSW on Aug 7. is case, said Ardern. However, there needed to be at least five days from the date of the most recently tested new case to ensure that close contacts were not tested before they might have contracted the respiratory disease.

## The latest on the delta outbreak

As of 1pm, 31 covid-19 cases have been found this week, 28 in Auckland and three in Wellington. starting with Case A, who tested positive on Monday and had been infectious since last Thursday.

It appears the original delta variant case was a returnee from Australia who arrived on Aug 7, and was then transferred from the Crowne Plaza in Auckland to the Jet Park quarantine facility upon testing positive. He was moved to Middlemore hospital when his condition deteriorated. Three people in a Crowne Plaza room adjacent to the returnee also tested positive, raising the possibility of in-facility transmission.

As of 1pm, 159 times at locations of interest had been identified by health officials. People who were at those sites when positive cases were there are required to self-isolate and get tested.

## PM dominates centre stage again

The government's winter of polling discontent seemed a aeon ago this week as PM **Jacinda Ardern again took centre stage for the daily livestreamed pressers** direct to a nation on the edge of its seat.

Having primed everyone during the **Skegg** report's release for an immediate nationwide level four lockdown in the event of a delta case in the community, the government did exactly that on Tuesday evening.

Compliance was almost immediate and widespread with **barely a peep of protest**.

The 'going hard and going early' lockdown was **immediately supported by both the National and ACT parties**. The evisceration of former National Leader **Simon Bridges** after his now-infamous facebook post questioning a level four lockdown extension on April 20 last year remains fresh in the memory, thanks in part to the publication by Bridges of a mid-career memoir. He cited the relatively tame post (in retrospect) as a key moment in his downfall.

The PM's handling of the new lockdown and appeals for the 'team of five million' to step up again and quash the delta variant when Australia couldn't has again galvanised public support behind Labour and the PM in particular. The subtle appeal **'beat the Aussies' line may even assist compliance**.

Anyone looking for a flavour of the response need only see the streams of comments for her frequent facebook live video sessions locations such as the living quarters at Premier House or the back seat of her Crown limo. Her page has over 1.5m likes and the personal livestreams are regularly watched by over 50,000 at a time.

**Just days earlier**, the political landscape was much less inviting for the government. A leaked **UMR** poll for corporates showed **Labour's support dropping from 48% in July to 43% this month. National was on 28%, up four points**. It was Labour's lowest UMR result since March 2020, when it was on 42%, just before the original covid-19 lockdowns. ACT was up two points to 13%, Greens 7% (down one), the Māori Party 1.7% and NZ First 4.4%.

The UMR poll showed Ardern dropping by five points to 50% as preferred PM, which was also her lowest result since the onset of covid. **Judith Collins** was on 11% and **David Seymour** on 14%, up from 12% last month.

It found 63% support for the government's handling of covid, and only 14% saying it was poor. The numbers who believed NZ was on the right track had dropped from historic highs of 78% during the lockdowns last year to 62%.

If last year is a guide, **constant exposure will boost the government, but only as long as it appears to be succeeding**. Evidence of the current outbreak being extinguished will need to emerge within two to three weeks. There is **far greater downside for**

**the government in losing control of the virus now**, as focus will shift swiftly to the very wide range of issues on which the government's post-lockdowns response to covid has been wanting.

**A fragile willingness to be constructive reigns** among Opposition politicians, most of the public and much of the news media in a time of fresh crisis. That **will fray if the hard lockdown doesn't show swift results**.

**Ardern's international standing, important to her NZ standing, could also take a severe knock** if NZ were seen to have 'joined the rest of the world'.

## National's unity hopes dissolve

National supporters and Leader **Judith Collins** had **hoped its annual conference in Auckland on the weekend of Aug 7/8 would be a platform for a show of unity** to revive its prospects almost two years out from the next election.

Attendees reported positive vibes in the public sections of the conference, but **media coverage and the lasting impression was of yet more disunity at both a board and caucus level**.

Party board member and former long-serving MP and Speaker of Parliament **David Carter** resigned after **Peter Goodfellow** remained as president, following a vote at the conference.

**"I haven't got any confidence in Goodfellow as chair of the board,"** Carter said, adding the party's post election review had highlighted dysfunctional governance at party level and a lack of money for campaigning. "Neither of those things change whilst Mr Goodfellow remains president of the NZ National Party," Carter said.

