

## Beehive hopes for Budget dividend

Page 2

The coalition has charted a difficult course through the first half of the year, frontloading unpopular policies like repealing smokefree legislation and climate subsidies, while initiating a round of spending cuts. All of that was to pay for what the Beehive calls the “dividend” for taxpayers in the form of a tax cut in the Budget. The Beehive hopes for its own dividend in the form of a boost in popularity.

## Winter of ... content

Page 2

The coalition got a pre-Budget surprise in the form of a poll showing relatively strong support for the governing parties – relative, that is, to two recent polls which put the coalition out of office. Broader sentiment indicators like Prime Minister Christopher Luxon’s favourability and the right-track/wrong-track indicator also show improvement.

## Clock ticks for Interislander ferries

Page 3

The clock is ticking on KiwiRail’s current crop of Interisland ferries, which are nearing the end of their working lives. Ministers are open minded when it comes to replacements, including building new ferries something that seemed unlikely when Finance Minister Nicola Willis called on KiwiRail to search for a “Toyota Corolla” option in December.

## In brief

Page 5

Commerce Minister Andrew Bayly floated changing the employer rate of KiwiSaver contributions and addressing the inequity that results from contributions pausing during parental leave.

## Flight risk

Page 6

A record 53,000 New Zealand citizens emigrated in the year to March 2023, breaking a record set in 2012. The loss was more than compensated for with was an overall net migration gain of 111,100 in the March 2024 year, driven by a net migration gain of 163,600 non-NZ citizens.

## You’ll never buy better

Page 7

The Briscoe Group is bucking the negative retail trend, reporting unaudited sales of \$183m for the 91 days to April 28, 1.03% higher than the \$181.2m achieved for the same quarter last year. That is more than can be said for The Warehouse, which has struggled.

## ACC winds up climate fund

Page 8

ACC is in the process of wrapping up its \$100m Climate Change Impact Fund after two and a half years, saying the scheme is now largely redundant and duplicates its wider business.

## Beehive hopes for Budget dividend

The government's entire focus is Budget Day, May 30. The coalition has weathered six months of bad press on everything from repealing smokefree legislation to public spending cuts hoping that the "dividend" in the form of a tax cut will make the pain worth it in the public's eyes. Only time will tell whether a dividend for taxpayers will yield a dividend in support for the coalition.

The Budget has been signed-off and Ministers are now at the point of finding a place in the government's communications "grid" to have successful budget bids announced.

The past fortnight saw two significant pre-Budget speeches, one from Prime Minister Christopher Luxon, the other from Finance Minister Nicola Willis.

Luxon's was heavy on the type of expectation management expected of all governments in a pre-Budget speech. However, his remarks hinted at a more substantive change of style. While Labour's Budgets were characterised by Grant Robertson pulling an (often expensive) "rabbit out of a hat", Luxon cautioned against the expectation that "this year's Budget [would] be a surprise".

Political imperatives dictate the Budget will include the odd (affordable) surprise, but the new government is keen to pursue a change in tone, moving away from a deluge of press releases and "announceables" in favour of a more streamlined, pared back, comms approach with a clearer Budget narrative built around a handful of key policies like tax cuts.

Willis' pre-Budget scene-setter confirmed (yet again) the Budget would include tax cuts. That she felt the need to do this despite already confirming the tax cuts in a speech in March, speaks to the level of opposition National has had from its own base to the idea of cutting taxes during a challenging fiscal period.

The speech contained two important details: confirmation that the cuts would be fiscally neutral, paid for by new revenue sources and spending cuts (as National had promised on the campaign), and that Treasury now believes tax cuts to be less stimulatory than an equivalent amount of government spending.

Willis was wise to tap Treasury for its verdict on the inflationary impact of tax cuts and release it via a speech. The government is desperate to neutralise criticism the tax cuts are inflationary. Treasury's verdict will help make this case.

The communications around the Budget have been to pre-announce several of the biggest spends, clearing the decks for a focus on the tax cut centrepiece on the day.

