

### What's eating the electorate?

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Fresh polling shows a grumpy electorate that is failing to fall in love with the new government whilst still strongly disliking the opposition. Negative sentiment pervades almost all metrics. Prime Minister Christopher Luxon is failing to connect at a personal level with voters.

### RUC up leads to tax cut

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Inexperience was on display in Parliament this week with MPs on the Transport Committee accidentally adopting a Labour amendment and backbenchers fluffing their patsy questions. Meanwhile Christopher Luxon struggles to find a communications style that works for his coalition, inadvertently giving the impression his tax cut plans would be watered down.

### China gives (and gets) an Aukus warning

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Foreign Minister Winston Peters hosted his Chinese counterpart Wang Yi in Wellington for talks this week. NZ's unexpected pursuit of association with the Aukus deal was on the agenda, with each side offering warnings to the other.

### Time to unleash Kiwibank?

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The Commerce Commission's draft report into competition in the banking sector said Kiwibank would need more capital if it is to grow to the point it can become a meaningful disruptor in the sector. That creates a conundrum for the government.

### Going backwards

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Stats NZ confirmed NZ was in recession at the end of last year, with figures for Q4 2023 showing the economy shrank by 0.1%. High migration meant the economy shrank by 0.7% per capita.

### Briscoes defies tough times for retail

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The Briscoe group defied negative sentiment, growing sales in the year to January, while The Warehouse is posted a loss and put one of its online platforms up for sale.

### Air NZ shaves Chicago route as long-haul heats up

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Another Chinese airline announced plans to reinstate direct flights for the first time since the pandemic, bringing the total number of carriers operating non-stop flights to China to six. Meanwhile the American market is now bigger than it was in 2019, helped by a number of carriers flying the Auckland-US route. Increased competition and engine parts problems saw Air NZ suspend its Auckland-Chicago direct service.

## Electorate grumpy

A new poll confirmed a trend across a number of recent polls: voters are grumpy. They do not like the government, or the prime minister, but they don't like the opposition either.

A Talbot Mills poll result put National's support unchanged on 38%, Labour down one point to 28%, Greens up 2 points to 14%, Act: 8% (+1) and NZ First 6% (-1). Christopher Luxon was on 24% (down 3 points) as preferred PM just above Hipkins on 23%.

Asked if the country is headed in the right or wrong direction, 48% said it was on the wrong track, up 7 points since Feb. Those who said NZ was on the "right track" was down three points to 40%.

To be fair, the long-running sentiment tracker had only gone net positive for one month – February – after being net negative since 2022.

More than two-thirds of those polled named the cost of living as one of their three biggest concerns. The next three worries: health, crime and housing were all nominated roughly equally.

We should be seeing a bit of a honeymoon period for the government in the polls, but we are not. The grumpiness is reflected in the lack of affection for the opposition. Voters don't like the government all that much, but they still like the opposition a lot less.

The monthly IPSOS monitor told a very similar story, noting "a number of issues with significant increases in concern, including transport/public transport (especially significant for those living in Auckland), issues facing Māori (particularly amongst Māori respondents), unemployment and defence/foreign affairs/terrorism".

It is still very early in the political term. The government is deliberately undertaking unpopular reforms and would expect to weather public dissatisfaction because of that.

As long as it is putting infrastructure runs on the board, governing into a recovery in 2026 and the left remains demoralised, such poor polling figures at this stage should not matter.

However, against that, the government has scored numerous own-goals. Luxon himself is perceived in focus groups as "greedy" and the \$2.9b cost of restoring landlord tax deductibility feeds into that narrative.

It is very unusual, so early in the term of a new

government, for questions about whether the PM will last the term to be emerging.

## Luxon cleans up after himself

Prime Minister Christopher Luxon was failed by his communications style this week, cementing a trend that has seen his ability to control the message come and go like the tide.

