HUGOvision

Assessing the economic and political environment in New Zealand

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Nats still on track to govern

It may only be one pollster, but the fact that Newshub/Reid Research's poll has put National above 40% – up 0.2 percentage points to 40.7% – for the second time in two months **further cements the likelihood of a change of government next year.**

Even **more worrying for Labour must be the 5.9 point slide to 32.3%** support in that poll, broadcast as the party closed its annual conference where there was much investment in an outwardly upbeat mood.

If replicated on election night, Labour would have 41 MPs, compared to its current 65 - making 24 mainly list MPs very nervous.

Taken between Oct 25 and Nov 3, the Newshub poll is **at odds with Talbot Mills**, Labour's pollster, whose **October reading had both National and Labour on 35%.**

A poll from **Horizon Research**, which uses a self-selected sample and lacks the credibility of other polls, suggested NZ First on 6.75% support, Labour 31.3% and National 28.3%.

No other poll currently puts NZ First above the 5% threshold to guarantee seats and there is currently no sign that NZ First has identified a winnable electorate seat, although both Winston Peters and Shane Jones are becoming increasingly active after disappearing from public view. **The NZ First approach assumes that the public needed a rest from its presence** after the 2020 wipe-out, but that Peters's and Jones's brand of populism – targeting Labour's "wokeness" and emphasising the party's previous "handbrake" role – will resonate again.

Along with **Ardern's waning popularity**, the issue most clearly propelling Labour's sinking popularity is **current economic conditions**. A poll for the NZ Herald poll conducted by Dynata found **56% put the cost-of-living as the most pressing problem facing NZ**, with **climate change a distant second at 12%, and crime at 11%**. Higher proportions of women (65%) than men (46%) said the cost of living was the most important issue while men were more concerned about climate change (18%) and covid (12%) than women were (7% and 5%, respectively). The survey of 1,000 people was conducted from Oct 13-16. The pollster said the sample was slightly skewed with the women sampled slightly lower earners and with less full-time work than the men sampled, and more younger men than younger women in the sample.

Farmers dig in on methane

The growing likelihood of a National-led government is among factors **emboldening agricultural production lobbies to entrench their opposition to the government's methane targets** under the He Waka Eke Noa proposals.

The issue has swiftly morphed from one where there appeared to be significant political and sectoral alignment on how to approach emissions reduction goals to one where the government faces embarrassment and defeat.

The **boards of Federated Farmers, Beef+LambNZ and Dairy NZ ended their support for the current methane targets at a meeting on Tuesday.**

The decision coincides **with the annual global climate change summit, this year in Egypt**, which may be uncomfortable for James Shaw but also risks creating negative focus on NZ among competitor agricultural exporters seeking advantage.

The farm lobbies' positioning **contrasts with the message from Fonterra CEO Miles Hurrell** at the co-operative's AGM in Hamilton on Thursday for focus on the NZ ag sector's sustainability credentials.

Signalling that Fonterra would soon be setting "scope 3" emissions targets for all emissions within its supply chain, Hurrell said: "It comes down to us collectively meeting the climate change expectations of our stakeholders, and the risk if we don't.

"Our high value customers are setting emissions reductions targets and looking for our help. **If we can't give them confidence that we will help them achieve their targets, they will look to our competitors – including using alternatives to milk."**

However, chair Peter **McBride did say Fonterra has "reservations about the government's current approach to the levy price setting process, governance, and the approach to sequestration"**.

Labour on cost of living

The government now says the cost of living "crisis" is its primary focus.

This saw a series of **policy announcements and jawboning but no enthusiasm for a tax on so-called windfall profits.**

First up was the announcement at the Labour conference of **increased childcare subsidies** worth $189.4m over four years. Aimed at working families and women, the policy demonstrates Labour's preference for small, carefully targeted gestures rather than National's larger income tax threshold reform, which would affect all wage and salary earners.

We continue to **speculate that Grant Robertson will attempt to gazump National by announcing inc**ome tax threshold changes in next year's Budget.

