

Pandemic ebbing, normality beckons

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The death of Queen Elizabeth II has overshadowed the political, social and economic significance of Monday's decision to do away with the 'traffic lights' covid response system. In effect, NZ has declared its two-and-a-half year response to the pandemic is over.

Too soon

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The coronation of King Charles III has inevitably sparked interest in how and when NZ will move to become a republic, but there is no political will for it among the main parties. While the mechanics of replacing an appointed governor-general with an appointed president are relatively straightforward, the politics are potentially divisive. Is this an issue for the next generation?

CEO recruitment - the CCHL example

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In the past three weeks, the chair, one board member and city councillor, and the chief executive of Christchurch City Holdings - which holds key ratepayer-owned infrastructure businesses valued at more than \$5b - has resigned. The saga is a reminder that the quality of due diligence for senior executive appointments should always be a live issue.

Auckland mayoralty

Viv Beck has bowed to concerted pressure among influential Aucklanders on the centre-right to withdraw as a candidate for the Auckland mayoralty. That leaves the clear left/right choice that was being denied the centre-right when Beck, Leo Molloy and the remaining main contender, Wayne Brown, were crowding the field. Efeso Collins's path to the mayoralty does not look easy. It will pit older, whiter and property-owning Aucklanders against a younger, browner vision of the city's future.

Growth surprise

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June quarter GDP growth of 1.7% was at the high end of expectations and in line with the RBNZ's somewhat hawkish view of the future. Higher interest rates for longer appear to be likely, although there is considerable 'noise' in the statistics, with revisions common during the covid period.

Three waters group struggling

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The Campaign for Local Democracy, which has proposed an alternative model for three waters reform, has lost its largest member, the Christchurch City Council.

CEO Retreat, September 7-9 2023

The next Hugo Group CEO Retreat is scheduled to run from **dinner on Thursday September 7 to lunch on Saturday September 9** at Millbrook Resort.

The programme will again bring members a mixture of actionable business insights and the traditional Retreat "deep dive" into domestic and global affairs.

Mark your calendar now.

The pandemic is dead, long live the pandemic

With all attention diverted to the process of changing from a queen to a king, it would be easy to fail to mark the **political, social and economic significance of Monday's decision to abandon the traffic light system.**

The decision marks something of a **point of no return.** Even the emergence of a virulent new covid strain would likely test public appetite for basic compliance measures, including masking and social distancing.

The WHO also signalled this week that while covid-19 is not beaten, it is now apparently on the wane worldwide.

In a speech delivered just before what turned out to be surprisingly strong quarterly GDP figures, **Grant Robertson made all the right rhetorical noises to be expected in preparing for a BAU approach to economic management.**

There would now be "tough choices" in Budget decisions, a winding back of the momentum on new infrastructure, and a focus on returning to fiscal surplus.

NZIER consensus forecasts for the next couple of years certainly continue to identify a reversal of the "fiscal impulse" of high spending in the last couple of years. In other words, public sector spending and investment will be a net drain on growth.

We **remain to be convinced of how committed Labour will be to fiscal prudence.** It has shown a wily capacity to spend judiciously to shore up support in what still appears to be a close electoral race, with a year to go to polling day. For example, while the cost-of-living payment was a PR disaster for paying offshore and deceased NZers, this splash of generosity clearly worked at the retail level, giving Labour a post-Budget bounce.

Expect more of this kind of carefully ladled largesse, with Robertson signalled further, but more targeted support for households.

'Wrong track' bell tolls

Two new polls, from **Roy Morgan NZ** and **Curia**, continue to show the outcome of next year's election finely balanced.

Roy Morgan suggests that Labour could form a government while Curia suggests that National could.

Both polls have found record levels of dissatisfaction with the direction the country is

heading in.

That makes **this week's unexpectedly strong growth figures are a short term fillip for Labour**, although they also indicate higher interest rates for longer to tame inflation and a slower economy in election year.

Curia's poll was taken in the nine days up to last Thursday evening and sampled 1000 eligible voters.

It found a **record 54% of people saying the country was heading in the wrong direction**, with 32% in the right direction.

Cost of living issues continued to dominate as a "major voting issue" on 22%, with covid-19 3%.

In the **preferred PM question**, National leader **Christopher Luxon was up six points to 26%. Jacinda Ardern was on 37%, down three points.**

Roy Morgan's August poll recorded support for Labour up 1 point to 35% to its highest level this year in the series. However, **support for the Greens dropped by 1.5 points to 9%**, its lowest level this year.