He tied himself in knots by refusing to clearly commit to deliver National's key campaign pledge of \$14.6b worth of tax cuts and tax credits.

Luxon's equivocal language gave the impression he might sneak in new taxes to the budget to compensate for the weak economic and fiscal outlook.

The confusion emerged after Winston Peters used his State of the Nation speech to make a messy conflation of Nicola Willis' warnings of an economic slowdown leading to lower tax revenue, with a newspaper column arguing coalition concessions and Treasury and IRD's costings of the government's policies had caused a \$5.9b fiscal hole. Peters' eventual endorsement of the latter figure was interpreted as an endorsement of the critique that his own government's promises did not add up.

Luxon also equivocated when answering questions about trimming back on promises or introducing new taxes. This equivocation was deferential to the budget and Cabinet processes rather than a shift in message.

Cool heads prevailed and on Tuesday morning Luxon was able to clarify the government's intentions on his morning broadcast media round. The coalition learned a valuable lesson: the three parties benefit when Luxon has greater latitude to speak on behalf of the coalition, regardless of the stage of the Cabinet process decision may be.

Meanwhile, Peters's performative outrage at the media over the use of a drinking anthem by the UK band Chumbawumba ensured him headlines with his base while leaving the impression that Luxon has very limited capacity to rein in his behaviour as leader of NZ First rather than Deputy PM.

## Accidental RUC up becomes law

EVs and plug-in hybrids will pay Road User Charges as of April 1, after paying nothing under a policy begun under the last National government as an incentive to drive uptake.

Fully-electric EVs will pay \$76 per 1000 kms, while plug-in hybrids will now pay \$38 per 1000 kms. The government had initially wanted plug-ins to pay \$53 per 1000 kms. Submitters told Parliament's Transport

### CEO Retreat 2024

The next Hugo Group CEO Retreat is scheduled to run from **dinner on Thursday August 29 to lunch on Saturday August 31 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.**

and Infrastructure committee that this rate was too high.

Labour MPs on the select committee put up an amendment to reduce the rate to \$38 and poor Whipping on National's part meant the amendment got through and was included in the bill as returned to Parliament. Transport Minister Simeon Brown could have overridden the change but decided to keep it, noting the sector was unhappy with the previous rate and it would only cost the National Land Transport Fund about \$5m a year.

Despite the happy ending, the episode brought to light the dangers lying on National's very new and inexperienced back bench. All government members on that particular committee are first-term MPs. The government could find itself getting into more embarrassing situations, particularly as it makes extensive use of urgency and extended sitting, which can exhaust MPs on both sides of the chamber.

Also learning the hard way as Associate Environment Minister Andrew Hoggard, who had to walk back a press release saying councils should "not bother" complying with the significant natural areas provisions in the National Policy Statement for Indigenous Biodiversity, which remains in force until replaced or repealed.

## China gives Aukus warning

Foreign Minister Winston Peters and his Chinese counterpart Wang Yi used a visit to Wellington to exchange forthright views on the Aukus submarine pact and NZ's potential involvement with the non-nuclear Pillar 2 of the deal.

China's views the deal as designed to hem-in its influence, and a destabilising influence in the Pacific. Peters said Wang viewed the security concerns Aukus responds to as imaginary. Peters countered by saying he believed the concerns not to be imaginary at all – that is, they were real.

Those remarks from Peters are some of the clearest he has made to date about the government's rationale for aligning itself with Aukus pillar ii, which focuses on the sharing of advanced technology. The civilised spat underlines just how far perceptions on China have changed in the last decade. Peters talking tough is nothing new, but it would be unthinkable for ministers in the last National government to align themselves with his hawkish position. Labour thinks linking up with the pact risks inflaming relations with China without offering anything NZ doesn't already get from the likes of Five Eyes.

Wang's visit was itself significant. He's spent more than a decade at the top of the CCP establishment, and has recently returned to the Foreign Minister

job after a brief move sideways (Qin Gang, his replacement for a mere six months, was purged last year). He's visited twice before, in 2017 and 2014.