The biggest from the last fortnight include:

- \$153m over four years to establish up to 50 charter schools, comprising 15 new schools and 35 state schools to be converted between 2025 and 2026.
- \$571m for Defence, comprised of \$163m to improving defence pay (and turn around the force's attrition crisis), and \$408m to upgrade equipment (\$127m operating/\$281m capital). The force's NZH90 helicopters will get a new navigation system and the 40-year-old Unimogs and Pinzgauer trucks will begin to be replaced.
- \$1.9b over four years for Corrections, largely spent on an 810-bed extension at Waikeria Prison.
- \$478m to continue the school lunches programme to 2026, and extend it to 10,000 children in ECE.
- \$50.5m to revive the Social Investment Agency and establish a new Social Investment Fund.

Willis has said her operating allowance will be no greater than \$3.5b and that the tax package and new spending commitments will come from this allowance, money freed up from cuts and new funding from a handful of revenue changes introduced in the Budget. Willis confirmed she hit her target to find least \$1.5b a year in savings.

Very little has so far been said about promised additional revenue tools. Treasury estimates a campaign promise to raise levy on online gambling will raise \$500m less than National budgeted for over the forecast period.

Immigration Minister Erica Stanford has dropped hints the Budget will include hikes to visa processing fees, which National had campaigned on. These were estimated to bring in \$492m – possibly more given the currently elevated levels of migration.

These fees will reduce the effective subsidy from taxpayers tople applying for visas by moving to a 100% user pays model where the entire visa processing cost is born by the applicant. A wider reset of migration settings is expected later this term.

## Winter of ... content

The government benefitted from a rare outbreak of positive winter sentiment, which was reflected in a good poll. It was a much-needed reprieve after two negative polls from 1 News-Verian and Talbot Mills, which showed the coalition losing office.

The latest Taxpayers' Union-Curia poll had National on 37.2% (+0.2), Labour on 30% (+4.3), the Greens on 10.2% (-4.4), Act on 9.4% (+2.2), NZ First on 5.5% (-0.8), and Te Pāti Māori 3.1% (+1.5).

That would give National 47 seats, Act 12 seats and NZ First 7 seats. Labour would have just 37 seats, with

the Greens getting 13 seats. The result assumes Te Pāti Māori holds its six electorates.

The big movement was on the left, with the Greens being hit the hardest, perhaps in recognition of the party's torrid year of personnel problems, which have hitherto not had an impact on the party's polling.

After a year characterised by very negative polling for practically every politician (mirrored by equally pessimistic consumer sentiment and business confidence surveys), this poll showed a very rare uptick in sentiment, with all political leaders enjoying a bump.

Luxon's net favourability was up 15 points to +8%. Labour leader Chris Hipkins' support also increased this month, rising 5 points to -1%. Act leader David Seymour was up 4 points to -7% and NZ First leader Winston Peters was up 13 points to -5%.

After months in negative territory, voters are finally starting to feel that the country is back on the "right track" with a net 2.5% of voters think the country is heading in the right direction. The number of people who think the country is going in the right direction rose 6.2 points to 45.1%, while the number of people who thought the country was heading in the wrong direction fell 5.3 points to 42.6%. The right track/wrong track monitor is a key leading indicator for voters' sentiment towards the government.

The poll was taken between 5-7 May.

## Government broadens ferry options

Willis and SOEs Minister Paul Goldsmith are still getting advice from their Ministerial Advisory Group on what to do about the future of Cook Strait ferries, following Willis' decision to deny KiwiRail a additional funding for its Interislander replacement project last December.

That decision forced KiwiRail back to the drawing board, cancelling a contract with South Korea's Hyundai Mipo Dockyard for two enormous ferries and scrapping plans to significantly upgrade Wellington and Picton's ports to accommodate them.

The clock is ticking. The current crop of three ferries reach the end of their working lives and are due to be retired from service in the next few years. After a 2023 mayday incident, which saw one ferry drift without power towards rocks on Wellington's south coast, there is little appetite for running the existing three ferries longer than necessary.