Support for **National was up 0.5 points to 35.5%** while support for **Act dropped by 0.5 points to 10.5%. Te Pāti Māori was at 5%**, up 1 point from July. If the poll translated into an election result, Te Pāti Māori would hold the balance of power.

The fact that **James Shaw has kept his job** as co-leader of the Green Party has removed that source of potential for the Greens' support to ebb in the year ahead. **Shaw is clearly now acting on a mandate to be more vocal about Labour's shortcomings** on climate change leadership.

The **Roy Morgan Government Confidence Rating** dropped 5pts in Aug to 84.5. The indicator is now **down 30.5pts from Aug last year.**

Roy Morgan's **'right track/wrong track' measure mirrored Curia's poll.**

A **record low of only 37.5% (down 3) of electors said NZ was 'heading in the right direction'** compared to a record high 53% (up 2) who said NZ was 'heading in the wrong direction'.

All of that said, the latest **ANZ-Roy Morgan Consumer Confidence Rating** for NZ was up 3.5 to 85.4, **beating Australia's score of 85.**

Republican talk premature

The extraordinary extent of public interest in and media coverage of the death of the Queen are among reasons why there is **unlikely to be any movement on NZ becoming a republic any time soon.**

The sheer level of ongoing public affection and regard for the monarchy is shown still to be very

strong. King Charles III may not be as compelling a figure as his mother, but there is no reason to imagine he will be any more likely to interfere as NZ's head of state and the mood for constitutional change remains latent rather than urgent.

It is more likely in the next generation than the current one.

Older pakeha and Maori NZers are particularly attached to the Crown, the former because of the tie to Empire and the latter because the signatory to the Treaty of Waitangi is the Crown.

While there is no practical, and probably relatively little legislative difficulty in moving to an appointed president rather than a governor-general, this is not a practical or legislative issue.

It is inherently political and is territory where politicians instinctively fear to tread without very clear plans. The last to try and hasten the debate was Jim Bolger, who was often thought to have coveted being NZ's first presidential head of state.

However, Bolger's greatest constitutional reform was to change to MMP voting, which he achieved by calling a referendum he'd assumed would be lost.

In the current political climate, polarised on race issues as it is by opposition to three waters co-governance, Maori wards, and fears that the He Pua Pua report is being implemented by stealth, a **constitutional debate would be the last thing on Labour's mind.**

For National, as guardians of the status quo, there is no obvious political upside in promoting a change soon either.

We suspect the change will occur during the eventual reign of the new Prince of Wales, when he replaces his father.

NY here we come

Air NZ is pulling out the stops to promote its new direct service to New York, which is fundamental to wider plans to try and take NZ tourism up-market, in the absence of Chinese travellers for the foreseeable future and a desire not to replicate the backpacker hordes of pre-covid times.

PM Ardern was to have travelled on the inaugural NY flight, landing her in time for the annual UN General Assembly meeting there.

Instead, she has used the flight to connect directly to London, to attend the Queen's funeral, before returning to NY for UNGA.

Next up is Grant Robertson, who will travel with a group of senior businesspeople and journalists to NY for a packed two-and-a-half day programme hosted

by CEO Greg Foran.

The ex-Walmart CEO is apparently using his pulling power to get a line-up of top speakers and experiences. Robertson will go on to the World Bank and IMF meetings in Washington, DC, an annual fixture disrupted in the last two years by covid.

Filling Air NZ business class and premium economy cabins on the new NZ1 and NZ2 with well-heeled Australians and NZers on the outbound leg is important, but even moreso is attracting the well-heeled travellers of the BosNYWash area of the US north-east coastal states.

CEO recruitment standards in the spotlight

Revelations this week that the recently departed CEO of Christchurch City Holdings, Tim Boyd, was hired despite a string of discoverable US court civil judgments against him is a reminder that due diligence for senior appointments remains a balancing act.

Boyd, who is Australian by birth, has been bouncing around between his homeland, NZ and the US for some years, generally as an entrepreneur seeking capital for a variety of tech innovations and financial services schemes.

He came most recently to NZ in April 2019, where he secured work as a contractor for MSD in IT procurement. In March this year, he was hired as CEO of CCHL, which controls assets behalf of Christchurch ratepayers valued at more than \$5b, and including the international airport, the Orion electricity network, Port of Lyttelton, and other key urban infrastructure investments.