It appears there was no repeat of the "epic haranguing" Qin delivered to Nanaia Mahuta last year. Peters described the meeting as convivial. Wang also squeezed in a visit with Trade Minister Todd McClay and Prime Minister Christopher Luxon.

A statement from the Chinese ambassador was notable for focusing more on the meeting with Luxon than with Peters. Meeting the Prime Minister is an honour not usually given to visiting foreign ministers. The last foreign minister to be afforded a visit to the 9th floor was US Secretary of State Antony Blinken.

Peters said Wang gave no indication China would weaponise trade, despite NZ aligning more closely with the Aukus partners. There remains a threat that China would deploy some form of the official and unofficial wine, barley, and lobster sanctions visited on Australia if NZ foreign policy took a direction Beijing did not like.

Peters accidentally spilled the beans on Luxon being invited to China in May, although it appears there is no time in Luxon's Budget-jammed schedule to make this work and another time might be sought. Peters and McClay have also been invited to China later in the year. Both will be going.

The visit followed Peters' visit to India, with Luxon also planning to lead a trade delegation to India later this year.

## Labour market reforms coming

Employment Relations Minister Brooke van Velden outlined two planks of reforms she hopes to achieve this term. The first is a light look at the Holidays' Act, which has for more than a decade plagued employers and workers alike thanks to Byzantine rules for calculating leave entitlements not always matching up with payroll systems.

Van Velden said these problems are costing the private and public sectors, with Holidays Act payments for health workers alone costing the government \$2.3b. She promised to take soundings on potential reforms. Labour had tried to fix the Act in 2018, but got nowhere. The Act needed to be reformed for those who did not work a conventional 40-hour week, and tailored to the new gig economy.

She also promised to look at reforming the 10 year-

### Kainga Ora in spotlight

Former PM Bill English's review into the financial position of Kainga Ora is due at the end of the month. Housing Minister Chris Bishop has hinted he will not hold onto it for long before making decisions. Expect it to be published before Budget Day on May 30.

## POLITICS AND POLICY

old Health and Safety at Work Act. Proposals will go out for consultation in coming weeks. Expect a battle, particularly from unions. The Act was a response to the Pike River disaster Royal Commission's findings, making any potential watering-down of the rules highly emotive and politically challenging.

Act believes there should be more focus on catastrophic risk and less on minor risk mitigation – ie, the “orange cone mentality”.

Van Velden has also asked officials for advice on potential changes to the Employment Relations Act that would clarify the status of employees and contractors. This is currently before the Court of Appeal, where Uber is appealing the decision of the Employment Court to classify their drivers as employees rather than contractors.

Should the Court again find the drivers are employees, it would be highly likely for the government to legislate over the top of it, clarifying drivers' status as contractors.

The last government also pondered a legislative solution, clarifying gig contractors as employees, but this was thrown on the policy bonfire.

### Chris Hipkins draws a line under his government

The Labour Party leader Chris Hipkins will deliver a major speech this weekend, setting out the party's values and connecting them to the challenges of the present.

He's planning a second speech, which will have more detail on how Labour might respond to contemporary challenges. So far, these values tend to be around the dignity of work, and reprises a lot of the “future of work” stuff from Labour's last time in Opposition, which resulted in the failed social unemployment insurance scheme.

As part of the effort to draw a line under the previous government (never easy when you were Prime

Minister), Hipkins has begun criticising some of the former government's record in stern language, having a crack at Auckland Light Rail, KiwiBuild, and the failure to crack down on unruly state house tenants.

### Regulation Ministry eyes ECE

Minister of Regulation David Seymour has made no secret of the fact he wants the early childhood education sector to be the first to come under the microscope of his new ministry.

Headed by ex-Oranga Tamariki chief executive Grainne Moss, the Ministry will eventually be able to do rapid reviews of a given sector's regulations to see whether they are fit for purpose.

