

MPs behaving badly

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It's hard to imagine what could now prevent Gaurav Sharma from being expelled from the Labour caucus next Tuesday. The only question is what more harm he could do his party. Forcing a by-election in the marginal Hamilton West seat may be one option. Sam Uffindell is a model of restraint by comparison, but his political career is also over before it began.

Power price warning shot could impact green hydrogen

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The Electricity Authority's intervention to require approval for low-priced contracts for major electricity users seeks to protect consumers from subsidising deals such as the one that kept the Tiwai Point aluminium smelter open. Would it also endanger plans for green hydrogen, which may also depend on low-priced renewable energy?

Full steam ahead on inflation eradication

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The Reserve Bank is taking no chances in its determination to tame inflation. This week's monetary policy statement all but ignored a few signs, particularly the up-tick in unemployment, that the tide may already be turning. Its view of potential non-inflationary growth is worryingly weak.

Doldrums for leaders

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The latest two publicly released opinion polls show the public continues to fall out of love with Jacinda Ardern and that the early year infatuation with Christopher Luxon has not lasted.

Polytech reforms

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The reform of the polytech sector is back on track - sort of. CEO Stephen Town resigned this week, leaving acting CEO Peter Winder to tour the country to consult - for which read, placate and try to convince - staff on a new, slower track for transition to a single national body. He is optimistic that the forecast \$110m deficit for the current financial year will be much smaller by the time remedial efforts have been implemented and will report on that later this month.

Wellington bracing for another protest

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Various anti-mandate, anti-government and alt-right protest groups are converging on Parliament next Monday and Tuesday. Parliamentary security will be tight and police on high alert for any attempt to replay the occupation or violence seen earlier this year. Whether the protest really has momentum is difficult to judge, but no chances are being taken.

Collins vs Brown for Auckland mayoralty

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The Auckland mayoral race appears to be coming down to a contest between reluctantly Labour-backed Efeso Collins, a sitting councillor with a mixed record of achievement and appeal to younger and Pasifika voters, and Wayne Brown, who is investing most of his campaign in older ratepayers, who tend to vote the most. Viv Beck is trailing both after Leo Molloy's withdrawal.

Sideshows dominate

The happiest man in NZ politics this week ought to be James Shaw.

With the National and Labour parties hosting spectacular sideshows involving past and current poor behaviour by lower-order MPs, there is no focus on the drawn-out process of deciding whether Shaw can be his party's co-leader again.

Shaw needs a 75% mandate from the party's voting delegates and, while he is the only candidate, there is **no certainty about his future until Sept 12**, when the vote result will be announced.

Our **expectation is that the party's disaffected activists have made their point and that Shaw will be reappointed** with a sharp prod from the left of the party to negotiate a tough deal if Labour gets a chance to form a coalition government next year.

To date, it appears the **Greens' disunity is not having much impact on its support levels**. Both the latest 1News Kantar and Curia-Taxpayers Union polls showed the Greens at 9%. The party has floated around 10% since the 2020 election.

Retaining Shaw will probably put the issue to bed. If he doesn't achieve 75% support, however, there will need to be another vote. Over time, such disunity would start to erode the party's support.

While Shaw might like options in other parties - Labour or possibly TOP - he is unable to change horses under 'waka-jumping' law that the Greens supported.

Sharma/Uffindell - who?

With respect to the **kerfuffles involving backbenchers Sam Uffindell and Gaurav Sharma**, neither is important from the perspective of the next general election.

They will have been all but forgotten by then, having never had any political impact beyond the manner of their departure.

The **Uffindell issue is perhaps more of a headache** because it feeds a narrative of National's track record of choosing poor candidates from a narrow demographic.

Sharma, who must surely be expelled from the Labour caucus next week, has done some damage to Jacinda Ardern's integrity by demonstrating that she can be slippery. Her insistence that Sharma's fate was not pre-determined at an informal pre-meeting of caucus on Monday evening is disingenuous, albeit correct. Voters focused on inflation and house prices don't really care.

Neither MP will be a candidate at the next election. Accordingly, **either could trigger a by-election by resigning now**. Uffindell is most unlikely to do that. Sharma is a loose cannon and could.

Prior to MMP, the Hamilton seats were important marginal seats and Sharma's **Hamilton West has changed hands regularly in the nine elections since 1996**. Labour has held it four times and National five.