Before his resignation, Boyd had been on gardening leave for several weeks during an investigation into "communications issues" with the board.

He returned to work in late August and the chair and a sitting board member and CCC member, Jeremy Smith and James Gough, both resigned.

Boyd then resigned as media inquiries began into commercial disputes between Boyd and investors in several schemes in the US.

Both MSD and CCHL's recruitment agency, Decipher, have made clear that their reference checks go no further than for a criminal record and Boyd has no criminal convictions.

New ambassador to China

Career diplomat **Grahame Morton** has been appointed to be NZ's next ambassador in China.

Morton has previously served as High Commissioner in India, and was divisional manager of MFAT's North Asia Division.

He was lead negotiator of the NZ-Singapore Enhanced partnership.

POLITICS AND POLICY

However, that meant the string of unfavourable civil judgments against him amounting to close to NZ\$30m were not discovered.

Reference checks are a fraught area. How far should checks go? In the case of the “good character” checks under the Overseas Investment Act, their extensive and sometimes intrusive scope was actively curtailed to prevent witch-hunts.

CCHL and MSD are both now making further investigations into, respectively, how Boyd was hired and his work at the social welfare agency. At this stage, MSD says its check is no more than “precautionary”.

Spy talks

NZSIS and GCSB minister **Andrew Little** visited the capitals of the Five Eyes intelligence partnership - Canberra, Washington DC, Ottawa and London to meet with ministerial counterparts and attend the Billington Cyber Security Summit.

Meanwhile, senior officials from the Five Eyes countries met at Millbrook Resort this week.

Trade and geo-politics

Damien O'Connor attended Joe Biden's first meeting of trade ministers to discuss his somewhat vague Indo-Pacific Economic Framework for Prosperity (IPEF), in San Francisco. The meeting was notable for **India's ongoing uninterest in trade liberalisation being part of any Indo-Pacific diplomatic agenda.**

Foreign Affairs Minister **Nanaia Mahuta** travelled to Papua New Guinea as the possibility of a new security deal surfaced, following criticism of an earlier deal between PNG and China

Kiribati suspended a further three NZ judges for an alleged “judicial coup”, comparing them to “Nazi” judges. MFAT expressed “deep concern” over the suspensions, the latest salvo in the Kiribati government's battle against its judiciary. NZ has long staffed appeal courts in the Pacific Islands. Among

jurists caught up in the Kiribati issue are **Rodney Hansen** and **Paul Heath**.

Food Safety Minister **Meka Whaitiri** will address the World Dairy Summit in New Delhi in Sept.

Space sector

The government announced **\$15m in funding alongside plans for a new strategy to bolster the aerospace sector** at the inaugural NZ Aerospace Summit.

Regenerative farming

The government is backing a **\$26.1m programme to study pastoral and regenerative farming practices.**

Carbon prices

The third carbon auction of the year has cleared at \$85.40, below the recent secondary market price of between \$87.50 and \$88.50, which was a record high price. All 4.825m NZUs were sold.

Political donations

Donors to political parties will no longer be able to shield their identities by using third parties to funnel funds under introduced changes to the Electoral Act.

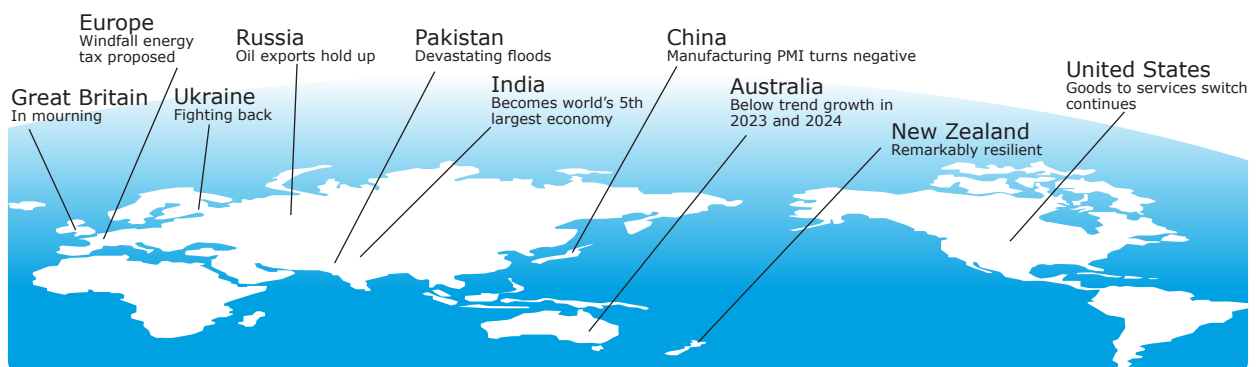
Three waters

The best-organised local government lobby opposing the three waters reforms, the **Campaign for Local Democracy (C4LD)** has lost its largest member and appears close to folding its tent.

