

'Ashley is losing the dressing room'

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The government's decisions this week to sidestep the Ministry of Health's intransigence and force through the approval of antigen tests, to give Pharmac the job of buying anti-virals and to take up Sir Ian Taylor's private self-isolation trial show a willingness to be more nimble. Frustration behind the scenes with Director General Ashley Bloomfield is growing.

PM faces restive electorate as covid surety corrodes

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The government's less-than-crystal-clear pivot away from elimination and the growing likelihood of a doubling of cases over the next fortnight has put the public mood in a dark place. Aucklanders tired of nine weeks in lockdown are realising they face many more weeks to come. Northland and Waikato are also in shock after going back to level three. The South Island is increasingly restive about being stuck in level two without any cases.

The 'Great Kiwi Summer' faces cancellation

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Jacinda Ardern's dangled carrot of 'get vaccinated for the summer festivals' is looking increasingly soft and withered. An expected surge in case numbers towards 200 a day over the coming weeks is forcing the prospect of a summer of easy travel off into the distance. Meanwhile, festival organisers nearing their show-stopping deadlines are tearing out their hair for detail on vaccination certificates and certainty on MIQ places for any remaining international acts.

PM eyeing overseas trip?

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A quick trip for Jacinda Ardern to Europe is on the cards next month, to sign EU and UK trade deals being tee-ed up by Trade Minister Damien O'Connor. But there are political risks when every MIQ slot taken by a minister is one less for the grandkids coming home to Nana for Christmas.

A bad summer could turn Labour's fortunes in 2023

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The febrile mood of voters up and down the country, in either frustration, exhaustion or anger over the abandonment of the elimination strategy, is creating real political risks for the government. A summer of lockdowns, empty beaches and cancelled holidays could overturn the prospects of an easy win for Labour in 2023. A weak centre-right government is a live, if distant, prospect again.

Businesses face mandating vaccination without air cover

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Despite repeated calls for leadership, the government is holding back from giving businesses the legal protection they want to go ahead with vaccination mandates. Some, including PwC and Russell McVeagh, have forged ahead with bans on unvaccinated staff and customers coming into their offices. Most remain nervous of legal action under employment, privacy and human rights law, even though health and safety laws hold directors criminally liable if sickness spreads.

'We'll email you the details when you get there'

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James Shaw faces a nervous few days hoping cabinet decides on a significant Nationally Determined Contribution of climate emissions reductions for NZ to show its trading partners at the Glasgow climate conference.

Govt experiments on covid

Three announcements in the last week suggest ministers are acutely aware that a more responsive, collaborative and innovative approach to the next phase of the covid response is both necessary and inevitable – both politically and to improve the public health response.

The three visible examples:

- being seen to place an early order for molnupiravir antiviral treatment developed by **Merck Sharp & Dome**, via **Pharmac**. The treatment has yet to be approved by **MedSafe**, but the Cabinet is clearly determined not to stand accused of acting slowly on antivirals, which will likely become a vital part of the armoury for reducing the impact of covid-19 **now that its endemic spread in NZ is inevitable**;
- swiftly removing the ban on importation of rapid antigen tests at the urging of a coalition of 25 of the country's largest businesses and employers, which emerged from nowhere just a fortnight ago. Associate health minister **Ayesha Verrall** can chalk this one up as a win, which is said to have been achieved in part by highly motivated senior leaders at **MBIE** and by the engagement of kitchen Cabinet minister **David Parker** and economic development minister **Stuart Nash**; and,
- approving a private trial of home isolation technology by **Ian Taylor**, the high profile founder of **Animation Research**.

The coalition of business interests appears to have been driven strongly by **Chorus** and **Auckland International Airport** chair **Patrick Strange**, AIA director and active professional director **Mark Binns**, **Don Braid** at Mainfreight, and **Chris Quin** at **Foodstuffs**, among others. Strange was not publicly visible in this effort because he remains persona non grata in the Beehive for his open letter earlier in the year urging the government to produce a clear plan to move out of covid restrictions.