If Sharma were in a vengeful frame of mind and bored by Parliament - we're told one of his early requests was for a week off each month to keep his running GP practice - a by-election could be embarrassing for Labour. However, it would be a blot on a CV that Sharma has spent a lifetime burnishing.

Lacklustre Luxon, ordinary Ardern

Neither of the latest polls are good news for the main party leaders.

The Kantar poll had **Ardern at her lowest personal approval rating since becoming Labour leader in 2017, while Christopher Luxon is coming off the boil surprisingly quickly**.

In the Kantar poll, he fell by 3 percentage points in the preferred PM ratings to 22%, while Ardern, who also fell 3 points, was at 30%. The poll was taken between July 30 and Aug 3.

The Curia poll showed Ardern at 39.5% for preferred PM, down a little but coming off a bounce over the middle months of the year in which her standing recovered.

Luxon has fallen from 28% preferred PM in June to 19.5% in the latest Curia poll.

Kantar put National on 37% support, down 2 points on May, while ACT increased its support by 4 points to 11%. If reflected in the election due in 2023, ACT and National could form a govt with 62 seats. Labour's fall to 33% (down 2) and the Greens down one point to 9%, with Te Pāti Māori steady on 2%, would struggle to govern.

As we've observed previously, Labour remains competitive but on the backfoot.

Much depends on National's ability both to keep out of the headlines for the wrong reasons and to prepare a strong campaign from around Q2 next year.

For now, the rest is noise, but **National will be heeding the message that NZers appear to be less and less convinced that tax cuts for the high income earners make sense**.

Kantar found 65% did not favour cutting taxes for people earning more than \$180,000 p.a. Only 25% thought that was a good idea.

Even among National supporters, 49% opposed high earners paying less tax (49%), compared to those who were in support (41%).

Polytech reform on a hard road

A successfully launched reform of the trades training sector remains on a knife-edge, although it is now operating to a revised timetable and may yet stave off a massive forecast deficit this financial year.

This week's resignation of the CEO for the last two and a half years, Stephen Town, cleared the air on his future after him spending some five weeks on special leave. Acting CEO Peter Winder is now on a thankless tour of the country's 16 polytechs and 8 ITOs to explain what happens next.

There are two particularly important changes that seem to take the pressure off a Jan 1 2023 launch that was looking increasingly unrealistic:

- all current polytech staff will keep their jobs in the short term. Instead of settling new staffing by Jan 1, this will now happen progressively through to Q3 2023. The potential for this timetable to slip must be high. For now, focus is on gutting and centralising back-office operations;
- a concerted effort to find savings and additional revenue should bring a projected deficit of \$110m for the current financial year down closer to the \$54m that had previously been forecast and accepted. In-work training and an early surge in international enrolments are helping offset low domestic enrolments and a stalled reform implementation.

In the medium term, expect major rationalisation of existing polytech land and infrastructure holdings.

Winder is making a point of insisting that the reforms are not a polytech "mega-merger" because so much of future training will be delivered on the job rather than on campuses.

The proof of this will only slowly emerge.

Notable in Te Pukenga's internal staff discussion document is the emphasis on targeting disadvantage, with efforts aimed at lifting Maori, Pasifika, and disabled peoples' work readiness.

This is accompanied by promises that the culture of the institution will be "decolonising, anti-racist, and anti-sexist".

Winder says this is important because of the proportion of NZ's youth entering the workforce being from Maori and Pasifika communities, and the fact that a tight labour market and historic disadvantage makes it especially important for these young NZers to acquire skills to fill labour market shortages.

Also significant is a decision to split Te Pukenga's operations into four regional subsidiaries. Each will have two chief executives, one of whom will be Maori.

Winder is adamant that this approach is both necessary and appropriate. Politically, it has all the hallmarks of a culture wars minefield if the polytech reforms continue to stumble.

Electricity intervention - spoke in the green hydrogen wheel?

Would the **Electricity Authority's** urgent amendment to the sector's industry participation code this week kill plans for large-scale green hydrogen?

That was the question to emerge after the decision, which is designed to stop generators from entering into large power contracts unless they meet certain conditions or are approved by the regulator.

This is to **prevent low-priced power contracts for major users from being subsidised by other consumers.**

The target is the only contract currently large enough to be covered by the new rule - for the **Tiwai** aluminium smelter.