The **Christchurch City Council** withdrew, saying that membership was damaging its relationships with Maori stakeholders.

The group now effectively represents about 5% of the population. Its primary purpose, to stop the three waters legislation, has already largely failed. The unpopular policy continues to wind through select committee hearings and it is clear the government is committed to its passage and implementation. 🇳🇿

The world at a glance



A 'buoyant' GDP number

The big question after an unexpectedly strong June quarter GDP result is whether it will be sustained.

The government dropped mask and other covid mandates this week, with an anecdotally appreciable surge in urban activity.

Even if there is a lot of "noise" in the GDP figures, the sense that the economy is not necessarily in the doldrums may affect consumer sentiment, even if it also suggest higher inflation and interest rates for longer to tame relatively buoyant conditions.

The 1.7% result for GDP in the June quarter was stronger than most expected, and almost bag-on the RBNZ's forecast of 1.8%.

While covid has thrown many previously well-understood data relationships into doubt, the result is still a long way above the consensus expectation of 1% for the quarter.

However, the contest of competing indicators make broad conclusions difficult.

The GDP outcome suggests higher interest rates for longer while inflation stays up – both here and globally – while house prices either continue to fall or bottom out about now.

That's not a recipe for consumer optimism, but nor is it a recipe for austerity or significant economic pain. Indicators at present suggest a somewhat worried population will watch their wallets more closely, but unemployment remains very low and there will be increasing appreciation that NZ is doing OK as it

emerges from the pandemic, relative to many other countries.

NZ gas prices are shielded from the Ukraine war because they are set in a closed, domestic market. Tourists, and the 'guest-workers' who underpinned that sector pre-covid, are returning in larger numbers sooner than anticipated. Global prices for soft commodities remain historically strong and a plunging NZ dollar is further improving returns for exporters.

Amongst the noise:

- retooling the Marsden Point oil refinery for imports-only saw its activity reclassified out of manufacturing, into wholesaling, although the whole manufacturing measure fell 5.9% while wholesaling only increased by 1.7%. Stripped down, it appears that manufacturing activity, excluding the category the oil refinery used to be in, expanded 0.3% in Q2;
- construction output fell 2.4%, despite a similar-sized increase in building work put in place in the quarter. This was partly reconciled by the fact "other" construction - which is mainly infrastructure/civil work - sagged a further 3.6% in Q2, after declining 4.2% in Q1.

On an expenditure on GDP basis, things looked much better, given it increased 2.1% in real terms in Q2.

However, there was greater weakness in many aspects of domestic spending than the RBNZ appeared to be primed for.