While on one hand this would make the parties' fundamental platforms similar and perhaps undermine Labour, it would allow Labour to be competitive on income tax while **sustaining its attacks on National's intention to abolish the 39% top personal tax rate** as a major election issue.

Jacinda Ardern then took aim at trading bank profits, using a **soft threat of regulation** by urging them to consider their social licence to operate in NZ. There is **growing political disquiet, echoed by Christopher Luxon,** at the extent to which banks can now be seen to have profited through the covid period, thanks in large part to unconventional monetary policy initiatives that independent reviewers suggest may have been larger and gone for longer than was required. *(see p.6)*

This was followed by an announcement on **progress towards an open banking regime**. This was clearly timed to indicate the government has policies that should improve banking sector competition. The **Bankers Association warned that banks would need time to set up systems to allow open banking protocols to work**. The pressure will be on them to do so without appearing to drag the chain and preserve current settings that are delivering interest margins to the NZ banks that are higher than for their Australian parents.

The **final salvo was Megan Woods's announcements delaying the biofuel mandate** by a year because the transport fuels sector was largely unable to comply and would have faced fines that would have flowed through to petrol and diesel prices.

Woods would have been delighted with headlines suggesting **the government might regulate petrol prices**. In fact, this "back-stop" power had been long signalled as being in development. It is unlikely to be used.

Orr reappointment

The reappointment of Adrian Orr as RBNZ governor for a further five years was a snub to National, which had hoped to force a one year extension.

However, granting it would have looked both like an admission of potential defeat next year for the government, and it would have sat oddly with the theatre a day later around the RBNZ's self-assessment of its performance between 2017 and 2022.

At a high level, the **RBNZ effectively concedes that it managed not to keep inflation high enough before covid-19 or act swiftly enough to prevent an inflationary spike afterwards,** as the stimulus from the pandemic coincided with additional supply chain and commodity price disruption caused by the Russian invasion of Ukraine.

However, this arguably makes the NZ central bank little different from other developed world central banks over the last five years. The main difference is the **extent to which low-cost funding and monetary stimulus flowed so heavily into house prices**.

Under the Reserve Bank Act, the **governor can only be removed by the board, and "for cause"**. There is no power for a finance minister or government to sack an incumbent.

However, the reality is that **if a governor did not enjoy the confidence of a government, they would be under serious pressure to resign.** This may be the dynamic that Orr faces if National wins.

The wider issue for all independent central banks and the supporters of that policy is whether the model will survive, perhaps with modifications, or **are we witnessing the beginning of a new debate about the role and conduct of monetary policy?**

CEO Retreat 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.

Hamilton West by-election

National has made a strong choice in **Tama Potaka** to contest the Hamilton West by-election. Currently the CEO of Hauraki Plains iwi, Ngāi Tai ki Tāmaki. Potaka's commercial background includes senior advisor to the NZ Super Fund and GM for Tainui Group Holdings. **Georgie Dansey,** Independent Schools Education Association chief executive, will contest the by-election for Labour. A total of 12 candidates are standing, although NZ First is not fielding one.

Govt softening on three waters

There is a definite softening in the government's tone on its three waters reform. However, **what form any alteration to the policy might take is far from clear**.

The Water Entities Bill is due for report back from select committee today, but had not been published by the time HUGO*vision* went to press.

RMA reforms to Parliament next week

After five years of consultation and drafting, David Parker's package of legislative reform to replace the Resource Management Act is **slated for introduction to Parliament next week**.

The two bills, the Natural and Built Environments Bill and a Spatial Planning Bill are on a tight

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timetable for passage, especially as Parker intends there will be a full six months of select committee deliberations.

There is an enormous amount of detail and potential for argument and pressure for change, particularly assuming Labour's electoral position continues to deteriorate.

However, Parker believes the new legislative package will drive cost out of the consenting process, and improve the capacity to plan for and deliver designated infrastructure through a combination of long term spatial planning.

This will include a **new system for allowing essential infrastructure to be consented despite exceeding environmental limits** through a system of offsetting actions in other places. Parker believes this will ensure high national standards can be set and maintained, with carve-outs where public good infrastructure justifies it.

