

Labour's long energy shadow

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Labour's decision to ban new offshore oil and gas exploration and build a large pumped hydro "battery" at Lake Onslow was this week blamed by the government for a spike in electricity prices that have seen firms reduce production and mull closing plants. Ministers are considering liquid natural gas imports and market intervention.

If Trump wins ...

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The government is working to avoid a repeat of 2016 when New Zealand was caught out by a surprise Donald Trump win in the US Presidential Election and had to scramble to ingratiate itself with the incoming administration. It's unclear whether better preparation would make any difference with what will likely be a tumultuous four years.

KiwiBank sale possible

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The government has given its clearest indication yet that it is open to reducing its ownership in KiwiBank, but said it would only move after consulting voters at an election. Finance Minister Nicola Willis said she would look at all options for growing the bank with external capital.

Nats and Greens face the members

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Green co-leader Chlöe Swarbrick said she wants the party want to become the largest political force on the left, but some of the party's members were too busy fighting among themselves to notice. National Party President Sylvia Wood set an ambitious polling target and wants to grow membership numbers to retain the party's status as a broad political movement.

Countdown to cuts

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The market has priced in an OCR cut next week, but an unpredictable RBNZ has many economists second-guessing and wondering if the Bank will hold next week, but bring forward a forecast cut to later this year.

Air NZ drops climate goal

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Air NZ dropped its 2030 carbon intensity reduction target saying it was unachievable. It said the levers needed to meet that target were outside its control. These included the availability of new aircraft, the affordability and availability of alternative jet fuels, and global and domestic regulatory and policy support.

Foodstuffs fined

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A Wellington High Court judge ruled Foodstuffs North Island must pay \$3.25m for its use of anti-competitive land covenants. The Commerce Commission alleged grocery co-op Foodstuffs NI lodged land covenants to block competitors from opening and developing rival supermarkets in the lower North Island.

Labour's long energy shadow

Energy Minister Simeon Brown said the government is seriously considering whether importing liquefied natural gas can plug an energy gap.

Brown said he had been talking with the four gentailers about options as rising gas prices combined with low hydro levels increased wholesale electricity prices to record sustained levels of over \$800MWh.

Brown's Associate Minister for Energy Shane Jones said the government is exploring the option of intervening in the market and accused the gentailers of profiteering.

"There are provisions under the existing electricity legislation that enables the Crown to use a code of conduct which has legal force to change their behaviour," Jones said.

Both ministers laid the blame at the former government's feet, noting the offshore oil and gas exploration ban had a chilling effect on industry and the distant possibility of the Lake Onslow pumped hydro scheme had discouraged renewable energy investment.

The effect of high prices was felt throughout the economy. Oji said it was proposing to close its Penrose mill, in part due to rising energy costs. Oji said the mill has suffered three years of losses caused by a number of issues including rising energy costs. Winstone Pulp said it was pausing operations at its sawmill and pulpmill, citing a more than 600% increase in electricity costs since 2021.

Methanex, the largest gas user in the country, is reviewing its NZ operations in Taranaki as it deals with high prices and a supply contraction, forcing it to operate below half capacity.

The Gas Industry Company, the gas co-regulator, warned that stressed energy market conditions are likely to continue next year and potentially into 2026 as well, with major investment needed to find a solution.

If Trump wins ...

When it comes to predicting the likely next occupant of the White House, the Beehive is just as perplexed as everyone else.

The most recent polls out of the United States have Democratic candidate Kamala Harris ahead by a margin of 1-5 points nationally, but behind in several key swing states. The candidates are essentially neck-and-neck.

The Beehive is preparing for either outcome, not wanting to be caught out as the government was in 2016 when too much effort was put into forging bonds

with Team Clinton over Team Trump. A Harris victory is viewed as a continuation of the Biden regime. While New Zealand did not especially benefit from Biden's Presidency, it did not lose out either.

Trump is more complicated. He is emboldened by a strong conservative majority on the Supreme Court and could add a victory in the Senate to the Republicans' current majority in the House. New Zealand's most immediate concern with a future Trump administration is its plan to impose a universal 10% tariff on goods entering the United States.

Trump's trade policy is heavily influenced by his former Trade Secretary Robert Lighthizer, who could be in line to return to that role if he isn't elevated to Treasury Secretary. Lighthizer sees trade in manichean terms: trade surpluses are good, trade deficits are bad. Countries with whom the US has a trade deficit (like New Zealand) are sapping US wealth and should be brought into balance with tariffs.

This will sting. New Zealand exporters have embraced the United States under Biden, with exports rising from \$10.4b in the year to June 2019 to \$14.6b in 2023. Exports to China were relatively flat over the same period (\$20b in 2019 rising to \$21.98 in 2023). Part of this story is exporters taking advantage of a favourable exchange rate, but another part is exporters heeding warnings about the need to diversify away from China.

New Zealand will, naturally, seek to get an exemption from Trump's tariffs, but success in achieving one seems unlikely. MFAT and the combined efforts of the English and Ardern governments were unable to secure an exemption from the first Trump administration's steel and aluminium tariffs (despite Australia managing an exemption). There is little reason to expect success the second time round.

Foreign Minister Winston is the right person to be leading outreach to a future Trump administration. Peters went out on a limb early to say Trump would win in 2016, something Trump and members of the administration respect (if they think about New Zealand at all). Frustratingly, the man Peters had the strongest relationship with, former Vice President Mike Pence, has been thrown out of the Trump camp.

Peters recently reappointed Rosemary Banks as ambassador to Washington, bringing her out of semi-retirement. Banks' successful tenure as ambassador for most of Trump's first administration and her contacts with both sides for the fractious American political scene were key reasons for her reappointment. She is known for being well-connected, according to members of the diplomatic corps in Wellington.