However, if the Meridian/Contact Southern Green Hydrogen project were to proceed, it would also be affected, because **SGH envisages requiring around the same load as Tiwai.**

While there has been no public disclosure of the power prices that a green hydrogen project of scale might require to get off the ground, it appears that heavy discounts against prevailing industrial tariffs are presumed to be a feature. If those were to require EA sign-off, **that could be a dealbreaker for an electricity generator looking to invest in new renewable capacity** to support the project.

Foreign policy

US Deputy Secretary of State Wendy Sherman said **NZ could eventually become a member of the AUKUS defence alliance** (currently focused on nuclear submarines), talking up this country's strategic importance at end of a week-long tour around the Pacific.

Sherman met PM Jacinda Ardern and described relations between the countries as "incredibly valuable".

TOP and Ilam

TOP leader Raf Manji is getting serious about standing for Ilam, now that Gerry Brownlee is going list-only in 2023. The seat is currently held by a low-key Labour backbencher, Sarah Pallett. Manji made a respectable showing in Ilam in 2017. TOP is polling 2-3% and could be an alternative coalition partner for either party if Manji were to win the electorate. It's still a long shot.

POLITICS AND POLICY

NZ will send up to another 120 Defence staff to the UK to help train Ukraine soldiers to defend against Russia, taking the total deployment to about 220.

National Party

Sylvia Wood was elected National party president at the party's annual conference – the first with Christopher Luxon as leader. He pledged a tougher work-testing regime for beneficiaries, if elected.

Mining

A Green Party member's bill that would ban any new exploration, prospecting and mining on the conservation estate was drawn from the parliamentary ballot.

It would also ban all new coal mines and the extension of current coal mines throughout NZ.

Māori party co-leader Debbie Ngarewa-Packer's bill banning seabed mining was also drawn from the ballot. If supported by Labour, it would also quash any consent application in process.

ASX-listed Manuka Resources said it knew of the political and regulatory risk when it agreed to buy would-be NZ seabed miner Trans-Tasman Resources.

Flood protection

The country's largest general insurer, IAG, called for a three-part, pragmatic plan to be actioned quickly to: identify all flood-prone properties; introduce a National Policy Statement preventing development in areas of highest risk; and plan investment in flood protection.

Build-to-rent policy

Build-to-rent developers of more than 20 units will be able to claim interest payments against their tax under an exemption to have effect from October 2021.

Climate change

Auckland Council's proposed Transport Emissions

Reduction Pathway gives the city eight years to radically transform the transport sector if it is to meet emissions reductions targets. Walking and cycling trips will have to increase tenfold, and public transport use will have to go up fivefold to achieve a 64% reduction in transport emissions by 2030, relative to 2016 levels.

Auckland mayoralty

Leo Molloy ended his bid to be Auckland's mayor after a bad poll.

A Ratepayers' Alliance Curia poll said Molloy's support had fallen to 14.5% - down from 23% a month ago, Wayne Brown was on 18.6%, and Efeso Collins 22.3%. Viv Beck was on 12.5%.

The question now is whether Beck will drop out and give Brown a clear run against Collins.

Rally redux?

In Wellington, police are preparing for a promised rally on Aug 22/23, organised by some of the same groups that were behind the parliamentary occupation earlier this year.

One group missing from this push is Voices for Freedom, which is instead focusing on standing candidates in local body elections.

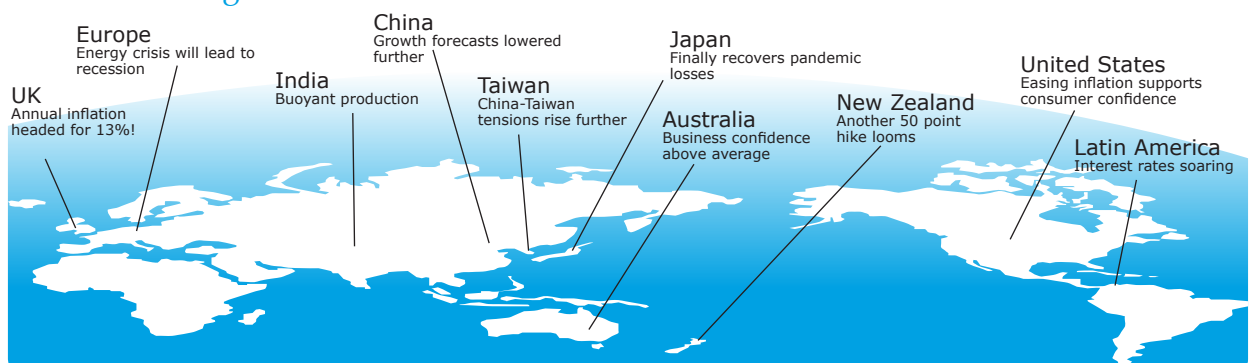
Orange stays

NZ will remain at the orange covid-19 traffic light setting while hospitalisations remain elevated. Minister Ayesha Verrall said significant pressure on hospitals meant current measures were still required. The next review setting will be in September.