Private consumption fell 3.1% in Q2, whereas the

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	3.3	5.0	5.1	2.5	0.9	2.3	2.3	2.3
Australia	15.4	-2.1	4.9	3.9	2.1	2.5	0.8	2.9	6.3	4.4	2.1
United States	12.6	-3.4	5.7	1.7	0.5	1.9	1.2	4.7	8.0	3.8	2.3
Japan	6.4	-4.6	1.7	1.5	1.5	1.0	0.0	-0.2	2.2	1.4	0.6
Eurozone	5.4	-6.5	5.2	2.9	0.2	1.8	0.3	2.6	8.2	5.4	2.0
South Korea	3.4	-0.7	4.1	2.6	1.7	2.3	0.5	2.5	5.2	3.2	1.4
United Kingdom	2.8	-9.3	7.4	3.4	-0.3	0.9	0.8	2.6	9.2	7.0	2.5
Singapore	2.1	-4.1	7.6	3.5	2.3	2.3	-0.2	2.3	5.7	3.5	1.5
Hong Kong	2.2	-6.5	6.3	0.0	3.7	2.5	0.3	1.6	2.1	2.2	1.9
Taiwan	2.4	3.4	6.6	3.1	2.3	2.3	-0.2	2.0	3.1	2.0	1.4
Malaysia	1.8	-5.7	3.1	7.7	4.2	4.6	-1.1	2.5	3.3	2.8	2.0
Indonesia	2.3	-2.1	3.7	5.3	4.7	5.1	2.0	1.6	4.6	4.7	3.5
Thailand	1.8	-6.3	1.5	3.3	3.9	3.3	-0.8	1.2	6.3	2.6	1.2
Philippines	1.2	-9.3	5.7	6.7	5.6	6.3	2.6	3.9	5.3	4.0	3.1
Vietnam	1.6	2.9	2.6	7.5	6.3	6.5	3.2	1.8	3.5	3.9	3.8
India	0.9	-6.6	8.7	7.1	5.8	6.3	6.2	5.5	6.7	5.0	4.6
Canada	1.4	-5.2	4.5	3.3	1.2	2.1	0.7	3.4	6.9	3.6	2.1
NZ Trading Partners	100.0	-1.6	6.0	3.2	3.0	3.4	1.4	2.1	4.6	3.3	2.1
Forecasts for New Zealand											
Consensus		-2.1	5.6	1.9	1.6	2.5	1.7	3.9	6.6	3.6	3.1
BNZ Forecasts		-2.1	5.5	2.4	0.6	1.5	1.7	3.9	6.6	3.8	3.8
The World		-3.3	5.8	2.9	1.9	2.1	1.9	3.6	7.4	3.6	2.4

DOMESTIC ECONOMY

RBNZ anticipated a decline of 1.6%. Spending on durable goods dropped 8.6%, although that could reflect supply chain constraints rather than all being down to weak demand.

It will be important to keep an eye on whether private consumption rebounds in Q3.

Business investment also weakened by more than the RBNZ had expected, off 4%, with a 2.7% fall in plant, machinery and equipment, with investment in transport equipment dropping 28%, again suggesting a combination of weak supply and demand.

On the production side of the GDP accounts, there was evidence of post-covid life resuming, and potential for the further relaxation of covid restrictions this week accelerating these trends.

There were 20% rebounds in each of transport, postal and warehousing, and arts and recreation services, along with a 30% jump in accommodation and food services.

Economic indicators

Retail card spending rose \$55m (0.9%) in Aug 2022 compared with July, Stats NZ said. The increase largely came from spending on consumables, up \$18m (0.7%). Card spending on fuel continued to fall in Aug, down \$17m (2.8%) due to lower prices.

Transport, postal, and warehousing industry sales rose by 18% in the June 2022 quarter when compared to the last quarter, reaching \$10b when adjusted for seasonal effects, Stats NZ said.

The **ANZ World Commodity Price Index** fell 3.3% in Aug, with the pace of decline accelerating in the past three months. In NZD terms, the index fell 4.4% as the NZ dollar appreciated 1.1% according to the Trade Weighted Index.

The volume of **building activity** rose 2.6% in the June 2022 quarter, compared with the March 2022 quarter, Stats NZ said. **Residential activity** rose 3.2% in the June 2022 quarter, while **non-residential activity** rose 1.6%. Between the March 2022 and June 2022 quarters, residential building costs rose by 4.2%, and non-residential building costs by 3.6%.

NZ's terms of trade fell 2.4% in the three months ended June, to be 2.3% lower than the same quarter last year. Export prices rose 3.7%, but import costs were 6.5% higher on the previous quarter. Export volumes rose 3% with import volumes falling 0.9%, which pointed to local firms holding more stock to guard against supply chain disruptions.

Higher oil and other commodity import prices were the key catalysts pushing import prices higher, with petroleum prices up 42% and non-fuel crude

materials up 26.5% over the quarter. A fall in the value of the NZ dollar also had an effect. Analysts said there might be further softness in the terms of trade in the near term before an uplift.

The Motor Industry Association said 14,690 registrations of new vehicles for Aug is the strongest for the month on record, largely due to shipments arriving allowing back orders to be filled.

Filled jobs for youth aged 15 to 19 years rose to 131,000 in the June 2022 quarter, up 18% compared with the June 2021 quarter.

Housing

The QV House Price Index showed the average home decreased in value by 5.5% nationally over the three months to the end of Aug, weakening further from the 4.9% decrease in quarterly value change in July. The national average value is \$973,848, an average annual increase of 1.1%, down from 4% annual growth last month.