Where the government remains flat-footed is in its covid testing and contact tracing capabilities. A report by an advisory group led by **Otago University** med school professor **David Murdoch** – who is also Otago's new vice-chancellor from next year – was deeply critical of the **Ministry of Health's** performance on saliva testing rollout.

Its culture was "reactive", "conservative" and "siloed", the report found, and recommended it boost its expertise and leadership in its testing division and be more open to innovation and collaboration.

This may yet see the ministry contract with saliva testing gadfly **Rako Science**, which has fought

the ministry all year on the efficacy of its own test and the process by which government-contracted provider **Asia Pacific Healthcare Group's** saliva test was approved for use. Inquiries to Ministers' offices suggest the Rako spat has been a running sore, but not one that they've felt a need to get involved in, in part because of the large number of similarly vexed issues involved in dealing with the health ministry.

As one close observer put it to us: "**Ashley (Bloomfield) still holds the audience, but he's lost the dressing room**" – meaning that **senior ministers have begun to lose faith in the popular director-general of health** and are increasingly looking for workarounds.

It is likely this process will expose ministers to greater political and execution risk, in that taking more chances and acting more swiftly introduces greater room for error.

This is the tightrope the government is now walking.

Grief and panic in Jacindaland

The willingness to try new things reflects the extremely difficult week the government experienced when it first loosened Auckland level 3 restrictions a fortnight ago.

Since then, it has been struggling to regain the initiative.

This is partly because it is dealing with its own version of the massive mindset change required of the public in pivoting almost overnight from a previously successful elimination strategy to acceptance that delta has effectively "won".

It appears to be succeeding in focusing national attention on the fact that vaccination is now the frontline response. **The fast creation of a national 'Vaxathon' for this Saturday can be seen as a fourth example of the type of agility the government is trying to foster.**

However, the public mood is fragile and volatile, especially in Auckland. People with a high degree of emotional investment in either support for the government or the elimination strategy – and often both – are not coping well.

There is a lot of anger, grief and blame, which will likely become more widespread as the reality that delta is now becoming endemic in NZ starts to sink in.

At this stage, the government appears to be trying to keep its messaging in step with what it thinks is the amount of information the most easily alarmed segments of the public can absorb – along with pumping the vaccination message.

However, **it has not yet been bold enough to**

identify the high likelihood that all NZers will be exposed to the delta variant at some stage over the next three to six months.

If well-vaccinated, that will be manageable. If not, it could overwhelm parts of the health system.

At some point soon, in our view, **the PM needs to consider being more explicit**. For all that she may be accused of fear-mongering, endemic covid is a factual scenario. In addition, as the last couple of weeks have demonstrated, while fear is not a welcome emotion, but it is provoking a new surge in vaccination uptake.

The threat to Christmas

Failure to achieve very high vaccination rates before Christmas is also dangerous politically.

As the latest polls (reported elsewhere in this edition) continue to indicate, **a weak right-of-centre government is starting to look a credible outcome in 2023**.

If the government fails to secure 'summer' this year, it will face an increasingly hostile electorate next year, at a time when the scale of its other reform ambitions will also be choking its capacity for action and cut-through.

It is pinning huge amounts of its political capital on surviving the next eight to 10 weeks, during which the very large number of NZers fully vaccinated will be the quiet cause for optimism amongst what may become a very confused and hostile political environment.

Business left naked on mandates

Business lobbyists' calls for government direction on workforce vaccination continue to fall on deaf ears.

With National also saying it doesn't support vaccination mandates beyond the health and education workforces, the government is under no pressure to go down a route that it fears will be a political and legal minefield.

Some large professional services firms are now requiring double vaccination for staff to be able to go to the office or to meet clients.

In coming weeks, it seems likely that a broad consensus on approaches that rest on workplace health and safety rather than contractual employment requirements will emerge.