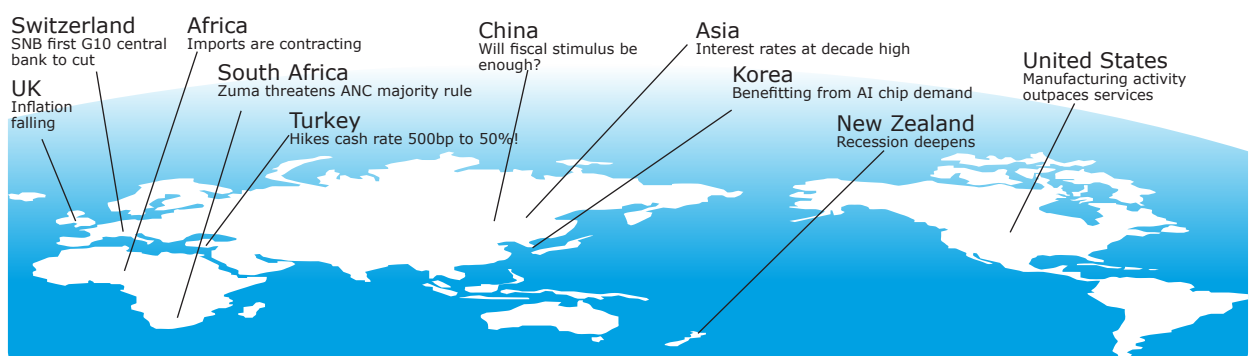
The status of the new ministry is perhaps under-appreciated. It will be one of the four “core” agencies, alongside, Treasury, DPMC, and the Public Service State Commission. Eventually, it will have the ability to look at one sector per quarter, moving at a far greater clip than the Commerce Commission's yearlong market studies.

ECE, a pet issue of Seymour's, and a sector in which the government spends vast amounts of subsidy for little gain, will go first. The fact Seymour also holds an associate education portfolio helps.

The big prize is a wholesale review of agricultural regulations, something Act campaigned on and which National granted during coalition talks. The outcome of that review will be a challenge. National is torn between its agricultural base and the broad, liberal-leaning urban centres, which have very different rules on the role of agricultural regulation. Meanwhile Act and NZ First are ruthlessly exploiting softness in National's support among rural voters.

Seymour will also introduce a Regulatory Standards Bill later this year, which he says will set a higher standard for new regulation. The bill require new regulation to be consistent with regulatory values including the rule of law, protection of individual

### The world at a glance



liberties, protection of property rights, the imposition of taxes, and good lawmaking process.

## Govt holding Kiwibank back

The Commerce Commission delivered its draft market study on the banking sector this week.

The report described the sector as a “stable two-tier oligopoly” split between the big four Aussie-owned banks and the smaller players, with Kiwibank sitting awkwardly in the middle.

The Commission warned the government to ensure the long-awaited deposit protection scheme improved competition, and did not dampen it. They also urged ministers to get open banking, which facilitates greater competition by enabling easier switching between banks, up and running by 2026.

The most contentious recommendation will be that Kiwibank be given more capital to allow it to grow. That capital is unlikely to come from the fiscally constrained government. It could come via a float, but National was very clear in the campaign that privatisations, including something like John Key’s mixed-ownership model, were off the table.

Ministers are keeping their powder dry until the final report lands on Aug 20, but the government is under pressure to make good on recommendations, given they chastised Labour for moving too slowly on banking competition.