But what to do next remains a predicament.

The government appears open to procuring new ferries, contrary to some speculation that suggested Willis' search for a "Toyota Corolla"-style ferry meant buying second-hand. Kiwirail has said there

are only 22 ferries suitable for the Strait, and none are currently for sale (suitable ferries are deemed to be those built after 2010 because they contain redundancy built into their mechanical systems).

The government appears sympathetic to these views. Historically, Cook Strait ferries have been purpose built. The current crop is unusual for having only one purpose-built ship.

A business case reckons the maintenance of the existing ferries would rise to \$65m a year between 2025-2030 because of their age. Ministers appear to be coming round to the idea that buying used ferries would simply mean trading one rising maintenance bill for another. An interim rotation of second-hand ferries might be called upon, given that KiwiRail may struggle to procure a fleet of new ferries in the time required.

It's unclear whether Hyundai Mipo Dockyard will get the call up again and whether there is any goodwill left between the government, KiwiRail, and the builder, which would see the parties renegotiate a contract for different, smaller ferries. Another option is to look to China, which has become a hub for global ferry building.

Chinese ships tend to be cheaper. Hyundai Mipo Dockyard is known for building mid-size ships for freight. It is less well-known for ferries. The Ministerial Advisory Group appears keen on the Chinese option.

Mega ferries are off the table. These would require costly port side infrastructure, which was the main cause of the initial cost blow-out.

A looming debate is whether KiwiRail will get its wish for rail enabled ferries, allowing trains to easily drive cargo on and off the boats. KiwiRail has argued this is crucial for its freight network.

Treasury thinks rail enablement isn't worth the cost and argued KiwiRail's customers would be quite happy to have their freight "road bridged" which involves loading containers off railway wagons onto rubber wheeled trailers, then driving the trailers onto the ferries. The difference for KiwiRail is that rail enablement means about 3 people can load 1500 tonnes of freight onto a ferry, whereas road bridging would require about 30. A lack of rail enablement could also make the Picton to Christchurch rail line less viable, according to KiwiRail.

The government has no deadline for finding a solution, other than that posed by the ageing ferries.

## Tax talks begin

Labour leader Chris Hipkins is in Auckland this weekend for the first of the party's regional conferences.

The wealth tax vs. capital gains tax debate is expected to dominate proceedings.

The talks will culminate in the party's AGM later this year, although caucus and Labour council won't decide the election tax policy until closer to the election.

## Treasury weighs in on SOE shake-up

Also up for debate is the precise structure of the ferry operation and whether Kiwirail would continue to own and operate the Interislander ferry business, whether it would be spun out into a separate entity. The government seems keen not to fully, or even mostly, privatise the ferry operation, but it is open to involving more outside expertise, perhaps by contracting out part of the service.

Separately, the government has been receiving briefings on the performance and ownership rationale of its SOE portfolio.

The government has no current plans to privatise them. Indeed, Luxon has been clear that this is very much not on the cards now, even ruling privatisations out after becoming leader. Seymour says his party's pro-privatisation position is well-known but he backs the government's no sales position for now.

That does not mean the government is not keen for a bit of a shake up, particularly when early advice shows assets are performing poorly when benchmarked against international peers. A Treasury paper reckoned the poor performance of the SOE portfolio cost the Crown \$13.6b in the 10 years to 2018 which might have been earned were they restructured into more commercially successful entities.

Treasury is advising the government needs to think about whether it owns the SOEs because they make commercial sense, or whether they serve another, broader policy purpose (like making local TV for TVNZ).

Intriguingly, a separate paper regurgitated a work programme that stalled under the last government to look at a New Zealand Temasek, the Singaporean holding company that owns that country's SOEs. Temasek operates at arm's length from the government and has the freedom to actively manage its portfolio, selling assets it doesn't want and buying ones it does. Advice from 2019 said the model would drive better commercial performance from the SOEs.

The last government, driven by NZ First, explored the Temasek option in its first term, but decided against it after Treasury said the option would only work if the holding company had the freedom to sell assets as well as buy them – something neither Labour nor NZ First were particularly fond of.