Regional planning committees (RPCs) will be a key feature of the new system, responsible for creating 15 regional plans with 30 year time horizons. These 15 plans will replace some 100 currently operating under the current regime.

If the government had been inclined to pursue a co-governance approach, it would have been here, but Parker has steered away from that.

Waitangi Tribunal advice said there was no need for 50/50 split, so the only requirement of the RPCs will be that at least two of the minimum of six members be chosen by Māori. A separate national Māori advisory body will be created.

On the major principles front, the **biggest changes appear to be the move from an "effects-based" to an "outcomes-based" regime**, in the expectation that this will require remedies to environmental impacts rather than the mitigation approach that has developed under the RMA regime. The result of that, Parker argues, was unintended cumulative impacts.

By imposing new "hard" limits on environmental degradation, there will be a requirement either not to slip below the established threshold or to bring conditions back to meet that threshold where they have fallen below it.

Consultation on how such standards should be set is continuing. **Parker has recently written to the CEOs of all major infrastructure firms seeking advice on the development of standards.**

The new regime will also **automatically renew expiring consents for renewable electricity generation.**

Fast-tracking provisions developed during covid-19 are also maintained, although Parker sees evidence of council processes speeding up anyway.

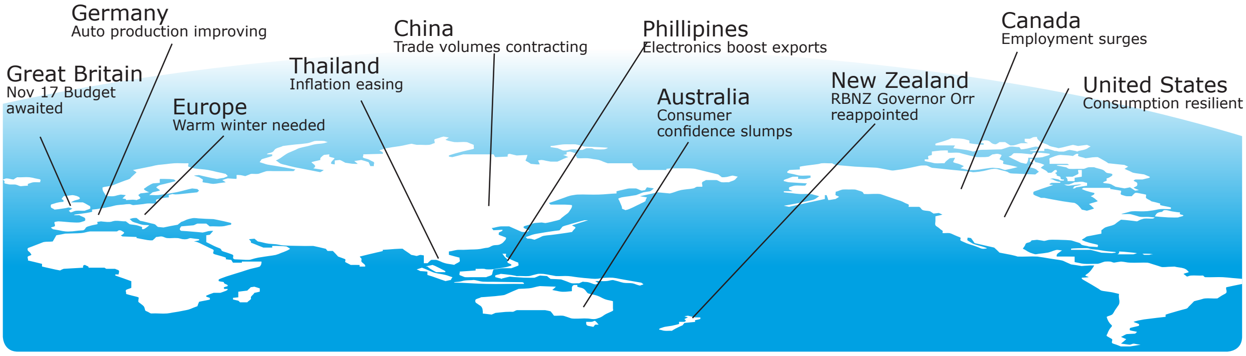
Water allocation is one area of possible contention, with allocation plans to be guided by economic efficiency, fairness, and value of improvements, but not land value itself (because water rights can be capitalised). **No water pricing will be possible without coming back to Parliament for enabling legislation.**

Water right renewals will be easier, but will no longer run for the current 30 years. Water use for hydro-electricity generation will be exempt.

Importantly, the **new legislation will bring across all existing national policy statements and environment statements.** They will continue to provide crucial guidance, acting as the de facto bottom lines for resource management in some key areas while the new legislation is both passed and then implemented – a process likely to take some years.

It is not yet clear whether the third bill in the package, covering **climate change adaptation**, will be introduced next year. Parker hopes so, but the legislative agenda is becoming very full and the bill is James Shaw's.

The world at a glance



75bps OCR hike in prospect

A combination of continued **strong labour market data and an increase in inflationary expectations** in the Sept quarter RBNZ survey among businesses point to a **likely 75bps increase in the OCR with the Nov 23 monetary policy statement**.

That would push the OCR to 4.25% and likely see home mortgage lending rates close to or above 7%, depending on the borrowing term.

It would also **increase the growing likelihood of recession in 2023,** although the majority of economic forecasters continue to predict a further decline in the anticipated growth rate next year.