## EU-FTA ratified quickly

The government responded to calls from

## Trading partner growth

(2021-22 actual; 2023-2025 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
China	36.2	8.1	3.0	5.2	4.7	4.4	0.9	2.0	0.2	0.8	1.6
Australia	15.4	5.2	3.8	2.1	1.4	2.3	2.9	6.6	5.6	3.3	2.7
United States	12.6	5.8	1.9	2.5	2.2	1.6	4.7	8.0	4.1	2.8	2.2
Japan	6.4	2.2	0.9	1.9	0.6	1.1	-0.2	2.5	3.3	2.3	1.6
Eurozone	5.4	5.6	3.4	0.4	0.5	1.3	2.6	8.4	5.4	2.3	2.0
South Korea	3.4	4.3	2.6	1.4	2.1	2.2	2.5	5.1	3.6	2.4	2.0
United Kingdom	2.8	7.6	4.3	0.1	0.2	1.1	2.6	9.1	7.3	2.5	2.2
Singapore	2.1	8.9	3.6	1.1	2.3	2.6	2.3	6.1	4.8	2.9	1.9
Hong Kong	2.2	6.4	-3.5	3.2	2.8	2.8	1.6	1.9	2.1	2.2	2.1
Taiwan	2.4	6.5	2.6	1.3	3.3	2.7	2.0	3.0	2.5	1.9	1.6
Malaysia	1.8	3.3	8.7	3.7	4.2	4.6	2.5	3.4	2.5	2.4	2.6
Indonesia	2.3	3.7	5.3	5.0	4.9	5.1	1.6	4.2	3.7	2.9	2.9
Thailand	1.8	1.5	2.6	1.9	2.9	3.3	1.2	6.1	1.2	1.0	1.7
Philippines	1.2	5.7	7.6	5.6	5.7	5.8	3.9	5.9	6.0	3.6	3.4
Vietnam	1.6	2.6	8.0	5.1	6.0	6.3	1.8	3.2	3.3	3.6	3.3
India	0.9	9.1	7.2	7.4	6.6	6.5	5.5	6.7	5.4	4.7	4.6
Canada	1.4	5.0	3.8	1.1	0.7	1.8	3.4	6.8	3.9	2.5	2.1
<b>NZ Trading Partners</b>	<b>100.0</b>	<b>6.2</b>	<b>3.1</b>	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>2.1</b>	<b>4.6</b>	<b>2.9</b>	<b>2.0</b>	<b>2.0</b>
<b>Forecasts for New Zealand</b>											
Consensus		5.5	2.4	0.7	1.1	2.3	3.9	7.2	5.7	3.2	2.1
BNZ Forecasts		5.6	2.4	0.6	-0.1	2.7	3.9	7.2	5.7	3.4	2.4
<b>The World</b>		<b>5.9</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>	<b>3.6</b>	<b>7.4</b>	<b>5.6</b>	<b>4.3</b>	<b>2.9</b>

horticultural exporters to accelerate the passage of NZ/EU FTA legislation so they can get their season of exports in. Trade Minister Todd McClay said the change would see \$100m a year in tariffs disappear from day one.

## In brief

The government agreed to scrap the \$1.75 per \$1,000 building levy for all projects under \$65,000 from July 1.

A select committee questioned the Defence Force’s capability, saying its performance measures and readiness claims are unreliable as it struggles with numerous issues, which means new ongoing operations could not be sustained.

The government will enact legislation to overhaul NZ’s gene-editing legislation by the end of 2025, science minister Judith Collins said.

The sharp edge of spending restraint was felt in Wellington with proposals to cut hundreds of jobs at MPI, MBIE, and the Ministry of Health all announced on Thursday. Of particular concern are cuts at MPI that appear likely to affect bio-security monitoring and cross-border trade certification.

Bill English’s report on the future of Kainga Ora will be in ministers’ hands by the end of the month. Despite being so swift, it does not appear that the government has a preconceived idea about the outcome.

Housing Minister Chris Bishop will formally decide whether to accept Wellington City Council’s urban intensification plans next month. 🏠

## Recession confirmed

Stats NZ confirmed NZ was officially in a recession at the end of 2023. GDP fell 0.1% in Q4 to be down 0.4% on a year earlier. GDP per capita fell 0.7% in the last three months of the year.