Could the coalition get behind it? In an interview with the Herald this week, Winston Peters cited Temasek as a model to aspire towards and Act is keen to ask probing questions about why the Crown owns what it does. National is the holdout. Luxon has been clear asset sales are not on the table and it would be difficult to see any change to that position without a fresh mandate from the electorate.

His predecessor, John Key sought a mandate for asset sales in his second election, and got one. The advice from Treasury could help him make that case.

## Government steps up abroad

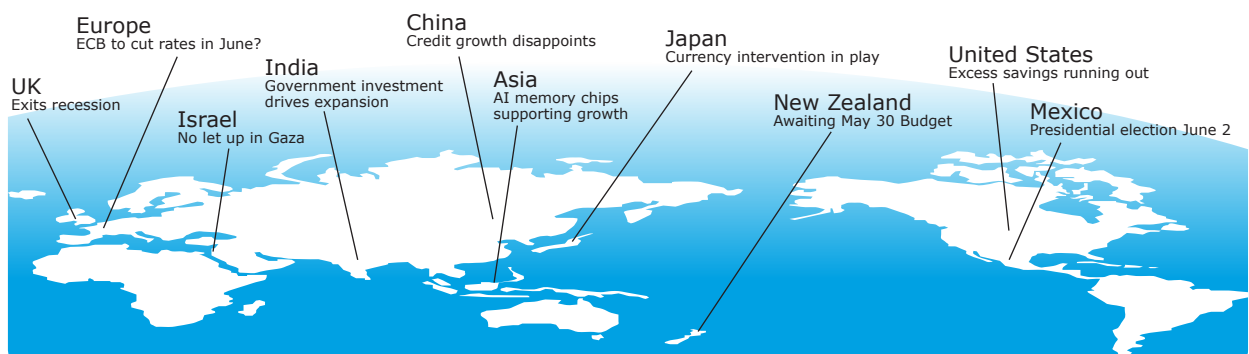
The government continues to impress with its level of international engagement.

This month, Foreign Minister Winston Peters led a multi-party delegation to Melanesia, specifically Solomon Islands, Papua New Guinea, Vanuatu, New Caledonia, and Tuvalu (which is strictly Polynesia).

The trip was an opportunity to meet the new leadership in the troubled Solomon Islands, following Manasseh Sogavare's loss in recent elections. The new Prime Minister, Jeremiah Manele, is known to be as supportive of China as Sogavare, but is thought to be more predictable.

Trade Minister Todd McClay launched formal trade talks with the United Arab Emirates. Two-way trade with the UAE was \$1.13b in the year to March 2024. Exports were worth \$976m and imports were worth \$153.9m. The UAE is NZ's 10th largest dairy market accounting for 3.1% of exports, worth \$744m in the year to March 2024. The big prize would be a deal with the Gulf Co-operation Council of Saudi Arabia, UAE, Qatar, Kuwait, Bahrain and Oman.

## The world at a glance



The government has sought a deal with the Council for more than a decade. They stalled in 2009 but resumed in 2022. Two-way trade with the bloc is worth \$2.96b.

Defence Minister Judith Collins is off to Europe again (her last trip was in April). She will be in the UK and Italy and commemorate the 80th anniversary of the Battles of Cassino. Collins is a descendent of someone who fought in the battle.

Luxon will depart for a brief Pacific mission this month followed by a visit to Japan and South Korea next month.

## In brief

Commerce Minister Andrew Bayly is keen on substantial fixes to KiwiSaver, like upping employer contributions and addressing the inequity that results from employer contributions being halted when someone takes parental leave.

“There is a case for increasing the employment contribution rate from 3%” Bayly said, adding that halting contributions during maternity leave was “unequal”.

“We shouldn’t be unfairly punishing women for having children ... It’s something we actually want to support ... the reality is it’s actually becoming harder, more expensive, and less appealing for many to have families,” he said.