If combined with ongoing falls in house prices, this would tend to **push a significant number of households into stressed circumstances,** based on the RBNZ's financial stability report last week.

That report found that **if home loan rates topped 7%, some 46% of 2021 home borrowers would find themselves spending at least half their disposable income servicing debt.**

That represents roughly 5% of all mortgage borrowing on trading banks' books.

The FSR also showed an **exponential increase in exposure to the potential for negative equity in the event that house prices fall substantially**. Some 18.3% of all borrowers could be in negative equity if prices fell 20% across the board. Wellington house prices are approaching that level of decrease. A 10% national fall in house prices would equate to 7.3% of borrowers being in negative equity, the FSR said.

The financial system as a whole, however, was still well-placed to absorb large falls in residential property prices.

NZ's banks would still have more than the required minimum capital level if house prices fell 47%, share prices dived 38%, unemployment climbed to 9.3% and the economy contracted by 5%. These were stress test conditions applied for the FSR, along with an OCR at 5.5%, two-year fixed-rate mortgages reaching 8.4%, and a one-in-25-year cyber risk event .

Meanwhile, unemployment held steady at 3.3% for the Sept quarter, unchanged from June. Annual wage inflation – as measured by the labour cost index – rose 3.7% on the year, with private sector wages up 3.9% and public sector wages up 3.1%.

Grocery supply costs rising strongly

Cost increases from grocery suppliers to the Foodstuffs co-operatives continued to accelerate last month. The Infometrics-Foodstuffs NZ Grocery Supplier Cost Index showed an annual 10% rise in Oct. Higher prices were charged by suppliers to the supermarkets for about 9,000 items in Oct, nearly five times more than in the same month in 2019, before the pandemic. 10% of all items re-costed in Oct were for increases of more than 20%.

The **ANZ World Commodity Price Index fell 3.4%** in Oct, as dairy and meat prices eased. In local currency terms, the index gained 0.3% as the NZD depreciated 2% against the Trade Weighted Index.

Trading partner growth

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

Trading partners		GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
	Weights %	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
China	36.2	1.8	8.1	3.2	4.8	5.0	2.5	0.9	2.2	2.3	2.2
Australia	15.4	-2.1	4.9	3.9	2.0	2.1	0.8	2.9	6.3	4.4	2.5
United States	12.6	-2.8	5.9	1.7	0.2	1.6	1.2	4.7	8.0	3.9	2.4
Japan	6.4	-4.6	1.7	1.5	1.5	1.2	0.0	-0.2	2.2	1.6	0.7
Eurozone	5.4	-6.2	5.2	3.0	0.0	1.3	0.3	2.6	8.3	5.8	2.2
South Korea	3.4	-0.7	4.1	2.6	1.6	2.3	0.5	2.5	5.2	3.2	1.8
United Kingdom	2.8	-11.0	7.5	4.1	-0.3	1.1	0.8	2.6	8.9	6.4	3.1
Singapore	2.1	-4.1	7.6	3.4	2.1	2.9	-0.2	2.3	6.0	3.9	2.0
Hong Kong	2.2	-6.5	6.3	-0.2	3.5	2.7	0.3	1.6	2.0	2.1	2.1
Taiwan	2.4	3.4	6.6	3.1	2.2	2.4	-0.2	2.0	3.0	1.9	1.6
Malaysia	1.8	-5.7	3.1	7.9	4.0	4.4	-1.1	2.5	3.4	3.0	2.3
Indonesia	2.3	-2.1	3.7	5.3	4.7	5.0	2.0	1.6	4.7	4.8	3.4
Thailand	1.8	-6.3	1.5	3.2	3.7	3.7	-0.8	1.2	6.2	2.7	1.6
Philippines	1.2	-9.3	5.7	6.6	5.3	5.8	2.3	3.9	5.4	4.2	3.2
Vietnam	1.6	2.9	2.6	7.5	6.1	6.4	3.2	1.8	3.3	3.8	3.0
India	0.9	-6.6	8.7	7.2	5.8	6.1	6.2	5.5	6.7	5.0	4.8
Canada	1.4	-5.2	4.5	3.2	0.6	2.1	0.7	3.4	6.8	3.5	2.3
NZ Trading Partners	100.0	-1.6	6.0	3.2	2.9	3.3	1.4	2.1	4.6	3.3	2.2
Forecasts for New Zealand											
Consensus		-2.1	5.6	2.3	1.6	1.4	1.7	3.9	6.7	3.9	2.7
BNZ Forecasts		-2.1	5.5	2.4	1.0	1.5	1.7	3.9	6.6	3.8	2.0
The World		-3.3	5.9	2.7	1.7	2.0	1.9	3.6	7.4	4.8	3.3

