

Risks to Brand Jacinda

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The air was going out of Jacinda Ardern's personal favourability ratings even before the Labour Party's botched handling of sexual abuse allegations claimed the party president's head and caused inevitable damage to core elements of the PM's brand. UMR polling shows economic sentiment slipping and NZ First calling the shots on govt formation for the first time in more than a year.

Ihumatao - it's back

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It appears that the PM is willing to risk an 'impure' deal to settle the dispute at Ihumatao rather than allow the situation to deteriorate into a police eviction, media coverage of which would be devastating for the govt with core supporters. Just what form that deal takes, however, is unclear. The Kingitanga intervention has taken six weeks and achieved nothing but a predictable outcome: Maori claimants would like the land returned.

Signs of a land grab by financial regulators

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Proposals from the FMA after a "disappointing" response from the insurance industry to a conduct and culture review would see the regulator able to embed its own people within insurance businesses to monitor behaviour. This is a significant new step and a sign the FMA and RBNZ are willing to go for broke for new regulatory powers under a govt favourably disposed to a more muscular approach to the financial services sector.

Notable govt agency board appointments

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After a brief stint before being moved out of the chairmanship of the NZTA board, Michael Stiassny has now been appointed a director at the FMA. Meanwhile, Phil Twyford has completed the NZTA board cleanout, appointing cycling and public transport lobbyist Patrick Reynolds, among others, to the refreshed board.

Tough times for transport fuel sector

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Just as they were girding themselves for next week's conference on the findings of the Commerce Commission's transport fuels market study, the major petrol retailers also found themselves in the gun from the inquiry into the Sept 2017 aviation pipeline disruption. The inquiry recommends giving them until mid-2020 to come up with investment plans to improve Auckland airport fuel supply resilience or face legislated demands for action.

Internal turmoil for Labour will persist

We are aware of the identity of the Young Labour activist who has resigned and is at the heart of the sex abuse allegations and botched internal investigation that derailed Labour over the last fortnight. Suffice to say that this is very much a problem deep within the Labour 'family'. Its ongoing capacity to cause internal friction and distraction as election year approaches is significant.

POLITICS AND POLICY

Brand Jacinda eroding as govt fights multiple fires

Even before the Labour Party sexual abuse investigation debacle, the shine was coming off both the govt and the PM.

The UMR polling below predates the politically damaging coverage of an issue that will not go away until after the report of Maria Dew QC, which is at least a month off.

This is the polling that PR, political commentator and mischief-maker Matthew Hooton referred to last week, but which has not been reproduced in mainstream media.

Note that the sharp dip in Labour's fortunes does coincide with UMR conducting its research online rather than by telephone. The two methodologies may yield different results.

However, this is the polling that Labour watches most closely and, Jacinda Ardern is right to say that

38% is still higher than Labour was polling at election time in 2017 when her star power was a crucial factor in Labour forming the current govt rather than National under Bill English.