The Business Leaders' Health and Safety Forum is playing a leadership role here. Among its key pieces of advice:

- do not spend long on the risk assessment phase. There is clearly risk to employees, contractors, customers and visitors to any site, particularly

indoors;

- don't spend too much time trying to work out which part of your workforce a vaccination policy might relate to. It is likely to need to apply to all equally; and,
- put maximum effort into consultation and implementation, so that you take your staff with you. We suggest trade union relationships may assist in achieving this.

It remains possible, perhaps even likely, that the courts will get involved in these issues at some stage. It would be a mistake to wait for the government to provide cover as there is very clear reluctance to mandate vaccinations across the whole population.

PM to Europe next month?

The PM's Office is weighing up the potential for Jacinda Ardern to make a fast turnaround trip to European capitals next month if Trade Minister Damien O'Connor's efforts to secure UK and EU trade agreements pays off.

There is sufficient optimism about both deals reaching a signable state to justify the discussion.

It would be Ardern's first time out of the country since the borders closed in March 2020 – her planned trip to Australia in July was canned along with the trans-Tasman bubble when delta struck in Australia.

A stopover at the Dubai world expo might be part of the plan. However, political sensitivities about such a trip will be high and similar to those that have faced James Shaw as he heads to Glasgow with an officials' party in tow later this month.

Ardern cannot afford to take a large group as she would stand accused of robbing NZers of MIQ places

close to Christmas. That almost certainly means no accompanying press or trade delegation and minimal official support. She may also need to judge whether the fragile public mood requires her presence in NZ as the delta spread plays out.

That said, if her presence in London and Brussels was the circuit-breaker for getting two new FTAs done, the gains – and the opportunity to start putting NZ back on the international map as plans for opening up next year start to mature – could be justifiable.

The missing NDC number

The government unveiled a draft set of ideas

Coming up

Oct 20 - Sept qtr CPI figures seen showing rise in annual inflation over 4.5%

Oct 31 - Nov 12 - The UN's COP26 **Climate Change conference** due in Glasgow.

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

Nov 24 - Second **RBNZ** rate hike to 0.75% expected

this week that fell short of meeting the **Climate Commission's** recommendations for emissions reductions and left Climate Change Minister **James Shaw** hanging without a fresh set of Nationally Determination Contributions (NDC) to take with him to the UN Climate Change Conference (COP26) due to start in Glasgow in a fortnight.

The government recently changed its deadline for responding to the Climate Commission from the end of this year to May next year, meaning a draft Emissions Reductions Plan has also been put off. Instead, a request for further suggestions from the public was released, along with a few reheated ideas without funding or timing specifics.

The proposals focused on transport emissions and included:

- a 'cash-for-clunkers' scheme;
- a potential ban on importing the highest emitting vehicles;
- a possible review of fringe benefits exemptions for double-cab utes;
- funding for EV and e-bike sharing and rent-to-own schemes;
- discounted bus and train fares for community services card holders; and,
- vague mentions of congestion charging schemes for Auckland and Wellington by 2025.

The discussion document also said little about the agriculture sector, which is still in the He Waka Eke Noa partnership process.

The sheer scale of climate change goals and difficulties in reaching them has been underlined with the government saying its proposed initial carbon budget would not be met on current policy settings.

The polls

The latest Roy Morgan poll for Sept recorded Labour

support up by 6% to 45.5% – the highest support since March. Support for the Greens was down 2.5 points to 9.5%. Act was up 3 points to 16%, National down 2 points to 23% (the lowest since March 2021 in this poll) and the Māori Party down 0.5 points to 2%. Nearly two-thirds of women (64.5%) support either Labour (54%) or the Greens (10.5%) compared to only 46% of men supporting either Labour (37.5%) or the Greens (8.5%). The poll of 940 voters was conducted throughout Sept.

The Roy Morgan Government Confidence Rating increased by 10pts in Sept to 125 to be at its highest since May 2021 as the Auckland lockdown was extended throughout Sept. 57% (up 4.5 points) said NZ was 'heading in the right direction' compared to under a third, 32% (down 5.5 points) who said it was 'heading in the wrong direction'.