A post mortem on 'least regrets'

While much media attention this week has focused on the **RBNZ's self-assessment** of its performance of monetary policy between 2017 and 2022, there has been **less attention paid to two independent peer reviews.**

Both are also somewhat mild in their critiques, but there are interesting observations.

The review by former deputy governor of the RB of Canada, Lawrence Schembri, pinpoints the extent to which **widespread inflation undershooting may have contributed to the extent that many central banks may not have been focusing enough for the potential for overshooting once monetary and fiscal stimulus was in place.**

Undershoot vs overshoot

"With the benefit of hindsight, most advanced economy central banks, including the RBNZ, appeared to have been overly concerned with relatively small deviations of inflation below target before the pandemic.

"**This mindset coupled with a set of monitoring and projection tools derived from a period in which aggregate demand shocks dominated and supply shocks were typically temporary and benign**, led these central banks to underestimate the combined impact of highly expansionary fiscal and monetary policies and the pronounced and persistent supply disruptions and shortages stemming from the pandemic and Russian invasion."

In other words, the **RBNZ gets a pass mark on the basis that "everyone made the same mistakes"**.

The observation that **central banks were effectively looking in the rearview mirror** – focusing on the fact that they were previously under fire for undershooting inflation targets – is instructive.

Schembri notes that an inflation overshoot was always a risk in the "least regrets" approach taken to monetary policy stimulus to combat the economic impact of the pandemic. He notes the **RBNZ took "early action", compared with others, to respond to the evidence that inflation was starting to leap away**.

LSAP over-used?

Schembri also suggests that NZ's relative success at controlling the covid virus should have contributed to the RBNZ doing a better job of forecasting inflationary impacts of monetary and fiscal policy easing.

"It is, therefore, curious that forecast accuracy declined by as much as it did," he says, and recommends investigation.

Schembri also **questions whether the RBNZ looked hard enough at whether the use of the Large Scale Asset Programme was effective** as monetary stimulus, when it is most usually seen as a measure to lubricate markets that have stopped functioning efficiently.

He **questioned also the scale of increase in the LSAP as market functioning improved**, given that other central banks pulled back similar programmes once that had occurred.

"Doubling the stock of LSAPs after June 2020 provided much less monetary stimulus and their net benefit, once all the costs are considered, is much less clear", he concluded, doubting that the LSAP added 50-to-100 basis points of monetary easing, as the RBNZ claims.

A second independent reviewer, **ANU professor Warwick McKibben, also expressed "surprise" that so much of the LSAP lending occurred after the economy had stabilised** from the initial covid lockdown shock. Although government debt issuance over this period was strong, the use of the LSAP was "excessive".

However, Schembri found that the RBNZ "demonstrated agility" by bringing the LSAP to an end in the second quarter of 2021.

On the Funding for Lending Programme, Schembri describes the 10-to-20 bps impact on loan costs as "modest" and suggests "its effectiveness in expanding the volume of lending relative to what would have occurred without the program is … not evident".

FLP "probably excessive"

In particular, unlike FLPs in other countries, the RBNZ gave no direction on "the amount of lending banks were expected to make in return for access to this funding".