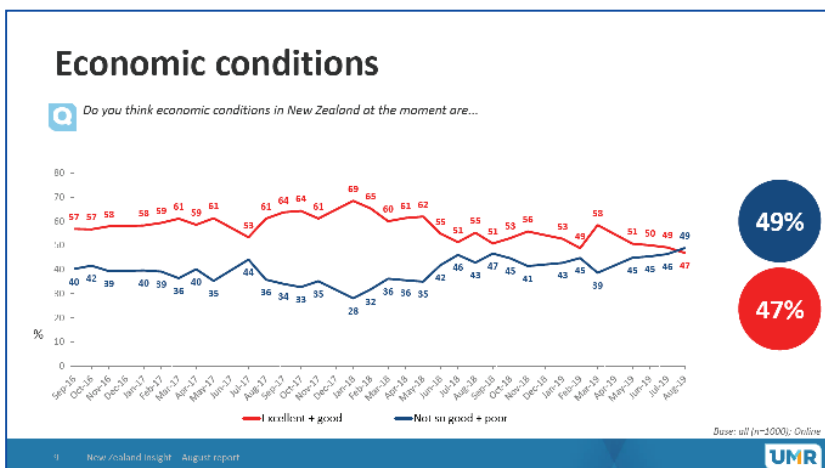
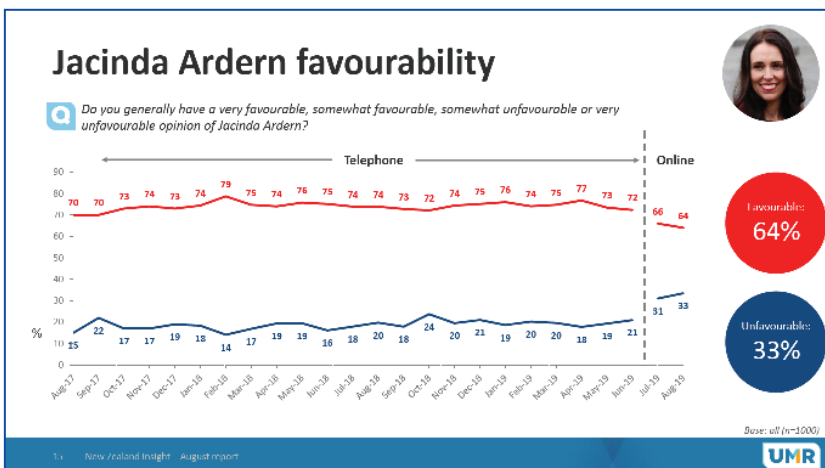
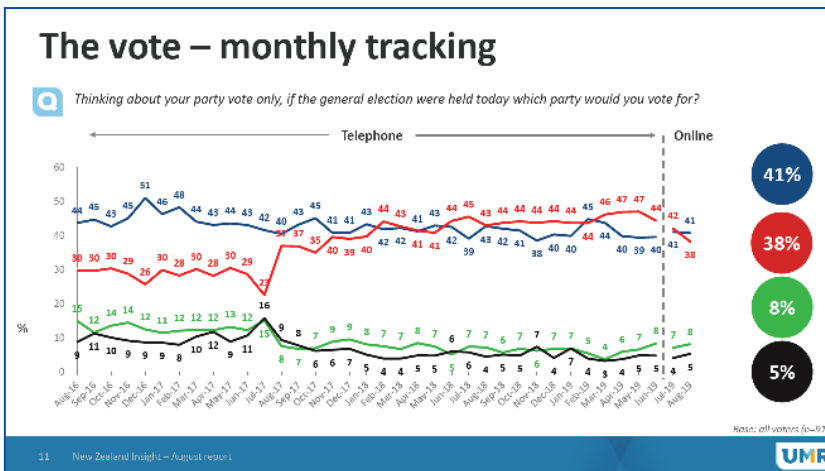
Whether or not the change to online rather than phone polling is also a factor in UMR's favourability declining for Ardern is one thing.

However, there is no denying that the same poll shows improvement for Simon Bridges, despite him remaining net 61% unfavourably viewed, at the high end of disapproval ratings recorded for him in the last 18 months. At 30% favourable, his standing is showing some recovery from a low-point of 24% in May.

The crossover from net positive to net negative views about current economic conditions is consistent with weak consumer and business sentiment, and is the first time pessimists have outnumbered optimists since late 2012 in this series.

At the time this polling was being undertaken, the govt was engaging in a coordinated torrent of announcements ranging from free school lunches to freshwater reform in an attempt to regain what was then clearly faltering momentum.

Labour's internal problems knocked that plan off track and created the worst possible launchpad for the PM to head to UN General Assembly, where she would have hoped to claim some moral high ground on the



Christchurch Call and climate change - on which she is a keynote speaker at three major events in New York. Her side trip to Japan is fraught too, since attending Rugby World Cup matches is a two-edged sword with the public.

She was anxious this week to stress that the opening All Blacks match was the only one she is scheduled to attend. Upon arrival, she made a diplomatic gaffe quite capable of causing offence to the protocol-obsessed Japanese by referring to NZ's close China relationship by mistake. Sometimes when the dice are loaded against you, it can be hard for anything to go right. Even mention of Ardern's possible eligibility for a Nobel Peace Prize comes at an unhelpful time.