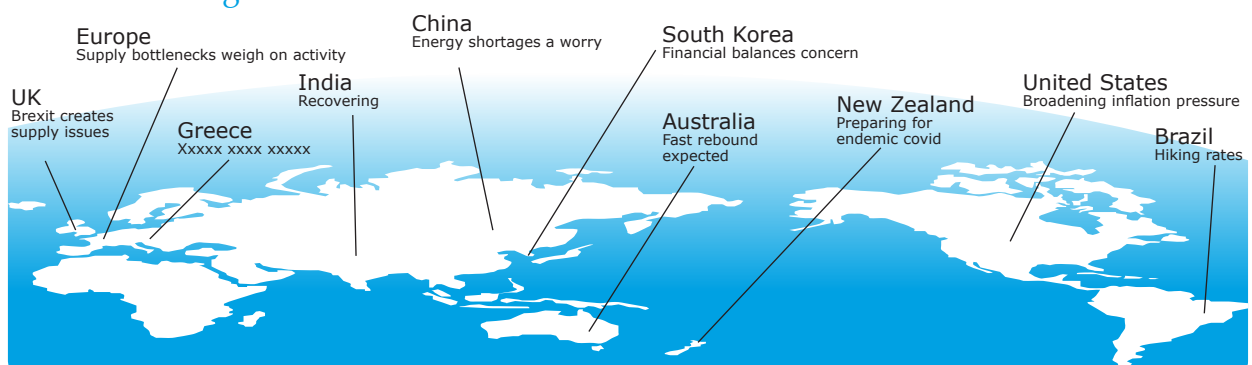
Another poll by Talbot Mills Research (formerly UMR) had Labour on 46% (up one point), National 22% (down four points), Act up three points to 16% and the Greens up one at 7%. The poll took place between Sept 28 and Oct 5, with an online sample of more than 1,200. Ardern was the preferred PM of 51%, Seymour 16% and Collins 9%. 63% of those polled said they believe NZ is on the right track, while 30% said it was on the wrong track. Asked about economic conditions in NZ, 45% said they were either "good" or "excellent", while 53% said they were "poor" or "not so good".

A Curia poll recorded Labour on 44.8% support, down one point, National 22.5%, up 1.2 points, Act up 1.7 points to 16.6% and the Greens down 3.2 points to 6.4%. The poll was conducted Oct 3-11, with 1000 eligible voters contacted by phone. Jacinda Ardern was the most popular choice for PM on 47.2%, David Seymour 12.3% and Judith Collins 5.2%.

Supermarket inquiry

Hearings on the Commerce Commission's inquiry

The world at a glance



into supermarket and groceries competition is likely to be appointment viewing for owners, suppliers and media next week.

The online conference begins next Thursday morning and runs daily 9.30am to 12.30pm between Oct 21 and Nov 2. Monday, Nov 1's sessions on compulsory divestments are likely to be particularly lively.

Just briefly ...

Auckland's MPs will be able to return to Parliament after two months away – but the Speaker wants them to get pre-departure covid-19 tests, do five days of self-isolation in Wellington, and get a further test before they can enter the buildings.

Speaker **Trevor Mallard** also signalled a vaccination certificate could be required for the public and department staff to visit Parliament from early next year, saying he had asked for work to be done on how such a system would operate.

The government announced a review of electoral law. It will look at targeted electoral changes to support the 2023 general election with a wider independent review of electoral laws ahead of the 2026 election, with an independent panel to report back by 2023.

The Ministry for the Environment this afternoon released its **waste strategy** consultation. 'Right to repair', mandatory product stewardship, and circular economy principles all feature.

The third round of resurgence support payments

opened as the payments made to businesses under the delta outbreak moved past \$3.9b.

PM Jacinda Ardern unveiled how NZers will be able to obtain an electronic vaccine certificate alongside a new vaccine record website. The certificates will be necessary for people in NZ to prove they have been vaccinated against covid-19, and to enter some public locations and events. Ardern said certificates would likely come into use by Nov and would be a "ticket to freedom".