McKibben concluded that the **FLP was an additional monetary stimulus to the economy that, with hindsight, was probably excessive".**

Schembri also notes that the **reputational risks** of "making large interest payments on settlement balances to commercial banks and inflating house and other asset prices" are "not directly addressed" in the RBNZ's self-assessment.

While the increase in NZ house prices during the pandemic response was "dramatic", McKibben concludes overall that the RBNZ "responded better to the covid crisis and the ongoing shocks in the global economy than many other central banks".

Banking, finance and insurance

Profit announcements from **ANZ, Westpac** and **BNZ** caused a political stir, with ANZ reporting a full year net profit of more than $2b for the first time.

Westpac NZ's net profit jumped 12%, boosted by the sale of Westpac Life, fatter second-half profit margins and a further release of provisions for bad debts. The bank reported a $1.05b net profit for the year ended Sept up from $931m the previous year. Its first-half net profit was down 5%.

ANZ's NZ unit reported net profit for the year to Sept of $2.3b, from $1.9b a year earlier, with hedging gains contributing $235m. Net ingterst margin rose 24bps to 2.59%.

BNZ reported a 7% NPAT increase to $1.4b, and net interest margins of 2.15%, a 13bps increase on the year before.

Buy Now, Pay Later operator **Openpay** received a formal warning for not complying with the anti-money laundering/terrorism financing regime.

Woolworths NZ chose **AMP** as its preferred KiwiSaver provider – despite its funds having higher fees and lower returns than average. It won the tender by focusing on its ability to offer financial education to staff.

Primary Sector

Parliament' passed legislation to enable **Fonterra's** capital restructuring, unanimously approving some minor amendments to the bill. The legislation lets Fonterra reduce the shareholding requirements for farmers, and will increase Commerce Commission oversight of how the dairy exporter sets the price it pays to its farmer shareholders. Fonterra chair **Peter McBride** expressed disappointment that more of the co-op's requests were not met.

Four international companies are keen on **Fonterra's** assets in Chile, according to Chilean media. The firms are Canada's **Saputo**, France's **Lactalis,** Peru's **Grupo Gloria** and an unnamed Chinese company, according to Chile's Diario Financiero.

Beef + Lamb NZ said gross farm revenue is forecast to fall by $2,000 per farm from 21/22 to 22/23, with expenditure increasing by $17,400.

Prices fell 4.6% overall at the **Global Dairy Trade auction**. Whole milk powder fell 4.4% and skim milk powder dropped 6.9%.

Fonterra, Countdown, Goodman Fielder, Silver Fern Farms, Foodstuffs and Nestlé joined the Kai Commitment to measure food waste and set targets and actions to reduce it.

A2 Milk Co filed a claim against **Care A2 Plus** in the federal court in New South Wales for using the A2 brand. A2 can now sell some infant milk formula products in the US, after approval from the US FDA until Jan 6 2023. It is also able to supply Stage 3 toddler product, which does not require enforcement discretion.

Biosecurity NZ is ramping up a public awareness campaign about the brown marmorated stink bug after multiple discovered in passengers and cargo.

Expiring water-use consents and ageing infrastructure may see farmers shift away from dairy in mid-Canterbury in the early 2040s. About 40% of all dairy milking sheds in the district will reach the end of their economic life between 2040 and 2048, according to research led by Ashburton district council. Between 2030 and 2040, 78% of all water-use consents in the district would expire.

NZ requested a panel be set up to hear its **dispute against Canada over the administration of dairy tariff rate quotas.** It is the first any party has taken under the CPTPP.

Energy and resources

Scott Simpson, the National Party's climate change and environment spokesman, said the party would reverse Labour's offshore oil and gas exploration ban, if elected.

Manuka Resources is close to completing its takeover of NZ's would-be seabed miner Trans-Tasman Resources following NZ Petroleum and Minerals approving the transfer of TTR's mining permit.

Meridian Energy committed to building seven large new renewable energy projects within seven years and says it is quickly firming up those options.

Lodestone Energy signed a power purchase agreement for its yet-to-be-built solar farms with Pulse Energy as it continues to deal with delays to construction. It now hopes to be generating power in mid-2023.