PM being tempted to make more captain's calls

In response to recent govt floundering, **Ardern is being urged by some of her ad hoc advisers to lean on her own political capital more heavily.**

Let down by the party on the sex abuse allegations and leading a govt that is beset by sclerotic coalition decision-making processes, **the theory goes that only Ardern following her own leadership instincts will get cut through.**

This is a line understood to be being pushed hard by Thompson Lewis, the PR firm led by Clark era press secretaries David Lewis and GJ Thompson.

Exactly what sway they have in the Beehive is debatable. Whatever it is, it cannot be formal. Thompson has become a source of political risk because of time spent as the PM's temporary chief of staff after the 2017 election when incumbent Mike Munro took leave for surgery.

And now Ihumatao

Thompson Lewis is also advising Fletcher Building on the Ihumatao dispute, where the PM is now almost snookered into coming up with the kind of "innovative and modern" solution that the Kingitanga suggests is now required.

Whatever that looks like, **the PM appears determined that a potentially violent police eviction of the Ihumatao protesters will not happen on her watch.**

She may take the view that a solution testing the bounds of the Treaty settlement process will be a vote-winner with younger, urban liberal and Maori voters, especially if it can be structured as a credibly 'one-off' deal.

Delays to the 480-home project are not spooking analysts seeking proof that FBU is on the mend.

However, **there is no escaping the fact that Fletcher is in a worse position now than it was before agreeing to the PM's request in early August to postpone their start date indefinitely.**

Six weeks on, the two arms of the mana whenua claiming ancestral connection to the disputed land have ended their disagreement by saying they'd all like the land back.

In other words, Te Kawerau a Maki, **the iwi group that partnered with FBU for the Ihumatao development appears no longer to be party to that agreement.** It seems likely that kaumatua at TKAM have been persuaded to return to the fight they had given up on after decades of effort to get the land returned. The had welcomed the Fletchers deal instead.

Now things have changed.

As Shane Jones put it: **"The King has said it would be nice for everyone to have a pony and someone else go and solve the problem."**

Political positions are still swirling and support for the Ihumatao claimants is not universal.

Maori Development Minister **Nanaia Mahuta is unsupportive of a land return** for reasons relating to Tainui tribal politics. The **Labour Maori caucus favours a land swap** and is feeding that line to Auckland mayoral hopeful John Tamihere.

Current mayor **Phil Goff and Auckland Council are not keen** to be dragged into any land purchase or compensation scheme.

NZ First will not countenance a Crown purchase of the land as it believes - with due cause - that it will jeopardise the whole Treaty settlement process to date. However, **NZ First might support a land swap that compensated Fletcher while committing it to a house-building project elsewhere in Auckland on Crown land.**

The application to have some or all of the disputed land covered by a heritage designation appears to complicate the issue, but may yet also hold some element of a solution.

Ihumatao observers said the purchase this week of suffragist pioneer Kate Sheppard's family home in Christchurch as a heritage site proved the Crown does have avenues by which it can legitimately purchase private property.

However, **such an outcome may not meet mana whenua desire for the land to be 'returned'**, as it

Whineray steps up

Mercury NZ ceo Fraser Whineray will replace Christopher Luxon as the chair of the PM's Business Advisory Group after Luxon leaves Air NZ. The appointment will be short term. The group will go into abeyance from March 2020 for the general election.

Whineray could be expected to proselytise for the Scandinavian localism and labour market models examined in two study tours he led with other NZ CEOs with the NZ Initiative.

would presumably be in Crown ownership as part of the Ministry of Culture and Heritage's portfolio.

If the PM is to intervene for a practical solution, it will need to be soon.

Ardern to meet Trump; Morrison to woo him

PM Jacinda Ardern will meet with US President Donald Trump on the fringes of the UN General Assembly Meeting next week. However, her contact is not a patch on that being offered to Australian PM Scott Morrison.

Reflecting Australia's status as a vocal US security ally, Morrison is being accorded a White House state dinner and he will take Trump to an Australian-owned Pratt Industries cardboard manufacturing plant together in Ohio.

ACC to report record deficit

The Beehive is bracing for ACC's annual report, which is due to be tabled in Parliament next Wednesday and is expected to show a deficit on the Outstanding Claims liability as high as \$8b. The previous record - under different settings and circumstances - was \$4.77b in 2008/9.