There are 138 border workers employed by private firms who have missed the deadline to be vaccinated. Frontline border workers at airports, ports and MIQ had until Oct 1 to get their first dose. Government employees were required to have their first dose by late Aug. Government data showed 99% of all border workers have had their first vaccination and 94% are fully vaccinated.

The health ministry expects a worst case scenario of up to 5,300 cases of covid per week in the Auckland and Northern region, assuming a 90% vaccination rate can be achieved. It's predicted that 5,270 of those cases would be managed in the community. The worst case scenario would see up to 150 people hospitalised at a time.

Health Minister Andrew Little says the hospital system is preparing to handle covid-19 cases, along with progress in home isolation and therapeutic medicines. He says the capacity of ICU and HDU beds nationwide can be increased to 550 beds. 🏥

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	36.2	6.0	2.3	8.4	5.6	5.3	2.9	2.5	1.3	2.2	2.3
Australia	15.4	1.9	-2.4	3.8	3.6	2.6	1.6	0.8	2.4	1.9	2.0
United States	12.6	2.2	-3.4	5.9	4.3	2.3	1.8	1.2	4.3	3.1	2.3
Japan	6.4	0.7	-4.7	2.3	3.0	1.2	0.5	0.0	-0.2	0.5	0.7
Eurozone	5.4	1.3	-6.5	5.0	4.4	2.2	1.2	0.3	2.2	1.7	1.5
South Korea	3.4	2.0	-0.9	4.1	3.2	2.4	0.4	0.5	2.1	1.7	1.6
United Kingdom	2.8	1.4	-9.8	6.7	5.4	1.9	1.8	0.8	2.2	2.8	2.4
Singapore	2.1	1.3	-5.4	6.6	4.4	2.9	0.6	-0.2	1.8	1.4	1.6
Hong Kong	2.2	-1.2	-6.1	6.4	3.3	2.5	2.9	0.3	1.8	1.8	1.8
Taiwan	2.4	3.0	3.1	6.0	3.2	2.5	0.6	-0.2	1.7	1.6	1.4
Malaysia	1.8	4.3	-5.6	4.0	5.7	5.0	0.7	-1.1	2.5	1.8	2.5
Indonesia	2.3	5.0	-2.1	3.4	5.2	5.2	2.8	2.0	1.8	2.8	3.4
Thailand	1.8	2.3	-6.1	1.0	4.0	3.4	0.7	-0.8	1.1	1.2	1.5
Philippines	1.2	6.0	-9.6	4.5	6.8	6.5	2.5	2.6	4.1	3.2	3.0
Vietnam	1.6	7.0	2.9	5.1	7.0	6.3	2.8	3.2	2.6	3.3	3.6
India	0.9	4.0	-7.3	9.1	7.3	6.2	4.8	6.2	5.4	4.8	5.2
Canada	1.4	1.9	-5.3	5.4	4.2	2.3	1.9	0.7	3.0	2.5	2.0
NZ Trading Partners	100.0	3.5	-1.6	6.0	4.7	3.7	2.0	1.4	2.0	2.1	2.1
Forecasts for New Zealand											
Consensus		2.4	-2.9	4.7	3.5	2.6	1.6	1.7	3.1	2.4	1.9
BNZ Forecasts		2.4	-2.1	4.0	4.8	1.6	1.6	1.7	3.5	3.5	2.6
The World		2.5	-3.3	5.7	4.4	3.4	2.7	1.9	3.2	2.8	2.8

DOMESTIC ECONOMY

Confidence broadly buoyant

Business confidence remains surprisingly robust despite Auckland heading into its ninth week of level four and three restrictions and the Reserve Bank hiking interest rates for the first time in seven years.

The ANZ business confidence survey in early Oct showed more firms more optimistic about their own outlook, at a net 26% seeing improvement from 18% in Sept. The broader economic outlook was only slightly more pessimistic at a net 8.6% seeing improvement over the year ahead.