Stats NZ said for the quarter ending June, about 55,000 people had cited illness as the reason for being off work for a week, about double the number last year.

More than 90,000 people were at their main job but were working reduced hours due to sickness, up 40% annually.

The world at a glance



A big, fat 4% OCR by November?

This week's 50 basis point increase in the Official Cash Rate to 3% was expected. What was not was the signal that the RBNZ may raise by a further full percentage point to 4% by November.

The message from the central bank is unequivocal that it believes its aggressive approach to taming inflation is starting to work and it is not going to give any signal now that it might be about to give up.

While it is indicating that it expects a 4% OCR is the peak, the pace at which it reaches that high-point is the decisive element. By continuing to press hard on the brakes, the bank is doubling down on its commitment to raising the unemployment rate – forecast now to be closer to 5% at the peak than 4% - and stalling the economy in 2023.

At this stage, it is not forecasting a recession, but the annual growth rates forecast for next year are so close to zero as to make a short, mild recession entirely possible simply on a margin of error basis.

In fact, with 4% as the peak, we believe the Reserve Bank's actions are almost guaranteeing such a recession and note that Adrian Orr was unambiguous in his view that 4% is above "neutral" and would "buy the monetary policy committee some comfort".

Less clear is where neutral might ultimately prove to be.

Forecasts and commentary accompanying the MPS suggest that NZ's potential growth rate has been

stunted by covid and associated events, and is now in the region of about 1.5% p.a., whereas the pre-covid non-inflationary growth potential was thought to be closer to 3%.

The MPS forecasts are helped particularly by a sharp downward revision to residential investment forecasts, which accompany a weaker house price projection.

With weaker growth also comes a weaker employment profile and, in turn, more rapidly rising unemployment. The RBNZ now forecasts the unemployment rate to be at its non-inflationary rate in September 2023.

Somewhat surprising is that the CPI forecasts in the latest MPS aren't lower, given the forecasts for housing, labour, commodities and the global economy are all weaker.

It may be that the extent of wage inflation has spooked the RBNZ.

Financial markets still appear keen to price in relatively early rate cuts.

While the RBNZ is signalling the opposite, the potential for cuts to come more quickly than is currently implied is high. The economic response to the latest OCR track is likely to be more aggressive than the RBNZ's central view.

To the extent that the RBNZ is in a credibility battle over its covid loosening, it is clearly determined to see inflation tamed quickly. Hopefully it will not overdo the response on the downside in the process. 🏠

Trading partner growth

(2020-2021 actual; 2022-2024 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
China	36.2	1.8	8.1	3.7	5.4	5.1	2.5	0.9	2.4	2.5	2.4
Australia	15.4	-2.1	4.8	3.8	2.3	2.5	0.8	2.9	6.2	4.1	2.1
United States	12.6	-3.4	5.7	1.7	0.7	1.9	1.2	4.7	8.1	3.8	2.3
Japan	6.4	-4.6	1.7	1.4	1.6	1.0	0.0	-0.2	2.0	1.4	0.6
Eurozone	5.4	-6.5	5.3	2.8	0.9	1.8	0.3	2.6	7.8	4.1	1.4
South Korea	3.4	-0.7	4.1	2.6	1.9	2.3	0.5	2.5	5.1	2.9	1.4
United Kingdom	2.8	-9.3	7.4	3.4	0.1	0.9	0.8	2.6	9.1	6.7	2.2
Singapore	2.1	-4.1	7.6	3.7	2.6	2.3	-0.2	2.3	5.6	3.5	1.5
Hong Kong	2.2	-6.5	6.3	0.4	3.7	2.5	0.3	1.6	2.1	2.2	1.9
Taiwan	2.4	3.4	6.6	3.2	2.5	2.3	-0.2	2.0	3.1	2.1	1.4
Malaysia	1.8	-5.7	3.2	6.5	4.3	4.6	-1.1	2.5	3.2	2.8	2.0
Indonesia	2.3	-2.1	3.7	5.3	4.7	5.1	2.0	1.6	4.1	3.9	3.5
Thailand	1.8	-6.3	1.6	3.4	4.1	3.3	-0.8	1.2	6.3	2.6	1.2
Philippines	1.2	-9.3	5.5	7.0	5.7	6.3	2.6	3.9	5.1	3.9	3.1
Vietnam	1.6	2.9	2.6	7.5	6.4	6.5	3.2	1.8	3.6	3.9	3.8
India	0.9	-6.6	8.3	5.7	5.7	6.3	6.2	5.5	6.9	5.1	4.6
Canada	1.4	-5.2	4.5	3.5	1.5	2.1	0.7	3.4	7.0	3.5	2.1
NZ Trading Partners	100.0	-1.6	6.0	3.3	3.3	3.4	1.4	2.1	4.6	3.2	2.1
Forecasts for New Zealand											
Consensus		-2.1	5.7	2.1	2.1	2.6	1.7	3.9	6.2	3.3	3.1
BNZ Forecasts		-2.1	5.6	2.8	1.3	1.7	1.7	3.9	6.4	3.6	3.6
The World		-3.3	5.9	2.8	2.5	2.6	1.9	3.6	7.3	4.3	2.9