FMA/RBNZ running hard to cement new regulatory powers

The govt's willingness to see financial regulators take a more muscular approach is emboldening the FMA and RBNZ in their pursuit of new powers to intervene and investigate.

The FMA's latest proposal is for statutory powers to place its own people as observers in insurance businesses to allow first-hand monitoring. The proposal came after the two regulators expressed "disappointment" at what they said was a mixed and sometimes inadequate response from the insurance sector to their conduct and culture review.

Meanwhile, The Commerce Commission is taking ANZ Bank-owned UDC Finance to court for allegedly charging unreasonable default fees. UDC says it is weighing its options and has been working with the regulator to explain its fees.

Freshwater and farm GHG emissions - Parker bends a bit

David Parker has added a fortnight to the six week consultation period for the govt's freshwater reforms, although that has barely placated farming lobby groups seeking more time to get to grips with them.

It is also **understood that on Monday, there will be a govt announcement favouring the farmer-backed He Waka Eke Noa/Our Future in Our Hands proposal** for the way agricultural greenhouse gases will enter the ETS.

Backed by more than a dozen ag lobby groups, the proposal would see farmers subject to a levy-rebate scheme from 2025 to pay for some of their emissions while not placing methane in the ETS.

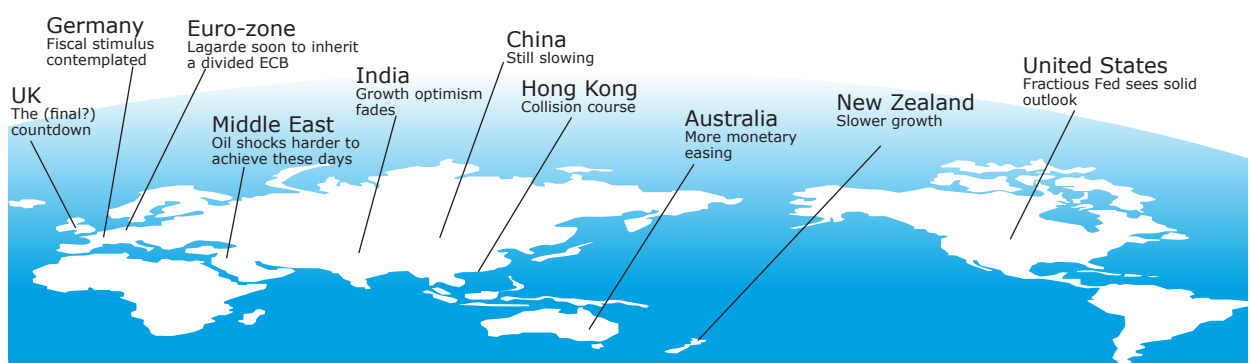
The govt proposal is to start levying agricultural processors as a proxy for emissions charges at the farmgate, from 2021.

The govt envisages recycling around \$47m p.a. from that levy into GHG reduction efforts, whereas the farmer-backed proposal suggests spending just \$25m a year.

Meanwhile, the time and effort required to achieve freshwater clean-up is underscored by a new report from the Office of the Auditor-General. After establishing benchmarks in 2011 with the Waikato, Taranaki and Horizons regional councils and Environment Southland, the AOG reports that the lack of data on freshwater at a national level remains a problem.

"The four councils all have robust monitoring programmes. However, they could further improve how they share information about freshwater quality, strengthen relationships with iwi and hapū, and commit to using a full range of tools for compliance,

The world at a glance



monitoring, and enforcement.

"In particular, councils could be more proactive in releasing information publicly to show whether their efforts are making a difference to freshwater quality," the AOG says.

New NZTA board

Phil Twyford has finished the cleanout of the old NZ Transport Agency board, appointing five new members to work with chair Brian Roche, who was appointed after Twyford's first appointment - Michael Stiassny - was quickly moved on.

Most notable is the appointment of **Patrick Reynolds**, a long-time public transport and cycling activist who has lobbied effectively against major urban roading projects. Reynolds has removed his normally lively Twitter account, where he would argue with "petrol sniffers" about transport priorities. **Northern Club president and Cityhop car-sharing founder Victoria Carter** is also appointed.