While critics of the outcome were easier to find at the conference floor than Goodfellow supporters, the reality is that Goodfellow maintains a tight grip on the party machine. He would not have won otherwise.

For that machine, **Carter's disloyalty was unforgivable** because of the opening it gave for negative coverage.

Collins told the conference that National could "win the next election, but **we need to be focused on the issues that matter to Kiwis**", only to start a spat with the Green Party about its desire to remove a portrait of Winston Churchill from its office precinct.

The conference was notable for steering away from the 'culture wars' themes from earlier in the year. There was no reference to the He Puapua report or the use of Aotearoa as a name for NZ.

Notably, the conference began with full-scale Māori

ceremony and the national anthem sung in both Māori and English.

## Liberal MPs swallow a rat

Meanwhile, **the decision of the Collins-led caucus to oppose the first reading of the government's Conversion Practices Prohibition Bill** demoralised more liberal MPs, given the caucus – and Collins – had signalled support for the bill as recently as Feb. She now says National opposes the 'criminalisation of parents for being parents.'

## Winston stirs

Meanwhile, vital signs have been registered from the NZ First party, which the UMR poll suggests may be closing on 5% support again. In the last fortnight, Winston Peters has issued two press statements.

One defended large-scale donor and Wellington businessman Troy Bowker over Bowker's social media battle with Sir Ian Taylor on pride in ethnic heritage. The other, last Sunday, warned of an "imminent delta variant disaster".

Both are hallmark Peters for their ability to read populist memes (on Bowker) and to appear to be able to accurately predict future events (on delta).

## Climate action pressure builds

**The transport, energy, agriculture and ESG communities should watch out** for action aplenty behind the scenes on climate change policy in the next couple of weeks as **a couple of deadlines bear down on the policy machinery of the Beehive, MfE, MPI, MBIE, DPMC and Cabinet**.

The acronym-du-jour for policy wonks and ministerial political advisers in email trails is ERP, which stands for (All-of-Government Emissions Reduction Plan). It must be coordinated through ministries and cabinet subcommittees within coming weeks for cabinet decisions in October at the latest.

**This package of potentially politically explosive policies is required to respond to two deadlines the govt can't change**. The first is the legislative need to respond to the **Climate Commission's** recommendations for emissions cuts to hit net zero by 2050, including details on achieving big cuts by 2035. That response is formally required by the end of Dec.

## Coming up

**Aug 24 - Parliament resumes** for a three-week sitting session

**Oct 6 - RBNZ makes 'in-between' OCR decision** without news conference or full quarterly forecasts

**Oct31 - Nov 12 - The UN's COP26 Climate Change conference** held in Glasgow.

**Nov 3 - RBNZ releases six-monthly Financial Stability Report**.

## POLITICS AND POLICY

That response is likely to go further, earlier and faster to build bigger emissions reductions targets, given NZ's contributions to global climate agreements are already behind the target of net zero carbon emissions by 2050. Taking a credible commitment to the global climate change conference in Glasgow in early Nov is curcial. This is the second hard deadline.

The credibility of NZ's contribution is becoming more important for exporters as trading blocs such as the EU, China and the US are signalling non-tariff barriers or outright carbon taxes on climate recalcitrants. Australia and NZ are among the worst performers on climate emissions per capita in the developed world.

The release of a sobering report from the **UN's Intergovernmental Panel on Climate Change** last Monday has set the scene for even more aggressive action. The IPCC found the minimum safe level of global warming of 1.5°C was already baked in.

**"Unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach,"** it said.

Scientists and climate activists have criticised the gov't's plans to reduce carbon and methane emissions as out-of-date and inadequate for the task detailed by the IPCC. Climate Change Minister **James Shaw** has also called for much more aggressive action.

The IPCC report called on the world's emitters to reduce emissions 45% below 2020 levels by 2030. The Ministry for the Environment has projected NZ's emissions will be just 6% below 2010 levels by 2030 with current policies.

### Ugly local climate

Until the return of covid lockdowns at least, **the most political heat was against further action**, even with the so-far tentative moves to reduce emissions. There have been intense local protests against repurposing roads for cyclists and walkers in Auckland. **The**

**government also appears to have quietly shelved plans to build a second harbour crossing only for cyclists and walkers** after a large majority of voters said they opposed it.