It was down 3.1% compared to a year earlier. The news adds fuel to the view the RBNZ will cut rates before the year is out, bringing forward cuts pencilled in for early 2025. The data only came in just below the RBNZ's projection for a flat quarter of 0% growth.

The IMF forecast NZ's inflation to fall below 3% in the third quarter and a gradual easing of monetary policy toward the end of 2024. This should support growth to recover to over 2% year-on-year in 2025 after slowing to 1.1% in 2024, as the lagged impact of monetary policy tightening suppresses domestic demand.

The IMF's annual monitoring mission to NZ wrapped up this week. Its regular call for a capital gains tax in the interest of productivity were swiftly dismissed by the government.

It also recommended a tight fiscal stance in Budget 2024, and urgently progressing zoning reform and infrastructure investment to alleviate housing shortages. The IMF said achieving a budget surplus in the next four years should be a priority.

**Credit and debit card spending** was down 1.9% to \$176m in Feb from Jan. Core retail spending – which strips out expenditure on petrol, cars and auto parts – on electronic cards fell a seasonally adjusted 1.4% in Feb, turning around modest gains in Jan.

A **Canstar survey of 18,000 said half of homeowners had cut back on non-essential spending** such as eating out, entertainment and fashion. More than a third of homeowners had recently refixed their mortgages, which had resulted in between a 30 and 50% increase in repayments. Another 9% said their repayments went up by more than 50%.

Westpac said NZ will require 25,000 homes per year over the next half-decade to keep up with the demand due to population growth and on the assumption net migration slows from its current highs.

The **REINZ house price index** rose 1.1% in Feb on Jan and was up 3.2% on the year earlier. REINZ said the combination of high listing numbers, elevated stock and shifts in the median sale price were driving increased activity.

NZ's **net migration** was 133,800 for the year to Jan, up from an annual gain of 126,000 in the Dec 2023 year and just short of the record 134,400 for the

Oct 2023 year. But the 257,200 migrant arrivals and 123,300 migrant departures in the Jan 2024 year are, provisionally, the highest on record for an annual period, Stats NZ said. The long-term average for Jan years (pre-covid, 2002–2019) was 118,700 migrant arrivals and 91,700 migrant departures.

The **BNZ-Business NZ Performance of Services Index** for Feb was 53 – a reading above 50 indicates that the service sector is generally expanding. This compared to 52.2 in Jan and is just below the long-term average of 53.4. Activity/sales was 53.1, and new orders/business was 56.

**Federated Farmers' Farm Confidence Survey** for Jan said a net 55% of respondents consider the current economic conditions to be bad, a 25 point improvement from July last year. A net 0.9% expect conditions to improve over the next 12 months, a 71 point improvement from July.

The Westpac McDermott Miller consumer confidence index rose 4.3 points to 93.2 last month, its highest point in more than two years. However, still down on the average of 108.2.


NZ's annual **current account deficit** improved largely due to the continued return of overseas tourists. The deficit was \$27.8b (6.9% of gross domestic product) in the year ended Dec 31 2023, down from \$29.8b, or 7.4% of GDP in the year to Sept 2023. The deficit was \$5.6b narrower than the \$33.4b deficit in the year ended Dec 31 2022 (8.8% of GDP).

**Fruit and vege prices** fell 9.3% in the year to Feb months driven down by tomatoes, broccoli, and lettuce, Stats NZ said. Overall food price inflation was 2.1% – the lowest it has been since the year to May 2021. Meat, poultry, and fish prices – increased 0.2%. The cost of restaurant meals and ready-to-eat-food increased by 6.7%. Supermarket grocery food prices increased 3.9%.

The **first carbon auction** of the year partially cleared. Of the 3,525,000 NZUs on offer, 2,974,300 were sold at \$64, raising \$190,355,200. Following the auction the secondary market price fell from \$65 to \$55 indicating both emitters and investors are wary of policy uncertainties.