The other three appointments are **Catherine Taylor**, **Ken Rintoul**, and **Cassandra Crowley**. Interim board member and former MBIE ceo David Smol will leave the board when the new appointments take effect, on Sept 23. Two places remain vacant.

Stiassny to FMA board

Meanwhile, **Michael Stiassny has been appointed to the board of the Financial Markets Authority**. A highly experienced listed company director and chair, Stiassny's appointment has surprised at least some senior investment community participants.

Trading partner growth

(2017-2018 actual; 2019-2021 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
China	29.1	6.8	6.6	6.2	5.9	5.8	1.6	2.1	2.4	2.3	2.4
Australia	19.1	2.4	2.7	1.9	2.5	2.6	1.9	1.9	1.6	1.9	2.4
United States	11.5	2.2	2.9	2.3	1.8	1.8	2.1	2.4	1.8	2.1	2.3
Japan	7.3	1.9	0.8	1.0	0.2	0.7	0.5	1.0	0.6	0.8	0.8
Eurozone	6.5	2.5	1.9	1.1	1.1	1.2	1.5	1.8	1.3	1.3	1.6
South Korea	3.6	3.1	2.7	1.9	2.2	2.5	1.9	1.5	0.6	1.4	2.0
United Kingdom	3.2	1.8	1.4	1.2	1.1	1.6	2.7	2.4	2.0	2.1	2.1
Singapore	2.7	3.9	3.1	0.7	1.5	2.5	0.6	0.4	0.7	1.1	1.6
Hong Kong	2.4	3.8	3.0	0.3	1.3	2.4	1.5	2.4	2.6	2.2	2.3
Taiwan	2.5	3.1	2.6	2.1	1.8	2.1	0.6	1.4	0.8	1.1	1.4
Malaysia	2.1	5.9	4.7	4.5	4.2	4.7	3.8	1.0	0.8	2.0	2.5
Indonesia	2.1	5.1	5.2	5.0	5.1	5.1	3.8	3.2	3.2	3.5	3.6
Thailand	1.9	4.0	4.1	2.9	3.1	3.4	0.7	1.1	0.9	1.1	1.4
Philippines	1.6	6.7	6.2	5.8	6.0	5.8	2.9	5.2	2.8	3.0	3.6
Vietnam	1.5	6.8	7.1	6.6	6.4	6.2	3.5	3.5	2.9	3.7	3.8
India	1.5	7.2	6.8	6.1	6.8	7.4	3.6	3.4	3.6	4.2	4.6
Canada	1.5	3.0	1.9	1.5	1.7	1.7	1.6	2.3	2.0	2.0	2.0
NZ Trading Partners	100.0	4.1	3.9	3.3	3.3	3.4	1.8	2.0	1.8	2.0	2.2
Forecasts for New Zealand											
Consensus		3.1	2.9	2.3	2.4	2.4	1.9	1.6	1.6	1.8	2.0
BNZ Forecasts		3.1	2.9	2.4	2.6	2.5	1.9	1.6	1.5	1.9	1.7
The World		3.2	3.2	2.6	2.5	2.6	2.5	2.9	2.6	2.6	2.9

His 'take-no-prisoners' personal style has appeared increasingly out of step with modern corporate practice.

Commerce Minister Kris Faafoi says he got to know Stiassny when he chaired the Ministerial Advisory Group into public media, which did "some excellent work". He "brings a high degree of business acumen" and "experience in governance" to the FMA, said Faafoi. **Winston Peters** is understood to have pushed for the appointment.

Christchurch Call

Jacinda Ardern welcomed **Facebook's** initiative to use its technology and change policies to counter the harm caused online after the March 15 mosque attacks. The Facebook announcement somewhat undercut Simon Bridges's claim that the Christchurch Call initiative had failed to achieve anything. **Twitter CEO Jack Dorsey** met with PM Jacinda Ardern in Wellington to discuss how to tackle online terrorism and violent extremism ahead of her travelling to the UN General Assembly.