The Opposition's campaign against the 'ute tax' in the Clean Car rebate scheme launched last month has also set the Cabinet's political antennae atingle. It was a high-profile element of widespread 'Groundswell' protests in regional cities last month. A second round of protests organised by the same group is being planned for November.

The politics of new climate change measures such as congestion charges, higher fuel taxes, road repurposing and higher public transport costs remain very politically challenging.

**Senior ministers point in particular to the intense local blow-back to an NZTA-backed trial of a 'Low Traffic Neighbourhood' in Onehunga** in April and May.

The intensity of the opposition on social media and in public meetings shocked officials and politicians in the Beehive and in Auckland. The trial was abandoned in late May after someone used a forklift to lift wooden boxes blocking roads out of the way and then wrecked various signs and street furniture. Other trials in Auckland are now on hold.

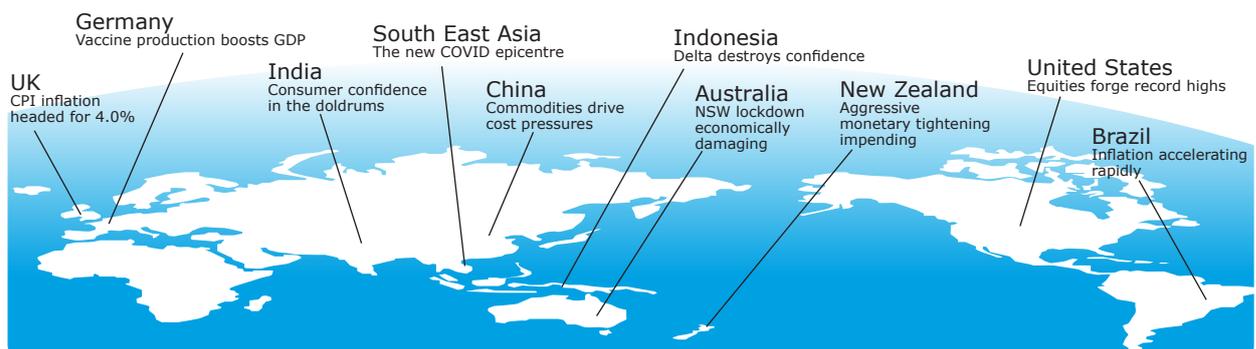
### No easy political options

The policy options in front of the government are unattractive in a political sense and mostly in transport. **They include congestion charging, bans on petrol and diesel vehicle imports, road repurposing and big new public transport and investment subsidies.**

Minister **Michael Wood** is nearing the end of consultation on a report by the Ministry released in May called *Transport Emissions: Pathways to Net Zero by 2050*.

The task is large. Transport produces 47% of NZ's CO2 emissions, which rose 90% from 1990 to 2018.

### The world at a glance



Submissions closed on June 25 and the gov't's response will be in the **first all-of-government Emissions Reduction Plan (ERP)**, which the ministry has said will be released in 'the second half of 2021.'

With **just nine weeks left until the Glasgow conference**, ministers and cabinet will be working to tight deadlines. Tick tock.

## Reopening receding into 2022

Allowing every New Zealander who wants to be vaccinated the opportunity to have two shots is the underlying key to the government's approach to covid response.

While last week's Skegg report says the elimination strategy - stamping on outbreaks hard and early when they occur - is still achievable, it carries an important proviso. That is, elimination should be pursued for as long as the benefits outweigh the costs.

Once the population is as well-vaccinated as it can be from the current rollout, that cost-benefit equation is most likely to change.

Importantly, Skegg also makes clear that there will be no possibility of herd immunity because the delta variant is so transmissible and the combination of unvaccinated children and a large-ish chunk of vaccine-resistant adults will mean vaccination rates will be too low.

Vaccination therefore becomes a vital tool in containing the extent of illness, hospital system pressure, and unnecessary deaths, while also

providing a reduced modicum of protection.

It is reasonable therefore to assume that border easing on a graduated basis, favouring countries that also well-vaccinated and are controlling outbreaks well, will occur. Varying levels of restriction ranging from quarantine-free entry, shortened and home MIQ, and full 14 day MIQ are on the table.