Bayly made the remarks at a speech last week and they hint at his personal thinking. Action on the ideas seems a way off.

The new Disability Issues Minister Louise Upston picked former DPMC CEO Sir Maarten Wevers to lead her review of disability services administered by Whaikaha, the Ministry for Disabled People.

The Ministry is getting a top-up this Budget, but ministers are concerned at the sustainability of its services. Wevers will be joined by Tregaskis Brown, Senior Partner Leanne Spice and Wellington City Missioner Reverend Murray Edridge.

Transport minister Simeon Brown announced a new roading project scheme, Roads of Regional Significance, similar to the current Roads of National Significance, the programme will focus on important roads in the regions. It will replace the NZ Upgrade Programme.

The government said it would legislate to prevent Auckland Council providing financial support to Watercare, allowing balance sheet separation and give the water services provider room to take on \$2b in additional debt over the decade.

Watercare currently has a maximum debt-to-revenue ratio of 340%. Once the legislative fix comes into effect, this will increase to around 500%, allowing Watercare to avoid a proposed 25.8% hike to water user charges.

Air Vice-Marshal Tony Davies was appointed the new Chief of Defence Force.

Rosemary Banks was appointed NZ’s ambassador to the US. Banks, chair of the NZ-US Council, served as NZ’s ambassador to Washington from 2018 to 2022. 🇺🇸

## Trading partner growth

(2022-23 actual; 2024-2026 Hugo and Consensus Forecasts)

Trading partners	Weights %	GDP Growth (ann avg %)					CPI Inflation (ann avg %)				
		2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
China	27.0	3.0	5.2	4.7	4.4	4.1	2.0	0.2	0.8	1.6	1.8
Australia	12.8	3.8	2.1	1.4	2.2	2.5	6.6	5.6	3.2	2.8	2.5
United States	12.5	1.9	2.5	2.3	1.7	2.1	8.0	4.1	2.9	2.2	2.3
Japan	5.3	1.0	1.9	0.6	1.2	0.9	2.5	3.3	2.4	1.8	1.6
Eurozone	6.2	3.4	0.4	0.5	1.4	1.5	8.4	5.4	2.3	1.9	2.0
South Korea	3.3	2.6	1.4	2.1	2.2	2.2	5.1	3.6	2.5	2.0	2.0
United Kingdom	2.2	4.3	0.1	0.3	1.2	1.6	9.1	7.3	2.5	2.2	2.2
Singapore	2.5	3.8	1.1	2.4	2.6	2.6	6.1	4.8	2.7	2.0	1.7
Hong Kong	1.6	-3.7	3.2	2.8	2.8	2.6	1.9	2.1	2.1	2.2	2.2
Taiwan	2.2	2.6	1.3	3.4	2.7	2.5	3.0	2.5	2.1	1.6	1.5
Malaysia	1.9	8.7	3.7	4.1	4.6	4.5	3.4	2.5	2.4	2.6	2.4
Indonesia	2.3	5.3	5.0	4.9	5.1	5.0	4.2	3.7	3.0	2.8	2.9
Thailand	1.8	2.5	1.9	2.8	3.3	3.1	6.1	1.2	0.8	1.7	1.8
Philippines	1.1	7.6	5.6	5.7	5.9	5.9	5.9	6.0	3.6	3.3	3.3
Vietnam	1.3	8.0	5.1	6.0	6.3	6.3	3.2	3.3	3.6	3.3	3.4
India	0.9	6.5	7.6	6.6	6.7	6.8	6.7	5.4	4.6	4.6	4.7
Canada	1.4	3.8	1.1	0.9	1.9	2.2	6.8	3.9	2.5	2.1	2.0
<b>NZ Trading Partners</b>	<b>86.4</b>	<b>2.7</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>4.2</b>	<b>2.6</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
<b>Forecasts for New Zealand</b>											
Consensus		2.4	0.6	1.0	2.3	2.9	7.2	5.7	3.2	2.1	2.0
BNZ Forecasts		2.4	0.6	0.3	2.8	3.0	7.2	5.7	3.2	2.3	2.6
<b>The World</b>		<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>7.4</b>	<b>5.6</b>	<b>4.3</b>	<b>3.0</b>	<b>3.0</b>