Inflationary expectations played a role in the Reserve Bank's widely expected decision last week to lift the Official Cash Rate to 0.5% from 0.25%. It is seen as beginning a rise back towards a neutral level of around 2.0% over the next year or two.

Nearly two-thirds of firms in the ANZ survey expected to raise their prices in coming months and 85% expected higher costs.

The Reserve Bank forecast it would continue to reduce the level of monetary stimulus to maintain low inflation and support maximum sustainable employment. It said the likelihood of endemic covid did not deter its outlook for sustained economic growth despite public health restrictions.

Inflation rumbled on in Sept and economists expect Sept quarter figures due next Wednesday to show annual inflation up to around 4.5% from 3.3% in the June quarter.

Food prices rose 0.5% in Sept 2021 compared with Aug 2021, mainly influenced by higher prices for grocery food and meat, poultry, and fish, Stats NZ said. Sept's movement is the sixth consecutive monthly rise. After adjusting for seasonality, prices rose 0.9%.

Grocery food prices were up 0.8% in Sept, mainly influenced by higher prices for fresh eggs (up 12%), chocolate biscuits (up 6.1%), and sweets (up 3.2%).

Mortgage rates rising too

Banks reacted quickly to the rate hike. **Kiwibank** said its variable lending rates would lift 25 basis points. **ANZ** will increase the rates on its floating and flexi home loans by 15 basis points later this month, and hike its "business flexible facility" by 15 basis points to 4.59%.

It wasn't clear how much the long-expected rise in mortgage rates would affect the housing market, with mixed signals in recent weeks.

Economist Tony Alexander's latest survey of 357 real estate agents said 67% report house prices are rising, the strongest this indicator has been since Feb.

With more agents than listings, even reduced

demand is seeing solid prices reached because supply has fallen even further.

The average price paid for a home nationwide reached \$977,456 in the three months to the end of Sept, according to Quotable Value. That is up 3.6% on the average price the previous quarter. The delta lockdown didn't stop house prices in the Auckland region from achieving a 1.7% monthly gain in Sept to reach a new average price of \$1,391,598.

Property prices in the wider Wellington region increased 32% in Sept on the TradeMe platform. Average prices in Wellington city rose 20%, to a record-breaking \$982,900. Masterton prices rose 32% to an average \$633,950, the Kapiti Coast rose 31% to \$914,000 and Upper Hutt rose 32% to \$854,600.

But spending takes a hit

One notable source of weakness over the last week was in consumer spending.

Retail electronic card spending rose just 0.9% in Sept, down 14.9% from last year and well below the 10% rebound many had expected with the end of level four restrictions.

The extension of Auckland's level three restrictions, possibly for many more weeks to come, along with the widening of the restrictions to Northland and Waikato, have further darkened the outlook for bricks and mortar retail spending.

BNZ card spending data released this week showed spending in Waikato in the week to Oct 12 was down 18% from pre-lockdown levels.

"This is consistent with what we have seen in Auckland and Northland – both also in level 3 lockdown – where spending is down 21% and 18% respectively compared to before lockdown," BNZ chief economist Paul Conway said.

North Island spending was down 7% overall in the week to Oct 12, although spending in the South Island was 4% higher than pre-lockdown.

Crown's books much rosier

Finance Minister **Grant Robertson** unveiled a much-lower-than-expected budget deficit for the year to June 30, but cautioned the figures were from "once upon a time in a land far, far away" before the latest lockdowns.

The government's operating deficit for the year ended June came in at \$4.6b (1.3% of GDP), down from the budget forecast of \$15.1b and last year's deficit of \$23.1b. The government has set aside \$12b for covid support, but does not expect to have to increase borrowing. ■

Banks, insurers and fund managers

Kiwibank confirmed a plan to sell up to \$250m of perpetual preference shares to NZ investors. The new shares will count as tier one capital.