The median house price in Auckland stabilised last month at \$1.11m, halting a four-month trend of value ahead of spring Barfoot and Thompson said.

Migration and travel

Early arrivals of working holidaymakers are exceeding expectations ahead of the seasonal late spring visitor surge, the backpackers' industry said. Immigration NZ said the demand for visitor visas is about three times higher than expected since borders reopened.

Immigration NZ is trying to speed up tourist visas after 38,000 people applied to visit NZ and fewer than 7,000 visas were issued.

Late payments hurting

Xero data said late invoice payments are costing small firms a combined \$456m each year with the small business on average being paid 6.3 days late. Last year almost half of all invoices issued were paid late - with 8% paid more than a month after they were due.

Shipping trends

ANZ said global shipping prices are trending down. The volatile Baltic Dry Index fell nearly 50% in Aug. Price movements have been more subdued in the indices more closely aligned with the cost of exporting containers from NZ.

Global shipping is improving after two years of vessel delays and ramped-up costs, but supply chain disruption will last until the middle of next year, shipping group Kotahi said. ■■

Primary Sector

NZ King Salmon is now expecting to wait a further two months before hearing whether or not it will be granted a consent to farm salmon in Cook Strait, just north of the Marlborough Sounds. Hearings were held last Oct and a decision had been expected this month.

Global dairy prices ended their run of decline in the global dairy trading auction. The average price at the fortnightly sale rose 4.9% to US\$4,001 per tonne, after falling 2.9% at the previous auction. The price of whole milk powder rose 5.1% to US\$3,310 per tonne. Prices for other products, including butter, cheddar and skim milk powder also increased.

NZX dairy insights manager Stuart Davison said it was too early to say if the dairy market had turned. But said the global dairy market chasing product at current prices points. The greater Chinese market usually drives GDT results, however, over the last seven months southeast Asian buyers have been driving demand.

Fonterra upgraded its earnings guidance to be between 45 to 60 cents per share, up from 30 to 45 cents. It also downgraded its forecast milk collection for the 2022/2023 dairy season from 1,510m kgMS to 1,496m kgMS due to bad weather causing a slow start to the season.

ANZ revised its **farmgate milk price** forecast for the 2022-23 season up 25c to \$8.75/kg milk solids but said uncertainty remains high, with risks on both the downside and upside. The forecast for the 2021-22 season is unchanged at \$9.30/kg MS.

Fonterra launched a new 'wellbeing' business-to-business brand, Nutiani, targeting the medical and nutrition markets.

The **red meat sector** had \$1.1b of export sales in July, a 26% increase on July 2021, the Meat Industry Association said. China remained the standout market with red meat exports worth \$460m

Seeka is to build Recognised Seasonal Employer accommodation housing for 140 people in Katikati.

Energy and resources

Malcolm Johns is leaving his role as CEO at Christchurch International Airport to become CEO at **Genesis Energy**, replacing **Marc England**.

Todd Corp's plans for a multibillion-dollar iron ore mine in the West Australia outback were scaled down, with plans to build a port and a 160km railway to the minehead shelved. The mine is now proceeding. The company's plans for a large-scale methanol plant in Louisiana - on the books for about a decade - appear to have been abandoned.

Local media reports that an attempt to have the site rezoned to allow other industrial uses, in anticipation of its sale, has been declined. Detailed information about the project on Todd's corporate website appears to have been removed.

Vector is being taken to court by the Commerce Commission after failing to meet minimum reliability requirements from 2017 to 2020.

Banking, finance and insurance

The **Commerce Commission** released draft guidance on new interchange fee caps for Mastercard and Visa networks.

Tower signed a new agreement with real estate group **Ray White** to offer Tower's insurance products and digital customer services.

Westpac increased its one-year home loan rates by 20 basis points taking its special rate to 5.15%, and its carded rate to 5.75%. Three-year loan rates dropped by four basis points from 5.69% (special) and 6.29% (carded) to 5.65% and 6.25%. Five-year rates lowered by 34 basis points, taking the special rate loan to 5.75%, and carded rate to 6.35%.

ANZ increasing its standard one-year mortgage rate by 16 basis points to 5.75%. Its special rate, for borrowers with more than 20% deposit, lifted by the same margin to 5.15%. Its 18-month increased by six basis points with the standard rate moving to 5.95% and the special 18-month to 5.35%.