It is **unrealistic to imagine the trans-Tasman bubble will reopen this year**. It remains to be seen whether the Cook Islands government will allow NZ tourists to enter in coming months, following a brief frenzy of visitation. Meanwhile, the pace has picked up markedly on the vaccination rollout and health authorities may be softening on the use of alternative saliva tests to improve surveillance and reduce queues at testing stations.

Health director-general Ashley Bloomfield signalled this week that his **ministry would start talking to private sector saliva test providers**. This is understood to include Rako Science, which has become a thorn in the ministry's side by refusing to accept officials' scepticism and, at times, active denigration of its USFDA-approved saliva test, which is as accurate as nasal swab testing.

## Elsewhere briefly

The government agreed to help NZers and their families evacuate from Afghanistan, as well as Afghan nationals deemed under risk. At least 37 Afghan nationals who worked with NZ's presence in the country may be at risk. 53 NZ citizens have been offered consular support. 🇳🇿

## Trading partner growth

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

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

## RBNZ postpones rate hikes

The Reserve Bank's monetary policy committee left the OCR on hold at 0.25% on Wednesday, saying the decision was made in the context of the country going back into lockdown.

**It forecast the OCR would have to rise at least one time to 0.5% this year, before rising through the following three years to 2.14%.**

"The committee will assess the inflation and employment outlook on an ongoing basis, with a view to continue to reduce the level of monetary stimulus over time so as to best meet their policy remit," it said.

The central bank halted its QE programme last month and, before the latest outbreak of covid-19, most economists had expected the RBNZ to hike the OCR from 0.25% to at least 0.5%, and possibly 0.75%.

Markets repriced wholesale interest rates to reflect the slower start to rate hikes and the NZ dollar fell almost two US cents to a nine-month low of 68.4 USc after the news of the outbreak and the rate hike postponement.

Governor Adrian Orr also reiterated that the RBNZ's preferred monetary policy tool from here on was its OCR, rather than its Large Scale Asset Programme (LSAP) of quantitative easing to buy government bonds. The bank has left its Funding for Lending programme of loans to banks at the OCR in place, leaving the prospect of a negative OCR open in the event of the need for more monetary stimulus.

The banking sector has been continuing to borrow at the current OCR under the FLP while also raising lending rates, **effectively expanding their margins**, at least in the short term.

Orr emphasised the bank was leaning towards tightening rather than loosening and that it also saw a fiscal policy response as the best tool if stimulation was needed in the event of long lockdowns.

## Weekly GDP loss seen at \$1.5b

**Finance Minister Grant Robertson obliged on the fiscal policy side** by announcing the reopening of wage subsidy, resurgence income support and leave support schemes for businesses at the same time as the announcement of the snap nationwide level four lockdowns.

He said the government's finances were in a healthy shape and able to afford the support for businesses suffering 30-40% revenue declines. Some \$4.7b is still left in the Covid Recovery and Relief Fund.

**Robertson saw little need with the current situation to have to change the borrowing plans** outlined in

the May Budget, given better-than-expected monthly deficits since then.

He disclosed **Treasury had advised, however, that each week of level four lockdown would cost \$1.5b in lost GDP**, while a level three lockdown nationally would reduce GDP by around \$750m per week.

## 'House prices will fall'

The Reserve Bank took the opportunity with its MPS on Wednesday to also give a detailed warning about the housing market's sustainability, saying **it expected prices to eventually fall as new housing supply came onto the market and migration remained low.**

"A confluence of factors suggests that house prices are above what is sustainable," the bank wrote ahead of Orr's appearance at a select committee appearance on Thursday.

"While house price inflation has slowed in the past three months, momentum has been stronger than expected," it wrote. "A moderation in house prices is expected over coming years, but the precise timing of this is uncertain."

**The RBNZ forecast in its MPS that house prices would rise another 10% by mid-2022, before falling 5% by late 2024.**

The bank also included a box in the MPS with a detailed discussion of why it saw the market as above its sustainable level and how long it might take to return to something more sustainable, although it didn't say where it thought sustainable actually was.

It also included a projection where house prices fell 5% annually for three years.

## Briefly ...

Dairy commodity prices eked out a 0.3% gain at the **Global Dairy Trade**, with prices for most products rising. Whole milk powder fell another 1.5%, which will put downward pressure on milk price forecasts. Prices rose for all other products on offer.