Temporary work and RSE visas

The govt has announced changes to the temporary work visa system. The ability of lower-paid workers to bring their families is reinstated, six current employer-assisted work visa categories are replaced by a new, single Temporary Work Visa. A new, employer-led visa framework seeks to make applications easier. Sectors gaining access to foreign workers will agree progress on hiring more NZers to reduce reliance on temporary foreign workers. 🇳🇿

DOMESTIC ECONOMY

June 1/4 growth not too shabby

June quarter GDP report showed a seasonally adjusted 0.5% expansion, compared to market expectations of a 0.4% gain, and a resilient rather than slowing tone, albeit that annual growth has slowed to 2.1% in the June year from 2.5% in the March year.

Construction and manufacturing dragged on output, but no more than anticipated, while services growth proved a little more robust than forecast and agricultural output expanded when it had been expected to slip.

Expenditure on GDP showed an encouraging 2.1% increase in investment in plant and machinery, and 2.3% for transport goods.

Private consumption expanded 0.5% in Q2, marking annual growth at 2.9% and there were no warning signs of inventory build-up.

Over the short to medium term, similar but if anything slightly weaker rates of growth look likely, with no obstacle to a further easing by the RBNZ, most likely at the next full monetary policy statement, in November. The central bank has had to examine its communications after its 50 basis point cut, intended to spur consumption, appeared to spook many consumers.

Confidence indicators

The number of NZ households that would go out and spend a \$10,000 windfall fell to its lowest level in 20 years, the latest **Westpac McDermott Miller consumer confidence survey** shows. At the same time, the proportion of households who said they would use a cash windfall to repay debt has rocketed higher, back to levels last seen in 2009.

The **BNZ-BusinessNZ performance of services index** fell 0.2 points from July to a seasonally adjusted 54.6 and was 1.3 points higher than Aug 2018. The long-term average is 54.4. Activity and sales eased to 56.1 from 57.3, while the employment measure rose to 53.4 from 52. New orders/business fell to 56.8 from 58.4 while stock/inventories were at 53.6 from 54.4. Supplier deliveries lifted to 51.6 from 48.9.

Economic indicators

The seasonally adjusted **current account deficit** narrowed by \$140m to \$2.4b in the June 2019 quarter. The annual current account deficit was \$10.23b in the June quarter, narrowing from \$10.8b in March to stand at 3.4% of GDP.

Primary sector exports revenue was up 8.7% on the previous year, reaching a record \$46.4b in the year

ended June 2019, but is tipped to ease 0.5% as lower export volumes are forecast for most sectors in 2020, MPI reported.

The **Real Estate Institute's house price index** rose 2.9% in the year ended Aug, up from the 1.5% annual pace in July. But only 5,959 homes were sold, down from 6,118 in July and 6,346 in Aug last year.

Seasonally adjusted **electronic card spending** lifted 1.1% in Aug after falling 0.1% in July. Core retail spending, excluding fuel and vehicle purchases, lifted 1.3% after falling 0.4% in July. Fuel was the only segment to show a decline, falling 1.4% or \$8m to \$581m after lifting 3.2% in Aug.

Mixed tourism stats

Total guest nights in short term accommodation rose 0.8% to 2.7m in the month of July 2019, compared with the previous July. This was driven by a 2.7% rise in domestic guest nights, which offset a 2.4% fall in international guest nights. **International guest nights** have decreased for the last eight months, when compared with the same month in the previous year.

About 255,585 **short-term tourists** arrived in July, up 2% from the same month a year earlier, Stats NZ said. There were 123,874 Australian visitors in July, up 1.5% from a year earlier, and US arrivals rose 6.2% to 17,213. Visitors from the UK also rose 3.4% to 8,586. That more than offset a 3.3% decline in Chinese visitor numbers to 28,290 in the NZ-China Year of Tourism.

Kiwi dollar still a carry trade darling

The NZ dollar remains the world's 10th most actively traded currency, a place it has held since 2010. The US dollar is the world's most traded currency, accounting for 88.3% of all trades, followed by the euro with 32.3% – the total adds up to 200% because there are always two currencies involved in each trade. The NZ dollar's share came in at 2.1%, up from 1.1% in 2010, says the Bank of International Settlements. The Australian dollar ranks fifth with a 6.8% share, just behind the British pound.