Prior to the auction the Climate Change Commission offered formal advice that the government adjust ETS settings to cut the future supply of auctioned NZUs to reduce a stockpile.

The government is considering that advice, with a decision not due until Sept.

Treasury warned that if an average 2018/19 NZU price of \$24.73 had been \$134.90 it would have added \$783 a year to an average household's costs, something that will weigh on ministers' shoulders. 

## Primary Sector

**Fonterra** reported a half-year net profit of \$674m, up 23%, with ebit increasing 14% to \$986m. It increased the interim dividend to 15 cents, up from 10c, while narrowing its forecast payout to between \$7.50 and \$8.10/kgMS, with its midpoint steady at \$7.80/kgMS.

At the latest fortnightly auction, **the Global Dairy Trade index** dropped 2.8% to an average price of US\$3,497 (NZ\$5,780) per metric tonne. It followed a 2.3% decline at the auction on March 5. Whole milk powder, which has the biggest influence on **Fonterra's** milk price and makes up roughly half of the auction by volume, dropped 4.2% to US\$3,143/MT.

**The NZ Merino Company** reported a net profit of \$1.8m for the first half of the year and forecast a net loss after tax of between \$400,000 and \$900,000 for the 12 months to June 30. It revised its full-year Ebit to be in the range of \$1m to \$1.6m, down from between \$4.5m and \$5.1m.

**Beef and Lamb NZ** has failed to get the support from its levy-payers to give its directors a pay rise in vote with very low turnout.

## Energy and resources

Papers were released showing ministers were advised to intervene in the gas market to ensure **Methanex** remained a participant to promote investment or consider building infrastructure to import LNG.

The government is commissioning a study to look at the possibility of restarting oil refining at Marsden Point along with other fuel security issues. **Channel Infrastructure** said the refinery had been fully decommissioned.

## Banking, finance and insurance

NZ was one of five countries that experienced the costliest ever year for weather events in 2023, insurance and risk consulting firm Aon said. The Auckland floods, followed by Cyclone Gabrielle, had together caused nearly \$12b in economic losses and \$4.25b in insured loss. Italy, Greece, Slovenia and Croatia also recorded their most expensive weather-related events on record last year, after adjusting for inflation.

**KPMG's Financial Institutions Performance Survey** said net interest margins for the sector at Dec last year stood at an average of 2.34%, an improvement on the 2.1% average recorded in 2022 across all 20 registered banks.

## Telecommunications, media & entertainment

**Spark** signalled it was looking at job cuts as it

told staff of measures to improve efficiency. That included its own operating model redesign, AI and automation, ongoing simplification, and digitising customer "journeys".

**NZME** purchased the **Gisborne Herald**.

**MediaWorks** reported a major privacy breach involving theft for sale of radio competition entrants' personal details over several years.

## Wholesale and retail

**Briscoe** total sales for the group were \$792m in the year to Jan 28, up 0.8% to an all-time high on the prior period, but a negative economic environment put pressure on gross margins which fell to 42.4% from 44.02% last year and continued to drop from an all-time high of 45.76% in 2021.

**The Warehouse Group** reported a loss of nearly \$24m in the six months ended Jan including writing off losses in its failed Torpedo7 chain, which it sold for \$1 last month. Across the group sales were down 5%. It also plans to sell or close down its underperforming online platform TheMarket.com.

The company would now be focusing on **The Warehouse, Warehouse Stationery** and **Noel Leeming** with those firms' net profit \$30m for the first half of the year.

**KMD Brands** reported a 66.8% decrease in underlying EBITDA for the six months ended Jan 2024 with a 14.5% decline in group sales to \$468.6m.

## Transport

**Air NZ** said it is pausing its direct Auckland to Chicago service over the American summer amid ongoing issues with engine availability.