Telecommunications, media and entertainment

Meta (Facebook) is strongly opposing an attempt by the **Newspaper Publishers Association** to be allowed to undertake collective bargaining with global platform providers such as itself and Google, arguing it is inherently anti-competitive. Meta has done no such collectively bargained deals internationally, it says.

Meanwhile, **Google** is rolling its Google News Showcase product among publishers that have abandoned the NPA's joint negotiations, including **NZME, Newsroom, BusinessDesk**, and others.

Wholesale and retail

Woolworths made its first deal to sell a wide range of wholesale groceries to another retailer, outside its own store brands, with organic grocer **Huckleberry**. The supermarket owners are noticeably ramping up PR efforts to demonstrate the role of rising supplier costs in their pricing decisions, initiatives to assist low income consumers, and performance of supermarket prices vs Stats NZ's food price index.

CORPORATE ROUND-UP

Transport

NZ Post's net profit after tax of \$102m for the year ended June 30 was \$70m higher than the prior year driven by an increase in earnings from NZ Post's share in **Kiwi Group Holdings** - the parent company of **Kiwibank** - and parcel growth. However, it warned of rising costs, a tight labour market and letter volumes continuing to fall.

UPS purchased Christchurch firm, Cedra Express, to cash in on the growing medical logistics market.

The **Interislander ferry Kaiarahi** is undergoing sea trials after being out of service since the end of Aug last year following a major gearbox failure.

Courts, legal and regulation

James Hardie was awarded \$2.1m in costs after 153 owners of leaky properties failed to prove their claim that Hardie's Harditex fibre cement cladding boards were the cause of leaks and rot in their homes.

Australia's Competition and Consumer Commission will consider **Tourism Holdings'** proposed acquisition of **Apollo Tourism and Leisure** if it divests 80% of its Australian fleet of four to six-berth motorhomes. The likely benefactor in this scenario is **Jucy Rentals**, which would pick up the divested assets under the terms of the offer.

Ego Pharmaceuticals pleaded guilty to two Fair Trading Act charges for unsubstantiated claims about the protection factor of two sunscreen products.

Technology and IT

Kea Aerospace finalised the design of NZ's first stratospheric aircraft and construction is underway with the automated aircraft's first stratospheric flight planned for early 2023.

Service industries and healthcare

The Skin Institute Group put its subsidiary business, **Lovely by Skin Institute**, into liquidation. It has six retail appearance medicine stores in Auckland with 34 staff.

Property

Kiwi Property agreed to sell Northlands Shopping Centre and 43 Langdons Road in Christchurch to Mackersy Property for \$160m. Kiwi Property will continue to manage Northlands and has also agreed

to provide vendor finance of up to \$75m to settle the purchase if required.

Infratil is negotiating to sell its \$100m-plus 1.7ha central Auckland leasehold investment property in the Wynyard Quarter.

Corporate actions

DGL founder and major shareholder Simon Henry bought about 318,000 of the company's shares for A\$500,194 (NZ\$557,483) after a sell down following its earnings results. It warned the phenomenal growth rate of 2022 could not continue despite promising a good performance.

Pushpay Holdings shares slumped 15% after reports suggesting its impending buyout might not go ahead. The company said it was complying with all continuous disclosure obligations. In May, Australian private equity firm, **BGH Capital**, and a large Pushpay shareholder, **Sixth Street Partners**, were reportedly bidding to buy Pushpay.

Capital markets

Harmoney plans to delist from the NZX and consolidate its listing on the ASX due to low levels of the stock's liquidity on the NZX.

NZ-based human resources platform **Excellent** raised \$2m in a seed funding round led by Blackbird Aotearoa.

Cannasouth rights offer closed with \$1.5m raised and with over 5m new shares being taken up by shareholders. The undersubscribed offer will now go to a bookbuild.

People

Z Energy Mike Bennetts will step down as CEO next March. Current CFO **Lindis Jones** will be the new CEO and **Nicola Law** will be the new CFO.

Restaurant Brands' group chief executive officer **Russel Creedy** and chief financial officer **Grant Ellis** will retire in 2023.

Victoria Spackman and **Deb Shepherd** were appointed to the **NZ Trade & Enterprise board**.

Invercargill Airport appointed **Stuart Harris** as chief executive.

DEKRA NZ, parent company of **VTNZ**, appointed **Mike Walsh** as chair. 