Net migration still 50k+

Annual net migration was provisionally estimated at 53,200 (\pm 900) in the year ended Feb 2019 compared with 51,500 in the previous year, Stats NZ said. Provisional migrant arrivals were up 8,300 to 147,300 in the year ended Feb 2019. The top source countries for arrivals were; Australia (25,800 – 15,600 of which were NZ citizens), China (15,800) and India (12,300). Provisional estimates of migrant departures were up 6,500 to 94,100. ■

Primary sector

Fonterra's 2015 'Velocity' restructuring doesn't appear to have achieved the savings expected and pushed up the costs used in setting the regulated milk price, according to the **Commerce Commission's** report on the 2019 milk price. The regulator said the extra costs relate either to the failure to achieve efficiencies or to errors in the allocation process. Credit rating agency **S&P** said Fonterra had taken a "painful step toward recovery", but any wavering would put immediate pressure on its 'A-' rating. The cooperative has a reasonable prospect of building a rating buffer over the next 12-18 months and the suspension of dividends and adjustment of the milk price indicate the group is willing to actively protect the interests of creditors.

Fonterra will report its delayed end of year results next Thursday, Sept 26.

A2 Milk and **Synlait Milk** shares lifted as a A\$1.5b takeover bid for **Bellamy's Australia** revived optimism Chinese demand for dairy products remains strong. ASX-listed Bellamy's received a A\$13.25 per share offer from **China Mengniu Dairy Co**, a very solid premium to the A\$8.32 price the shares had been trading at.

Synlait Milk lifted annual net profit 10% to \$82.2m in the year ended July 31 from \$74.6m a year earlier. Revenue climbed 17% to \$1.02b. This growth was despite a drop in the farm gate milk price during the year, which reduced revenues by more than \$30m on a like-for-like product mix. Total sales volumes lifted 15% to 149,730 tonnes and its consumer-packaged infant formula volumes were 42,907 tonnes, up 21% on the year and in line with guidance.

The **Global Dairy Trade** auction index climbed 2% from the previous auction two weeks ago. The average price was US\$3,303 a tonne, compared with US\$3,202 a tonne two weeks ago. Some 37,345 tonnes of product was sold, down from 39,689 tonnes two weeks ago. Whole milk powder rose 1.9% to US\$3,133 a tonne.

Telecoms, media and entertainment

China's ambassador to NZ, Wu Xi, says her government hopes NZ will let **Huawei** provide equipment for the 5G network, despite "trade bullying" from the US which had "continuously abused the national security concept to disadvantage Chinese companies, including Huawei". In answer to whether China had a problem with IP theft, Wu said "many of the concerns raised by foreign firms doing business in China have already been addressed through judicial reform and a strengthened enforcement mechanism".

Vodafone NZ is to spend \$10m to hire more than 100 NZ-based customer service staff.

If **NZME** and **Stuff** tried again to promote a merger to the **Commerce Commission**, they might have a better chance today than they did in 2016, analysts at Jarden suggest. Stuff's performance has deteriorated markedly, while NZME would likely get far more advantageous terms than the original offer, which would have seen a \$55m payment to **Fairfax Media**, which would also have been the cornerstone shareholder. The commission said it had had no talks with either media group about such a revival.

Confirmation that **Amazon's** television series based on the Lord of the Rings will be shot in Auckland sparked criticism from some quarters over the level of subsidy the project would attract.

Silicon Valley billionaire and founder of the early file-sharing app Napster, Sean Parker's representatives have discussed his planned investment in **Weta Digital** with the **Overseas Investment Office**, but have yet to lodge a formal application.

Joan Withers joined **Sky TV's** board immediately, filling a casual vacancy, and will seek election from shareholders at the annual meeting on Oct 17.

Cyber-security

Japan and NZ have signed an agreement for a Joint Study towards developing a **Security Information Sharing Agreement**. It would be only the fourth ISA Japan has, along with the US, Australia and the UK.

Energy and resources

The govt's **proposed minerals and petroleum strategy** poses a significant risk to security of energy and resource supply, independent research house Enerlytica said, due to its focus on sustainability and the absence of security and affordability considerations.

The inquiry into the Sept 2017 rupture to the pipeline carrying aviation fuel from the **Marsden Point** oil refinery to Wiri concluded the fuel suppliers need a threat of govt intervention to accelerate investment in resilient aviation fuel infrastructure.