## DOMESTIC ECONOMY

### Flight risk

There was a record net migration loss of 52,500 NZ citizens in the year ended March 2024, according to provisional estimates by Stats NZ. The previous record was 44,400 in the Feb 2012 year. However, there was an overall net migration gain of 111,100 in the March 2024 year, driven by a net migration gain of 163,600 non-NZ citizens, mainly from India, Philippines, China, and Fiji. While still high by historical standards, it is below the peak in late-2023.

The net gains follow a progressive relaxation of covid border restrictions from early 2022, as well as changes to immigration settings.

Overseas visitor arrivals were 3.18m in the March 2024 year, increasing by 984,000 from the March 2023 year. The biggest changes were in arrivals from China (up 177,000 to 211,000), Australia (up 167,000 to 1.29m) and the US (up 149,000 to 376,000).

Electronic card retail spending decreased 0.4% (\$25m) for the April 2024 month compared with March 2024. This followed a 0.7% fall in March and was the fourth decline in the past five months. Over the past year, retail spending levels have fallen 3.8%, despite strong population growth. Spending on apparel is down 8% over the past year and purchases of household durables are down 9%.

ANZ NZ's chief executive, Antonia Watson said home loan customers are faring better than expected despite a jump in overdue payments. At the end of the first half of its financial year, roughly \$1.95b of ANZ's residential mortgages' repayments were overdue, compared to \$1.57b at the same time last year.

PWC's mergers and acquisitions report for the first quarter of 2024 showed activity had slowed, with 26 deals done.

ANZ NZ's Light Traffic Index fell 1.3% m/m in April. The bank said the trend in light traffic remains only very mildly upward sloping despite strong population growth of around 3%, but the decline in per capita terms is stabilising. Light traffic is generally a good indicator of the state of demand, as opposed to production.

The Heavy Traffic Index rose 0.3% m/m after falling the previous month. Heavy traffic, which tends to provide a good steer on production GDP in real time, suggests positive GDP growth in Q1.

The Real Estate Institute house price index fell 0.8% last month over March, but rose 2.8% on the year earlier. The total number of properties sold fell more than 17% in April, but was up by a quarter on the year earlier.

The national median sale price increased by 1.3%

year-on-year to \$790,000 from \$780,000, but fell 1.3% over the month before to \$790,000 from \$800,000 in March.

The index declined in 10 of the of the country's 12 regions. The declines ranged from -0.2% in Northland to -1.6% in the Auckland Region. Waikato and Southland bucked the trend posting positive figures of +.7% and +2%.

Annual inflation is expected to be running at 2.73% on a mean basis in the year ahead, down from 3.22% in the prior expectations survey conducted for the Reserve Bank.

The RBNZ will publish its May Monetary Policy Statement next week. The Bank is expected to hold the OCR at 5.5%.

The NZ Private Capital Monitor – produced by EY and an indicator of investment activity across all investment stages – fell to \$1.9b in 2023, compared with \$2.9b in 2022. The average investment transaction value for mid-market was \$11m, which was below the 10-year average trend of \$15m.

Kiwibank and BNZ followed ASB in reducing mortgage rates. BNZ trimmed its six-month and one-year rates to 7.24% and 7.14% respectively. Kiwibank has also lowered its six-month fixed rates, taking the special rate to 7.25% and the standard rate to 8.25%. Its one-year rates were reduced to 6.99% and 7.99%.

The OECD published a review of the New Zealand economy, saying the government needs to look at revenue, debt and spending. It said tax cuts should be fully funded by spending cuts or new sources of revenue, not debt. It also said the government could look at "gradually" returning to surplus by slowing the increase of spending growth.

It said the pandemic and following spending overruns led to a substantial deterioration of NZ's fiscal position.

A move to surplus was required, but it should broaden the tax base rather than raise existing taxes. Like the IMF it said a broad capital gains tax was required.