DOMESTIC ECONOMY

House prices

House prices fell 2.9% in the year ended July, down 10.8% from the November peak, according to the Real Estate Institute. The number of sales sank 36.7% from 7,391 in July 2021 to 4,678 in July 2022. Prices fell most in Wellington, down 12.7%, with Auckland down 7.1%. Prices rose 10.4% in Northland but sales in the region were down 44%.

Quotable Value's assessment is that national house prices declined by 4.9% over the three months ending July, which left the average price at \$989,790. It had been above \$1m since September last year. In Wellington, prices were down by 12.2% over the last six months, and by 8.9% over the quarter, to an average of \$960,004. In the Auckland region, there was a quarterly price fall of 5.5%, which left the average at \$1.41m.

Stats NZ rental price indexes said the index for the stock measure increased 3.9% between July 2022 and July 2021. The index for the flow measure increased 4%.

TradeMe Property reported the largest year-on-year increase in supply of homes for sale in its experience, at 54% in July vs July last year.

About a third of ASB Bank's home loan customers have rolled over onto higher fixed interest rates, on average paying about a percentage point more than they were previously, but the bank isn't seeing any signs of distress amongst these customers, said chief executive Vittoria Shortt.

Migration and population

There was a provisional net migration loss of 11,500 people in the 12 months ended June 2022, the 16th month in a row that an annual net migration loss has occurred, with 49,200 arrivals and 60,700 departures. Migrant arrivals and departures are both at their lowest levels for a June year since the 1990s.

There were 420,200 border crossings in June 2022 with 206,000 arrivals and 214,100 departures. In May 2022, there were 344,800 border crossings. Current numbers are well below the almost 1m border crossings in June 2019, before covid.

NZ's resident population provisionally grew by 12,700 or 0.2% over the year, to reach 5.12m at 30 June 2022, Stats NZ reported. This is the lowest annual growth rate since June 1986.

Activity indicators

The BNZ - Business NZ performance of manufacturing index rose 2.7 points in July, to 52.7. Above 50 indicates expansion. Production levels

improved but remained in contraction, and new orders returned to expansion, but not enough to make up the fall in June.

The BNZ - BusinessNZ Performance of Services Index for July was 51.2, down 3.5 points from June, and the lowest level of activity since Feb 2022. The long-term average of the survey is 53.6.

The ANZ's truckometer light traffic index fell 1.7% in July, while heavy traffic fell 0.1%. The light traffic index is down 5% over the last two months, though off a high level. The heavy traffic index below-trend move is suspected to reflect illness and staff shortages.

MYOB's survey of 500 SMEs said 32% were struggling to fill job vacancies, despite more than 59% offering wage increases. Nearly a quarter had job vacancies, including SMEs operating in the manufacturing sector (57%) and construction and trades (37%). 17% reported an increase in revenue in the year to July, while 44% reported a drop.

Annual construction work is expected to fall by \$9.2b over the next five years, on the back of the flagging housing market. The national construction pipeline report for 2022, prepared by the Building Research Association and construction research firm Pacifecon, is picking an easing in construction activity to \$41.7b annually by 2027.