Z Energy and **BP** strongly criticised the quality of the **Commerce Commission's** calculations used to determine the NZ transport fuels market is insufficiently competitive. Incorrect inputs had been used for some critical calculations, while the use of the so-called 'Tobin's q' formula for analysis was flawed. The commission has yet to respond. A conference on the market study will occur next week in Wellington.

CORPORATE ROUND-UP

Processing margins at the **Marsden Point** oil refinery jumped to an 18-month high to US\$7.10 a barrel in July and August after the closure of a key US refinery and unplanned outages at plants in Asia. This was up from US\$4.36 in May and June, and US\$6.86 a year earlier. Processing fees jumped to \$56.2m, from \$32.2m in the preceding two months and \$54.3m a year earlier.

Refinery NZ's ceo Mike Fuge surprised his board by accepting appointment as **Contact Energy's new ceo** to replace **Dennis Barnes**. Fuge took the role at the refinery in Sept last year, replacing **Sjoerd Post**, and had been talking up a 'green hydrogen' strategy based on encouraging overbuild of renewable electricity capacity, and helping spearhead efforts to encourage new entrant renewables providers into the NZ market.

Tamarind Resources halted drilling at its **Tui** oil field off the Taranaki coast after the first of the three planned wells came up dry. The firm believes the other two prospects are worth pursuing, but will not be continuing at this time. The rig hired for the work is next booked to drill for **OMV** in Taranaki and potentially in the **Great South Basin**.

Todd Energy will conduct a new round of drilling to extend reserves and production at the onshore **Kapuni** gas field. Kapuni delivered about 8.8 PJ of gas last year and was estimated at the start of this year to still have about 143 PJ of proven and probable gas reserves.

Transport, tourism and logistics

NZ and **ASEAN** began talks on a unified air services agreement.

KiwiRail could run freight trains from West Auckland to the south of the city between 9pm and 3am to stave off the estimated \$1.5b cost of unblocking current under-capacity through the Auckland isthmus, ceo **Greg Miller** suggested.

Danish firm **OSK ShipTech AS** will be **KiwiRail's** naval architects for the Cook Strait ferry replacements with **French-based BRS Group** as ship broker.

Retail and wholesale trade

Kathmandu Holdings' net profit was \$57.6m in the year ended July 31, versus \$50.7m in the prior year. Total sales rose 9.7% to \$545.6m. In Aug, the

company said it expected net profit of \$56.5m-\$58m.

Briscoe Group first-half profit was flat and the economic outlook for the second half remains uncertain, given subdued business and consumer confidence, increased cost pressures and the lower NZ dollar.

Construction

The liquidator for **Stanley Group** and associated companies, including prefabrication firm **Tallwood Holdings**, estimates a \$16m shortfall from the construction group's and says the company came unstuck when trying to expand out of Waikato and into Auckland. It also signals that directors may have breached the retentions scheme designed to protect subcontractors' money.

Corporate actions and capital markets

Changes to the taxing of **KiwiSaver** and other investments are among recommendations to improve NZ's capital markets. The **FMA and NZX** sponsored the review which produced 42 recommendations, but prioritised 18 of them. These include not taxing Kiwisaver contributions up front, but only when the saver withdraws funds. There is no govt enthusiasm for this.

Booster will list its recently launched **Private Land and Property Fund** on the NZX with equity of \$50m and debt of \$17m as a first step towards other possible fund listings.

Abano Healthcare shares jumped after the dental clinic operator said it's still in talks with a number of potential suitors.

Dairy Farms NZ is still considering an initial public offering as controls on land sales depress farm prices but also restrict the firm's ability to raise funds from foreign investors. The company, which counts US billionaire Sam Zell as a cornerstone investor, was set up in 2014 as a direct investor in dairy farms and has seven properties milking 6,187 cows.

NZX queried an 85% rise in heavy trading in the shares of medicinal cannabis research firm **Cannasouth**, which said it is complying with disclosure obligations. A very large volume of very small trades in the shares appears to have been part of the explanation, reflecting activity by fractional investment platform **Sharesies**. ■