**Auckland Airport** announced a record-breaking number of US travellers over the summer.

The airport estimated that 500,000 passengers travelled between mainland North America and Auckland from Nov 2023 to Feb 2024. That's thanks to strong competition among airline.

**Sichuan Airlines** will return to NZ next month. The Chinese carrier suspended flights in 2020, during the pandemic. It will operate 337-seat A350-900 aircraft on a weekly service to Chengdu, capital of the Sichuan province in China's southwest.

It will mean there are six airlines operating non-stop to China.

## Manufacturing and construction

**Builtsmart**, which specialised in offsite building manufacturing for government and iwi clients, opened a third factory in Feilding.

**CORPORATE ROUND-UP****Courts, legal and regulation**

The Commerce Commission is prosecuting **Go Car Finance** for allegedly failing to sufficiently assess whether borrowers could make payments without suffering substantial hardship.

A decision on the merger of the **North and South Island Foodstuffs co-operatives** has been pushed back to May 31, with the Commerce Commission saying it will now release an issues paper.

**Technology and IT**

Directors in Wellington-headquartered health-tech firm **Volpara** are recommending shareholders accept a 100% takeover bid from Seoul-based Lunit after a favourable independent valuation. ASX-listed Volpara was judged to be worth between A67c (72c) and A82c per share, compared with the takeover from pitched at A\$1.15.

Palmerston North startup company **ANDFOODS** raised \$2.7m in seed finance for its alternative milk products.

**Rocklabs**, a subsidiary of **Scott Technology**, opened a new facility in Auckland as the company anticipates growth in the mining sector.

**IkeGPS** secured a five-year agreement with the second largest electric utility group in North America, which is expected to generate approximately NZ\$2m in subscription revenue.

**Callaghan Innovation** is proposing to cut staff and focus on science projects that make money due to budget constraints.

**Service industries and healthcare**

**Les Mills International** is cutting staff in mostly tech and digital management roles as it switches focus back to in-person workout programmes after the pandemic.

**Tourism**

Cabinet agreed to provide \$7m of financial support to **Ruapehu Alpine Lifts** and pledged to provide \$3.05m in equity and loan funding to enable the sale of Tūroa ski field assets to **Pure Tūroa**, a company owned by property developer Cam Robertson and businessman Greg Hickman. Regional development minister Shane Jones said it would be the last bail out with \$20m spent so far.

**Property**

**Arvida** entered into a conditional agreement to sell its Strathallan village located in Timaru for \$30m.

The legal team representing a group of disgruntled investors in **Du Val** property funds wants to have a liquidator appointed to the mortgage fund's limited partnership.

**Corporate actions**

ASX-listed chemicals business **DGL Group** is relocating its head office from Auckland to Sydney.

A majority of **Jarden Group** shareholders voted in favour of selling its wealth and asset management business to form a new entity with **NAB** called **FirstCape**.

**Capital markets**

**Ascension Capital** said its reverse takeover of Being AI group will go to shareholders vote on March 28 2024. They have been advised to accept the deal despite the heavy dilution of ownership proposed.

**People**

**Scott Technologies'** chief executive, **John Kippenberger**, will step down in May. **Aaron Vanwalleghe**, will serve as interim CEO until a replacement is found.

**Pacific Edge** directors, **Chris Gallaher** and **Mark Green**, announced their coming retirement from the company's board. Gallaher, who has been the chair since July 2016, will step down following the appointment of a successor and a handover at the end of the year.

**Greg Barnes** was appointed as the chair of **Z Energy** following the resignation of **Simon Allen**.

**NZ Windfarms** CEO, **Warren Koia**, resigned from his position with effect from June 15.

**Channel Infrastructure** announced the appointment of **Felicity Underhill** as a director.

**BNZ** chair **Douglas McKay** is retiring at the end of May with **Warwick Hunt MNZM** his replacement.

**EY NZ's** chair **Braden Dickson** left the role following an investigation into an historical behavioural matter. 🏢