Wage growth

Median weekly earnings from wages and salaries rose by 8.8% to \$1,189 in the year to the June 2022 quarter, Stats NZ said. This is the largest annual increase since the series began in 1998. Women's median weekly earnings increased by \$95 (up 9.9%) to \$1,055 in the year to the June 2022 quarter, also the highest annual percentage increase on record. Median weekly earnings for men increased by \$73 (up 5.9%) over the year to \$1,320. The large increase in median weekly earnings for women this year coincided with more women working full-time and fewer in part-time employment.

Measuring inflation

CPA Australia, which represents NZ as well as Australian accountants, says NZ is behind the times by producing inflation figures quarterly.

With inflation at a 32-year high and monetary policy settings a key determinant of the immediate economic outlook, NZ should move to monthly CPI measures, it argues.

CPA credits a similar campaign across the Tasman with convincing the Australian Bureau of Statistics to move to monthly readings. 

Primary Sector

Fonterra said its upcoming annual results will show earnings of about \$564.5m, up from \$550m in the prior year.

The US Food and Drug Administration deferred **A2 Milk's** application to export infant formula to the US because of "issues that would be unlikely to be resolved quickly". Some imports have been approved, from Britain and Australia, but from NZ only Danone's NZ operation has been given a go-ahead.

The US dairy industry lobby in Washington denied it is blocking NZ efforts to help relieve America's acute infant formula shortage, but said it opposes NZ imports long-term.

Reports RSE workers in Blenheim are exploited and threatened against joining unions must prompt urgent action from the govt, the CTU said.

T&G Global's net profit was \$5.7m six months ended June compared to \$3.4m a year ago. Revenue was \$645.5m compared to \$652.1m.

Energy and resources

Contact Energy's annual profit dipped 2.6% in June 2022 compared with a year ago. It also announced it would invest \$300m in a new 51.4MW geothermal power station at Te Huka near Taupō, due online in late 2024. Net profit fell to \$182m, or 23.4 cents per share, in the 12 months ended June 30 from \$187m, or 25.3cps, in the June 2021 year.

Mercury reported \$581m in operating earnings in the year to June 30, up from \$463m in the previous financial year. Net profit at \$469m reflected a \$367m one-off gain from the sale of its shareholding in Tilt, which owned both NZ and Australian wind assets, in a transaction that saw Mercury buy back Tilt's NZ operations.

Genesis reported EBITDAF of \$440m for the year to 30 June, up 24% (and 6% on an adjusted basis), in the last profit announcement to be overseen by departing CEO **Marc England**.

Marlborough Lines is seeking to divest part of its \$100m wholly-owned subsidiary Yealands Wine Group for capital spending, including renewable electricity generation.

Banking, finance and insurance

ASB Bank lifted profit on higher margins, as interest rates rose and income grew faster than costs. Statutory net profit for the year ended June 30 rose to \$1.47b from \$1.32b in the previous year. However, second-half cash profit fell 9%, reflecting rising costs and rising bad debt provisions.

Kiwi Group Holdings confirmed **Fisher Funds** will purchase **Kiwi Wealth** for \$310m. Preservation of Kiwi Wealth's default KiwiSaver provider status is not guaranteed by the transaction.

Kiwibank lifted annual net profit by 4% to a record driven by higher revenue to \$131m.

Insurance costs and more extreme weather squeezed **Suncorp NZ's** margins as net incurred claims rose by 17% to more than \$1b and profit dropped to \$165m, down 23%.

An almost doubling in claims costs due to extreme weather reduced **Insurance Australia Group's** NZ insurance profit to A\$220m (NZ\$242m) in the 12 months ended June 30, down from A\$305m the year before. NZ's biggest insurer - which operates the **NZI, AMI, State** and **Lumley** brands - paid out A\$167m in natural hazard claims, an 89% increase on the A\$88m paid last year.

Partners Life is being sold to Japan's **Dai-ichi Life Insurance** for \$1b, in the third successful exit for founder **Naomi Ballantyne**. The deal is subject to regulatory approval.

Financial market turbulence wiped \$5b from **KiwiSaver** funds in three months. A **Morningstar** survey said funds' value fell to \$82.8b in the June quarter from \$87.7b in the previous quarter.

Telecommunications, media and entertainment

Liz Coutts joined the **2degrees** board as chair with **Russell Stanners** (former Vodafone NZ ceo) and **Kathy Meads** also becoming directors.