The organisation was critical of the level of competition in key sectors like groceries.

"Large firms in New Zealand often face weaker pressures to innovate, seek efficiencies, and provide better services and lower prices to consumers," the report said.

"In some sectors, market concentration can be so high that regulation will not suffice to improve competition enough, and structural solutions such as break-ups (although as a measure of last resort) could be warranted," it said. ■

## Primary Sector

**Delegat Group's** 2024 harvest was 34,150 tonnes, down 24.7% from the 2023 harvest of 45,340 tonnes.

**ANZCO Foods** reported net profit after tax of \$44.4m in 2023 compared to \$106.6m in the 2022 year. On a before-tax basis, profit fell from \$147.7m in the 2022 year to \$60.9m. Turnover was \$1.83b for the 2023 year compared to \$1.9b in 2022.

**AgriZeroNZ**, half owned by the NZ government and half by a collection of local agriculture businesses, has invested nearly \$10m into US startup Arkeabio working on a vaccine to reduce the methane output of ruminant animals. Led by former NZ resident Colin South, the startup raised US\$26.5m in its series A funding round.

## Energy and resources

**Meridian** said its \$448m 176MW Harapaki wind farm in Hawke's Bay would open in late July.

Meridian's retail sales volumes in April 2024 increased 5.6% compared to April 2023 driven by higher segment sales in residential, small medium business, large business, and agriculture. National electricity demand in April 2024 was also higher, recording a 3.9% increase from the same month last year.

**Genesis** went to market with a security option it hopes will help pay to keep a coal supply in place to fuel the Huntly power station. It said it would only import enough coal to cover its retail customer base and that contracted for under the offer.

**Lodestone Energy's** second solar farm began generating on a site near Edgcumbe as part of its initial rollout of five solar farms in the North Island.

**Transpower** asked households and businesses to reduce power use last Friday as a cold snap raised the prospect of a generation shortfall.

## Banking, finance and insurance

**Westpac NZ** reported net profit of \$477m for the six months to the end of March from \$426m a year earlier when the bank recorded impairment charges totalling \$154m, accounting for the effects of Auckland and Northland flooding and Cyclone Gabrielle. This half's net impairment charge came in at \$23m. Pre-provision profit fell 8% to \$688m with net operating income increasing 1% to \$1.38b. Operating expenses jumped 11% to \$695m.

**ANZ NZ's** cash profit increased to \$1.15b in the six months to March, up from \$1.1b in the same period last year, but stable compared to the second half of its 2023 financial year. Statutory profit was just over \$1.03b, down 8% over the same period. Changes

in deposit mix and lower term deposit margins dropped the bank's net interest margin by nine basis points compared to 12 months ago to 2.56%.

## Telecommunications, media & entertainment

The Commerce Commission approved **One NZ's** application to acquire Dense Air. The telco applied for clearance to gain access to Dense Air's two lots of 35 MHz of radio spectrum in the 2,600MHz band.

**Spark** downgraded its guidance for the 12 months to the end of June 2024, with ebitdai down from between \$1.21b and \$1.26b to \$1.17b-\$1.21b.

The Commerce Commission laid eight charges against 2degrees for allegedly misleading claims about "free" mobile roaming in Australia.

**Stuff** acquired the Wairarapa Times-Age media group for an undisclosed sum.

## Wholesale and retail

**Briscoe Group** reported unaudited sales of \$183m for the 91 days to April 28, 1.03% higher than the \$181.2m achieved for the same quarter last year. Homeware sales (Briscoes NZ) decreased 1.09% to \$108.7m as sporting goods (Rebel Sport) sales rose 4.28% to \$74.3m.

**The Warehouse Group** reported total sales of \$695.5m in FY24 Q3, a decline of 9.2% compared to the same period in FY23 Q3, resulting in total sales of \$2.3b in FY24 year to date, down 6.2% compared to FY23 YTD.