A rise in electricity prices drove a 3% increase in prices paid by producers and a 2.6% increase in prices received for production in the June 2021 quarter (from the March 2021 quarter), Stats NZ said. **Prices paid by electricity and gas supply producers rose 17%** in the June 2021 quarter, prices received for production increased 14.3%.

Construction costs increased 2.2% in the latest quarter, according to Corelogic Cordell housing data.

The RBNZ's business survey found one-year-out inflation expected to hit 3.02% and two-year-ahead 2.27%. ■

## Banks, insurers and fund managers

**ASB** reported an annual cash net profit of \$1.295b, up 34% from the previous year despite covid-19. ASB saw 10% growth in total lending, with home and business lending increasing 12% and 9% respectively compared to a year earlier. Operating expenses grew just 5%, while loan impairment expenses fell \$311m and ASB's net interest margin rose.

The **Reserve Bank** issued a formal warning to **Westpac NZ** for failing to comply with anti-money laundering rules saying it failed to detect and report almost 8,000 corporate transactions to overseas recipients between July 2018 and Feb 2019.

**Suncorp's NZ** unit posted a 17% decline in net profit to \$217m in the 12 months ended June 30, with the insurer paying out more on natural hazards such as the Napier floods in Nov and a South Island storm in May.

**AMP** reported a first half net profit of A\$181m, up from A\$115m last year.

## Energy and resources

The electricity sector regulator's first inquiries into the Aug 9 blackout underlined mistakes in demand control. The steps went way too far and consumers were without power while generation capacity was available. A number of reviews are underway, **including an Electricity Undesirable Trading Situation review.**

The EA had only published its final findings from the the Dec 2019 UTS earlier this week.

**Transpower** apologised after it made mistakes in the lead up to the power cuts on Aug 9. It said requests to lines companies to cut power in some areas contained errors and created more cuts than necessary to handle record high demand for electricity at the time. While sufficient generation had been available, an unplanned outage at the Tokaanu hydro station combined catastrophically with a sudden wind drop on sunset to leave the system short of energy. Once Transpower's mistaken notices went out, the die was cast for more extensive blackouts than might have been required.

The timing is particularly difficult for the sector, which has been under pressure until recently over very high wholesale spot prices, caused by low hydro inflows until recent rainfall and gas supply disruptions.

That had already raised the temperature on the current electricity market model, whose political currency is always open to sudden depreciations.

The release next week of a Major Electricity Users Group report into electricity generator margins,

which is expected to coincide with a bumper profit announcement from **Meridian Energy** will turn up the heat further during earnings season.

The impact of high wholesale prices on South Island hydro generators' earnings was seen in **Contact Energy's** tax-paid profit for the year to June 30, which rose by 50% to \$187m. **Mercury**, which was exposed to very dry conditions on its Waikato hydro schemes, saw net profit fall 33% to \$141m in the year ended June 30 from \$209m the previous year. An unplanned outage at its Kawerau geothermal station also affected earnings.

**Genesis** announced it is pursuing international partners for the development of up to 500MW of new solar electricity generation capacity, mainly in the North Island, potentially linked to large-scale batteries in order to create both more renewable generation capacity and better back-up storage. It also agreed a long term supply deal with **Contact Energy**. Its CFO Chris Jewell will leave to be CFO at solar generation start-up Loadstone.

**Oil refining** in NZ is set to end with shareholders in the country's only refinery voting to move to an import-only model. The proposal remains conditional on entry into final agreements with customers, lender consents, and a final investment decision by the **Refining NZ Board.**

The **Electricity Authority** published its final decision for the 2019 Undesirable Trading Situation that saw electricity prices spike owing to an unusual confluence of events. Wholesale prices for the period between Dec 3 and 27 2019 will be reset, with prices paid to generators reduced by \$80m.

## Manufacturing and construction

**Fisher & Paykel Healthcare** said the outlook was too uncertain for it to offer formal guidance after reporting a drop in revenue in the first four months of its financial year. Sales of \$583m in the four months through July 3 were 2% lower than the same period a year earlier, which saw surging covid demand.

**Fletcher Building** credited its turnaround strategy for a \$305m profit for the year ended June after a \$196m loss the previous year. It said economic trends in key markets remained supportive.