The Commerce Commission ruled that the **News Publishers' Association** can collectively bargain with Google and Facebook on payments for news content.

The chief executive of the **NZ Film Commission** left his job after pressure. **David Strong** stepped down after controversy over the commission's decision that he could continue to pursue public funding for a personal film project.

Wholesale and retail

My Food Bag said inflation and a slowing economy have prompted downgrades to its cheaper meal-kit options, lowering earnings in the past four months. Deliveries were down 3.8% at the end of July, compared to the same period a year earlier. Revenue in the first four months of the March 2023 financial year was up 2.5%, but underlying earnings were down approximately 8.5%.

The opening of **Costco's** \$100m Auckland store was delayed by weather and ongoing construction delays. Auckland online supermarket **Supie** raised \$3.9m

CORPORATE ROUND-UP

through crowd-funding platform Snowball Effect.

Transport

Move Logistics added a general cargo ship, the Atlas Wind, to its fleet and expects to start plying a new trans-Tasman route later this year between provincial ports.

Air NZ will be operating on a reduced schedule over the next six months due to staff sickness from covid-19 and flu. It will bring back the first of four 777-300s placed in storage due to covid-19. **Jarden** rerated the airline from “underweight” to “neutral” ahead of its earnings announcement on Aug 25.

Christchurch airport has lost an anticipated **Emirates** service using A380s that would have connected the South Island hub to Dubai via Sydney. The service was to have begun in December.

Manufacturing and construction

Fletcher Building lifted annual net profit by 42% to \$432m, beating earlier guidance.

Bluescope is expecting another strong result from its **NZ Steel** operations in this financial year, although high coal costs may make it moderately lower than the A\$256.6m (\$283.5m) ebitda reported for FY22.

Red Stag bought **TimberLab Solutions** for an unspecified amount.

Courts, legal and regulation

Spark was warned by the Commerce Commission and had to refund nearly 113,000 customers more than \$15m after they were charged for a wiring maintenance service they didn't need or couldn't use.

Cigna Life Insurance admitted misleading customers and wrongly inflating their insurance cover and premiums after Commerce Commission proceedings.

Technology and IT

Rocket Lab's June quarter revenue was US\$55.5m, with a net loss of US\$37.4m, up from US\$16.7m a year earlier.

Auckland-based space-tech company **Zenno Astronautics** completed a \$10.5m seed round with **GD1** and **Nuance Connected Capital** leading. It also announced **Peter Crabtree**, the founder head of the **NZ Space Agency**, will be chair.

Rakon warned earnings may fall as a global shortage of chips eases and removes the tailwind that propelled last year's record result. It expects underlying earnings between \$36m and \$44m in the year ending March 31, down from its record \$54.4m in the prior period.

Self-service payment company **Invenco** was sold to US-based global industrial tech company **Vontier** for about \$128m (US\$80m).

Tourism

The **P&O Pacific Explorer** docked in Auckland from Sydney, the first cruise ship in NZ for over two years. Twenty cruise ships are due before Christmas.

Tourism minister **Stuart Nash** said visitors from the US and UK are staying longer and spending more than pre-covid times. Visitor numbers are lower than 2019, but card spend is now at the same level.

Job sharing at times of seasonal demand could help beef up depleted tourism workforce, the tourism industry's transformation plan said.

Millennium & Copthorne Hotels reported a net profit of \$15.4m in the six months to June 30, down from \$31.3m in the prior period. Revenue for the company was \$47.8m, a fall from \$61.3m in 2021.

Property

Vital Healthcare Property Trust's net profit for the year ended June 30 rose to \$303.5m compared with \$278.4m the previous year, with strong growth in earnings and recent acquisitions.

Melbourne developer **ICD Property** was granted fast-track resource consent for its \$735m 55-level tower at 65 Federal St, Auckland.

Corporate actions

NZX's market regulator asked **NZ Automotive Investments'** board to assess whether proposed replacements can be considered independent. NZAI was told by the bank that provides its lending facilities it was unable to give any assurance of support beyond current expiry dates.

Xero's NZ and Pacific Islands MD of five-and-a-half years, **Craig Hudson**, will leave the company in Oct. Xero is restructuring its Asia Pacific operations. Australian MD **Joseph Lyons** becomes Asia Pacific MD with three country managers reporting to him. 