FNZ bought **Hatch** from **Kiwi Wealth** for an undisclosed price.

Alistair Hutchison, a former director of now-liquidated **CBL Insurance** lost his bid for name suppression in the **Court of Appeal**. He is charged by the Serious Fraud Office with obtaining by deception.

Energy and resources

The government hired contractors to look at the feasibility of the \$4b-plus **Lake Onslow** pumped hydro project. The consortium, **Te Rōpū Matatau**, will be led by engineering consultancy **Mott MacDonald NZ**, with engineering consultancy firm **GHD**, and environmental planning and design consultancy **Boffa Miskell**. The contract is worth about \$11.5m.

A lack of gas could cause energy shortages again next winter and ensuring investment in existing reserves was essential to ongoing energy security, the gas sector regulator warned. **The Gas Industry Company** advised Energy Minister **Megan Woods** negotiations with major suppliers and users (**Methanex**) to ensure there's enough gas to meet NZ's energy needs.

Z Energy's board approved a \$1.99b takeover offer by Australia's **Ampol**. The \$3.78 per share headline offer remained unchanged, but Z shareholders will be allowed to keep \$26m, or 5c/share, with the deal not adjusting for an interim dividend to be paid. The deal requires shareholder and regulatory approval.

One buyer bought 37% of all the NZ Units on offer in the last carbon auction in Sept, snapping up more than 4.3m NZUs for \$234m. The bidder's identity is confidential under emissions trading scheme law.

The \$58b **NZ Super Fund** is investing up to \$208m into the **Copenhagen Infrastructure Partners' Energy Transition Fund**.

Manufacturing and construction

The financial hit from this year's lockdown on **Fletcher Building** has been less than 10% of last year's, according to **Jarden**. Last year's seven-week lockdown trimmed \$240m off Fletcher's earnings for the year ended June 2020, but Jarden estimates the impact this year is about \$20m.

Primary sector, food and beverages

Fonterra's foodservice business reported making more than \$3b in annual revenue for the first time.

PwC was hired to look at options for **Fonterra's**

Australian business, including a possible sale.

ANZ lifted its farmgate milk price forecast for the 2021-22 season to \$8.20/kgMS from \$7.70/kg in line with a trend higher in commodity prices.

Westpac lifted its forecast by 75 cents to \$8.50/kgMS, mainly because of a lower production forecast.

Red meat exports rose 26% in Aug from a year ago, largely due to a 39% rise in beef exports to \$299m. Meat exports to China rose 89% to \$117m.

Shares in **A2 Milk** jumped 12% this week after a competitor reported improvements to its sales through the daigou channel. **Bubs Australia** reported a doubling of sales in the three months ended Sept, helped by a 150% rise through its daigou channel.

Convita said first-quarter operating earnings were up 10.6% despite covid-related shipping delays pushing some sales into Oct. The honey company expects earnings for the full year to come in between \$27m and \$30m vs \$25.5m a year ago. That annual result was up fivefold on the previous year.

Foodstuffs announced it was pulling most **Sealord** products off its shelves in favour of imported product.

Property

Vital Healthcare Property Trust bought a cancer centre in Adelaide for A\$92.8m and will raise \$140m to pay for it and to provide for future acquisitions.

Service industries and healthcare

Infratil reached a deal to give it a majority stake in a combined **Pacific Radiology** and **Auckland Radiology** business and will contribute between \$30m and \$60m to create the joint venture. It bought a 53.5% of Pacific Radiology in May for \$313.6m.

Summerset sold 199 rights to occupy in the Sept quarter, taking its nine-month sales to 95% of last year's full-year sales, despite more lockdowns.

Tech, telcos, media, IT and entertainment

SkyCity Entertainment applied for a covid wage subsidy of \$2.6m for its 2,400 Auckland employees. It comes as its Auckland hotel and casino precinct moves into its eighth week at alert level three or four.