The high cost of electricity ruled out the possibility of an export hydrogen facility in Northland, but work is continuing to look at a plant aimed at domestic use, according to a feasibility study from **Channel Infrastructure** and **Fortescue Future Industries.**

Bathurst Resources reported operating earnings of $41.4m for the first quarter of 2023, up $28.8m from the same period last year and said its on track to reach its full-year guidance of $120m to $130m earnings.

Crown investments

ACC reported one of its worst-ever investment returns, with a negative return of 9.2% for the June 2022 year. However, those losses were smaller than the minus 10.3% return of its benchmark.

Financial market volatility this year meant the value of the **NZ Super Fund** fell to $55.7b for the year ended June from $59b the previous year. However, it said it outperformed the benchmark portfolio it measures itself against by $4.5b.

Wholesale and retail

A new national collective agreement for 18,000 Countdown workers has been hailed by unions as the first step towards a fair pay agreement for all supermarkets. The two year deal would increase wages by about 12%, a starting living wage of $23.65 an hour, better leave and a commitment to work on security and staffing issues.

Countdown is expecting earnings before interest and taxes for the first half of 2023 to be between $100m and $130m – down from $200m in 2022's first half. Sales were down by 2.5% and inflation eroded margins.

Briscoe Group sales were $175.5m for the third quarter, up 26.8% on the comparable $138.5m sales figure last year, which was impacted by covid restrictions.

Transport

Air NZ is resuming non-stop flights to Bali in March 2023 with a three times weekly non-stop flight. It also resumed its non-stop service to Chicago, bringing the airline back to all 29 of its international pre-covid destinations. The airline's first new Airbus A321neo began service with three more expected to arrive next year and the final two in 2026.

It also hopes to fly its first sustainable commercial demonstrator flight in 2026 and begin replacing its Q300 domestic fleet with a more sustainable aircraft – likely green hydrogen or battery hybrid systems – from 2030. **Airbus** wants to use NZ as a testing ground for zero-emission air travel due to is reliance on short-haul domestic flights and renewable energy supplies.

Bluebridge Cook Strait Ferries is said to be adding a third, larger passenger/cargo vessel to its fleet.

Airwork Holdings is said to be finalising a sale of its helicopter division to Bancorp-owned Solus Aviation Group.

Mainfreight increased net profit for FY22 by two-thirds to $217m, a 54.5% increase.

Telecommunications, media and entertainment

Rupert Murdoch's News Corp is considering a re-entry into the NZ market and is seeking journalists for an NZ edition of **The Australian**. Acquisitions are also possible.

NBR's recently CEO, **Tim Martin**, announced his resignation.

Stuff announced significant retrenchment in its regional newsrooms and the loss of one of its marquee hires, former Washington Post China correspondent **Anna Fifield**, who is quitting as editor of The Dominion Post to take a Wellington-based regional role with WaPo.

NZME cut its earnings guidance on weaker advertising revenue projections through the second half of the financial year.

Sky TV moved its dividend range from 50-80% of its free cash flow (excluding one-off items) to 60-90%. As a result, dividend guidance for the 2023 financial year increased to between $18m and $24m.

Manufacturing and construction

Kāinga Ora reported a net deficit after tax of $344m in its financial report to June 30, 2022, against a budgeted deficit of $130m. Last year's deficit was $152m.

Mitre 10 made a $20.2m loss for the 12 months to June 2022 as it ramps up spending on IT and systems upgrades across the 84 stores and support centre. The performance comes on the back of a 17.6% improvement in revenue to $307.4m, but belies a super-heated construction sector and significant inflation in the price of materials for residential building products during the trading period.

Courts, legal and regulation

Fonterra Australia agreed to an A$25m (NZ$27.2m) settlement in a class action related to a price decrease in May 2016 avoiding a trial this month. The settlement, made without any admission of liability, is subject to court approval.