The Warehouse sales were \$408.3m, down 8.1% compared to prior year. **Noel Leeming** sales were \$224.7m, down 9.3% compared to prior year. Group gross profit was \$227.9m in FY24 Q3, down 12.8%. It confirmed the closure of TheMarket website after being unable to find a buyer.

**JB Hi-Fi NZ** reported total sales growth of 16.8% for Jan to March 2024 with comparable same stores sales growth of 2.9%. This takes total sales growth for the year to date to 8.5%, with flat comparable sales growth.

## Transport

A proposal to lease **Port of Auckland** was dropped and replaced by a plan for the port to remain in council control while delivering increased profits.

Mayor Wayne Brown had suggested the lease option to capitalise a diversified fund, along with selling the council's stake in **Auckland International Airport**.

**CORPORATE ROUND-UP****Manufacturing and construction**

**Fletcher Building** it lowered its expected earnings before interest and taxes between \$500m and \$530m in the year to June 30, down from the \$540m to \$640m provided in Feb.

Fitch Ratings revised its outlook on **Downer EDI** to stable and affirmed the company's issuer rating at 'BBB'. It was previously listed as negative.

**Metro Performance Glass** chief executive **Simon Mander** quit after the company failed to find a buyer for its Australian Glass Group.

**Courts, legal and regulation**

Auckland lawyer **Aaron Nicholls** was suspended from practice after the Law Society's standards committee laid charges that alleged misappropriation of more than \$300,000 of client funds and deceitful conduct.

More than a decade of litigation following the collapse of construction firm **Mainzeal** ended with the bankruptcy of Richard Yan. The former Mainzeal boss had been found liable for trading while insolvent and ordered to pay almost \$40m alongside other directors Jenny Shipley, Clive Tilby and Peter Gomm. While insurance covered Shipley, Tilby and Gomm, the liquidators had not received anything from Yan and moved to bankrupt him.

The **Intellectual Property Office** invalidated the trademark for a range of electronic goods sold by Huawei under the brand OptiXstar after the Chinese corporate threatened Network Design Group over similar logos.

**Technology and IT**

**keGPS** won software contracts worth about \$4m with five United States electric utilities companies. It estimates the contracts will bring in about \$1.3m a year.

**Rakon** warned that complexities have been raised by the potential buyer of the business who had valued the firm at about \$400m. It has been reported the buyer is Nasdaq-listed Apple supplier Skyworks.

Rakon agreed a three-year \$17m communications satellite parts supply contract.

**Service industries and healthcare**

Nasdaq-listed Canadian cannabis manufacturer

**Aurora** completed its first shipment of branded medicinal cannabis products to NZ.

**Tourism**

**Tourism Holdings** cut its net profit guidance for the current financial year to between \$50m and \$53m for the 2024 financial year to June 30, down from \$75m estimated on Feb 20.

**Property**

NZX-listed real estate investor **Kiwi Property Group** plans to sell its Auckland Vero Centre office tower to a Hong Kong China-based conglomerate for \$458m, nearly 2% below a valuation from last September. Kiwi chief executive **Clive Mackenzie** said that after being a "prominent feature of our office portfolio for over 20 years", the Vero Centre was no longer core to the company's strategy, given its focus on creating retail-led mixed-use centres.

**Corporate actions**

The **Accident Compensation Corporation** is winding up its \$100m Climate Change Impact Fund after two and a half years, saying the scheme is now largely redundant and duplicates its wider business.

It will be consolidated back into the ACC's private markets portfolio, worth around \$2.2b. ACC has also disestablished the role of climate fund manager. ACC has begun measuring emissions in its private markets portfolio based on international standards from the Partnership for Carbon Accounting Financials (PCAF).

**Capital markets**

Shareholders of **Just Life Group** voted to delist from the NZX and list on the Unlisted Securities Exchange.

**People**

**Fonterra** appointed **Andrew Murray** as its chief financial officer.

**James Redmayne** is resigning from his executive role at **WasteCo**. He will also step down as an executive director and transition to a non-independent director on July 1.

**Westpac** appointed **Andy Maguire** as an independent non-executive director. 