A merger between **2degrees** and **Vocus NZ** is now a possibility after 2degrees confirmed its listing on the ASX and NZX was on hold

Infratil will invest between £120m and £130m into a 40% stake in London-based data centre business **Kao Data**. The infrastructure investor's fellow investors are **Legal & General Group** and **Goldacre**, the founder of Kao Data and part of the **Noe Group**

CORPORATE ROUND-UP

family-run investment and asset management business. The three investors plan to build Kao into a £500m campus in Harlow, north of London.

Auckland software company **Crossware** was sold to German firm **eKomi** for an undisclosed sum.

Rocket Lab bought **Advanced Solutions**, a Colorado-based aerospace engineering firm for US\$40m (NZ\$57.6m). The purchase price also includes the potential for an additional US\$5.5m performance earnout based on its 2021 results.

Kea Aerospace became the first company to start test flights on the Kaitōrete Spit as part of the government's new **Project Tāwhaki** initiative.

Transport and logistics

The **Board of Airline Representatives** said the 16 major airlines currently servicing NZ want a clear path forward on how and when borders will reopen. If not, they could redeploy their aircraft into busier markets. Seasonal carriers like **American Airlines**, **United** and **Air Canada** have already ruled out coming back to NZ over this summer period.

One in every five of the 16,518 vehicles sold in Sept was electric, driven by 1,066 sales of the **Tesla Model 3**. The **Motor Industry Association** said the entry level Tesla, which retails in a price range that qualifies it for a government clean car discount, was the top seller across all cars. It was second only to the **Ford Ranger** double-cab ute, which sold 1,408 units, or 30% of all commercial vehicles.

KiwiRail will pay €228m (\$403m) to replace its South Island locomotive fleet, confirming an order for 57 locomotives built by **Stadler Rail Valencia**. Its deputy ceo Todd Moyle resigned.

NZ will get another five months of support for cargo flights, worth \$150m, under a government scheme to maintain air freight capacity while the borders are closed.

Ports of Auckland overhauled its board by appointing **Geoff Plunket** and **Stephen Reindler**.

Capital Markets

Cryptocurrency retailer **Easy Crypto** raised \$17m in its debut funding round and is pondering raising another \$10m due to strong interest.

Residential property developer **Winton** is considering listing on the NZX as it wants to raise

\$200-400m of new equity to accelerate development of its **Northbrook** branded retirement villages, which founder **Chris Meehan** says will target an underserved high-end market.

Corporate actions

Simpson Grierson's latest Expanding Horizons report said 2021 was on track to record 20% more M&A deals than 2020, while the value of deals has increased by 250%, driven by high amounts of local and offshore private equity.

Fisher Funds bought **Aon NZ's KiwiSaver** business for an undisclosed sum, adding \$1b in funds.

The **NZX** halted trade in gold miner **New Talisman** after the board announced it was terminating its ceo's contract. Earlier this week, shareholders overthrew the company's board and appointed a new chair.

Courts, legal and regulation

The **Financial Markets Authority** censured **Jarden Securities** after **OM Financial** mixed investor money with its own in a trust account.

The **FMA** directed property developer **Du Val** to remove advertising which was found to mislead or deceive investors by failing to disclose a performance fee charged to investors promised a 10% return.

A class action was filed against **A2 Milk** on behalf of investors whose shares plunged in price over a nine-month period when the infant formula maker posted four earnings downgrades. A2 Milk denies any liability and will vigorously defend the action filed in Victoria by **Slater and Gordon Lawyers**.

The **Serious Fraud Office** is investigating Porirua-based **Options Trading and Investments NZ** after the firm's liquidator lodged a complaint.

People news

The **Reserve Bank** is expanding its senior leadership team from six to eight and said cfo **Mike Wolyncewicz** chose not to join the new structure.

Christian Hawkesby was appointed deputy governor of the **Reserve Bank**. He will take up the role in Jan, replacing **Geoff Bascand**.

Auckland Airport poached **Carrie Hurihanganui** from **Air NZ** to be its new ceo.

Rob Campbell is standing down as **SkyCity** chair. 🇳🇿