Eight freight forwarding companies were issued warnings by the **Commerce Commission** for likely participating in a cartel – **360 Logistics Group, Aqua Air Freight Services, C. H. Robinson Worldwide (NZ), Go Logistics, Kerry Logistics (Oceania), Mainstream Global, Ryders Customs and Forwarding, and Stellar International.**

Technology and IT

Callaghan Innovation and private business advice provider **We Are Indigo** both faced intense public scrutiny over the way concerns about WAI's business practices were investigated by Callaghan. WAI was dropped from an RFP for Callaghan contracts after investigations that WAI says it should have been able to respond to and which were conducted by a private investigator who it says had a conflict of interest. The Ombudsman and Auditor-General are now investigating. NRachel Kelly** resigned as a **Callaghan director** over the issue, referring to "serious conflict over my values and the decisions made by the board, namely regarding the things we learned during recent due diligence activities and subsequent OIAs".

Fund managers invested in **Pushpay Holdings** are unhappy with a takeover offer, which they believe undervalues the church software company. The board recommended shareholders accept a takeover offer of $1.34 per share, a 13% premium to its previous closing price.

Australian IT services firm **Seisma Group** completed its nearly $8.5m takeover bid of **Fronde Systems Group.**

Eroad narrowed revenue guidance after securing overseas contracts. It now expects its revenue for the current financial year to be between $154m and $164m, from $150m and $170m, with its earnings unchanged at a between a loss of $5m and break-even.

StretchSense, a maker of high-precision motion capture technology for the gaming and animation sectors, completed a $13.3m fund raise led by Par Equity, supported by existing investor GD1 and Scottish Enterprise, Scotland's national economic development agency.

Rocket Lab delivered the final solar panels to Maxar that will fly on NASA's Gateway lunar space station.

Service industries and healthcare

Xero announced the departure of its CEO of the last five years, **Steve Vamos,** in February, and his replacement by **Sukhinder Singh Cassidy**. The Xero share price dropped sharply on the news.

The **Aged Care Association** launched a national campaign highlighting staff shortages, depicting senior politicians as 80 year-olds.

Tourism

Tourism Minister **Stuart Nash** announcement a $54m programme would support innovation in the sector to improve resilience and sustainability.

Property

Goodman Property Trust's first-half profit for the six months ended September was significantly down on the year earlier at $41.1m, in the absence of valuation gains on its portfolio. Last year's net profit of $555m, included a near $505m gain in the value of its portfolio, estimated at $4.9b. Revenue $104.6m vs $94.1m with Property income $88.2 vs $78.5m.

Corporate actions

A four-day working week trial run by **Unilever NZ** is being expanded to Australia. The 80-strong NZ workforce spent 20% less time at work on full wages. The company had revenue growth, absenteeism dropped by 34%, and stress dropped by a third.

Ngāi Tahu Holdings' profit fell 36% for the 12 months to June at $105.2m from $164.7m last year, due to difficult trading in its tourism and forestry interests.

Capital markets

NZ fintech **9 Spokes International** plans to delist from the ASX to reduce costs.

Electric motorbike company **UBCO** closed its convertible note funding round early and will launch an equity raise, likely at a reduced valuation, as it struggled to secure investment.

Small business stock exchange **Catalist** announced four new listings, bringing total public offers to 11 with another listing expected before Christmas.

People

Zoono Group's chief executive **Barry Woolcott** resigned seven months into the job after a review of overhead structure. He will leave in Jan.

Tommy Parker will leave the **Auckland Transport** board following his appointment as chief executive of Auckland Light Rail.

Clifford Chance's **Sophie Schwass** will be the new CEO of Meredith Connell.

NZ King Salmon CEO **Grant Rosewarne** resigned effective immediately after 13 years in the role. GM of sales **Graeme Tregidga** will be acting CEO.

Synlait Milk's independent director, **Simon Robertson**, will replace **John Penno** as chair after the Dec 2 annual general meeting.

Skellerup chief executive **David Mair** is joining the board of Sanford as an independent director to replace outgoing director **Peter Keen**.

Alliance Group's chief executive **David Surveyor** will leave the meat company by April next year citing a wish to return home to Australia after eight years.