The NZ operations of Australian steel-maker **Bluescope** bounced back strongly because of the strongest metal prices in a decade and buoyant domestic strong construction activity. It reported ebit of \$130.1m on its NZ Steel and Pacific Steel operations, compared with a \$5.8m loss the previous year. It also noted high electricity prices were a "headwind".

**CORPORATE ROUND-UP****Primary sector, food and beverages**

The Australian reported Swiss-owned dairy giant **Nestle** had been eying up a possible takeover bid for the **A2 Milk** after it reports its annual results. The AFR reported fresh legal action by A2 to sue Nestle over branding of its own A2 products.

**Booster's Tahi Investments** paid more than \$10m for a 42% stake in family-owned **Darling Group**, a Bay of Plenty-based fresh produce exporter.

NZ's largest poultry supplier, Tegel, is raising chicken prices by about 10% due to costs of labour, feed and fuel lifting supply chain costs.

**PGG Wrightson** reported earnings rose a third to \$56m for the year to June 2021. That's up on the "retrospective" restated ebitda of \$42.2m for the 2020 financial year. Revenue climbed by 7.6% to \$847.8m.

**Property**

**Precinct Properties** reported an annual net profit of \$179.9m due to revaluation gains of \$282.9m, up from a covid-impacted \$35.1m in the prior year. Those gains were largely offset by a gross payment of \$215m to **AMP Haumi Management** in March to terminate its management services agreement and bring Precinct's management in house.

**Vital Healthcare Property Trust's** manager forecast adjusted funds from operations, a key metric for investors, would rise 10.4% to 11.54 cents per unit. It forecast current year earnings of at least 11.8cpu

**Service industries and healthcare**

**Ebos** reported underlying net profit after tax was up 15.5% to \$188.2m. Sales exceeded \$9b for the first time, up 5%.

**Equalis Pharmaceuticals** is hoping to raise \$7m in new equity in its latest private funding round as the medicinal cannabis firm gears up manufacturing capacity at its Katikati operations.

**Tech, telcos, media, IT and entertainment**

**MediaWorks chairman Jack Matthews** resigned in the wake of a damning report into the group's workplace culture, saying there were systemic, cultural issues that had to be urgently addressed.

**Freeview** ceo **Jason Foden** is leaving after four years at its helm. Current Freeview Product Manager Leon Mead is acting general manager.

**Plexure** will pay \$125m to acquire transaction

platform **Task** in a merger deal paid mostly in new shares.

Robotic software company **Rocos** was bought by **DroneDeploy** for an undisclosed sum.

**LawVu**, a tech startup that makes cloud-based software for in-house legal teams, raised \$17m in a series A funding round led by international VC firms.

**Spark** is accelerating its investment in building 5G mobile networks and is in talks with potential partners to share ownership of passive infrastructure such as its mobile tower network. It reported an 8.6% decline in annual net profit to \$384m in the 12 months ended June 30, partly reflecting the loss of international roaming revenue because of covid.

**Transport and logistics**

**Air NZ** won't raise any new capital until Q1 of 2022 after the government said the environment's too uncertain for it to commit. It offered relief on the \$1.5b credit line, removing the 1% step-up in the margin that was due to kick in on any money drawn after Oct 29, keeping the interest rate on the first tranche at 4.2% and 5.7% for the second tranche.

**Auckland airport** is going ahead with plans to merge the domestic and international terminals. However, an expanded international airfield and taxiway, new cargo precinct, new international arrivals area and a second runway are all on hold.

**Corporate actions**

**Rocket Lab** is expected to gain Nasdaq listing on Thursday next week.

**Vulcan** is looking at an IPO and listings on both the ASX and NZX.

**Beijing Capital Group** may sell **Waste Management NZ** for about US\$1b, according to Bloomberg.

**Courts, legal and regulation**

The **Financial Markets Authority** charged **New Talisman Gold Mines** ceo **Matthew Hill** with market manipulation, alleging he made misleading posts in an online investor forum.

**Maritime NZ** laid charges against **Ports of Auckland** over the death of a port worker almost a year ago.

**People news**

Former Finance Minister and Deputy Prime Minister **Sir Michael Cullen**, who oversaw creation of KiwiSaver and the NZ Super Fund, died of cancer in Whakatane at the age of 76. 🇳🇿