Trump is transactional, which is something Peters

understands – and one thing New Zealand thinks it can exploit. That said, Trump is also chaotic, something no amount of political fraternity of common-thinking can prepare you for.

The government continues to strengthen military ties with the US, which would be unlikely to change under Trump. It endorsed a US strategy to expand the weapons-making defence industrial base across the Indo-Pacific region. The government endorsed the ‘Statement of Principles for Indo-Pacific Defense Industrial Base Collaboration’ in June.

Closer to home, Peters is currently continuing his tours of Pacific nations, visiting the Republic of the Marshall Islands, Federated States of Micronesia and Palau.

Vanuatu Prime Minister Charlot Salwai and Prime Minister Christopher Luxon held formal talks in Wellington.

KiwiBank sale possible

Finance Minister Nicola Willis said all options will be on the table, including altering the Crown’s 100% ownership in KiwiBank, as she looks to grow the bank to increase bank competition.

The government had been quietly progressing work investigating outside sources of capital for KiwiBank, but had tread carefully given public sensitivities about privatisation.

However, after an unexpectedly warm reception to early media reports, Willis ripped off the band-aid and bluntly told her party conference the government was considering external sources of capital to grow KiwiBank and turn it into a disruptive force.

Willis is aided by the Commerce Commission’s recent report into competition in the retail banking sector, which recommended increasing KiwiBank’s access to capital to help it become a disruptive competitor.

“I am interested in exploring where that capital might come from. Lots of KiwiSaver funds, New Zealand investment funds and New Zealanders themselves are looking for homegrown places to put their money and invest in New Zealand’s future,” Willis said.

The government has been clever about its messaging for any sale, noting that its motivation was not to sell the proverbial family silver for a quick buck, but to turn KiwiBank into a lethal competitor that aids households in their battle against what Willis called the “cosy oligopoly” of the big Australian-owned banks.

Willis said the government would not sell any part of the bank (or any other state asset) without a mandate from the electorate at the next election. She also said

she envisaged continuing local ownership.

She said other options that did not involve a sale were also on the table. This could include a transaction involving Crown-own funds like the Super Fund or ACC, without the caveats that caused those funds to rid themselves of KiwiBank last time they owned it.

Wellington’s loss Auckland’s gain

Auckland University could have its role and status bolstered to become something of a national champion for the nation’s universities.

Earlier this year, Research and Innovation Minister Judith Collins commissioned Sir Peter Gluckman to author reports on the future of the science and research sectors and the state of New Zealand’s universities. The first of these reports was due in June, but has only recently reported back and will shortly go to ministers for consultation before it heads to Cabinet, likely some time in September.

One potential change is to formalise Auckland’s role as New Zealand’s leading university and devote more attention to ensuring it performs well enough in the international league tables to attract foreign students.

Wellington would be the big loser from this change. Labour’s science and research policy was to spend \$400m at research institutions in the capital to turn it into a “science city”, but that plan was axed by the incoming coalition.

Meanwhile, mega polytech Te Pūkenga said it had moved to an operating surplus after cost-cutting and rationalisation ahead of restructuring. It reported a year-to-date surplus for the six months to June 30 of \$28.5m compared with an operating deficit of \$37.9m in the year ending 2023.

Nats & Greens face the members

The National and Green Parties both held their annual party conferences in the past fortnight. The Greens are currently the most unstable party in Parliament, riven by more than a year of ill-discipline and infighting.

A faction within the party, formed around former MP Elizabeth Kerekere is behind recent disruptions. The faction is motivated by what appears to be a vendetta against co-leader Chlöe Swarbrick with whom Kerekere fell out last year. Kerekere is believed to be advising dissident MP Darleen Tana.

Swarbrick is holding the majority of members together for now, but she is struggling as the only co-leader

Formula fallout

Food Safety Minister Andrew Hoggard wants a new standard for infant formula to be developed as quickly as possible after Cabinet decided not to adopt the joint standard with Australia following strong lobbying from producers.

POLITICS AND POLICY

(her peer, Marama Davidson is taking leave for breast cancer treatment). Kerekere has weaponised identity politics, always strong within the Greens, against Swarbrick, who as the Pākehā co-leader struggles to respond to critiques on Māori and Pacific issues.

Party delegates, elected by Green branches up and down the country have been asked to decide whether they wish to use the waka-jumping law, which the Greens have opposed in the past, to eject Tana from Parliament. The delegates will meet on 1 September to decide Tana's fate. A consensus of the roughly 200 delegates or 75% in a vote is required to pass the motion to eject her.

Swarbrick used the conference, her first as leader, to set out her vision for the party, which is for it to become the largest force on the left of politics without moving to the centre. The party is making some necessary changes including reviewing candidate selection with a view to ensuring more candidates are given external vetting, which did not occur in Tana's case.

The Greens will struggle to fulfil Swarbrick's ambition without dramatic reforms to the way the party operates. The Tana scandal has exposed how the Greens' love of process has slowed the party's ability to respond quickly to a crisis. It has tied up enormous amounts of the party's limited resources battling Tana rather than the government. Without dramatic reforms to turn the Greens' constitution into something resembling Labour or National's, the party is likely to remain on the fringe. Some members seem content with this. A response to Swarbrick's speech posted to the party's blog argued the Greens' role in politics is not to assume Labour's role as major party, but rather to act as Labour's conscience and ideas factory.

Things are understandably rosier at National, where the membership is basking in the reflected glory of government. The party is cognisant of two problems: first, that it is rare for a National Party in government to poll so low (National under John Key, Bill English, and even Simon Bridges rarely polled below the 40s, this government is stuck in the high-30s), and the

second that the party's membership is declining.

Party President Sylvia Wood set the party a target of returning its polling to the mid-40s it enjoyed last decade. It will struggle to achieve this. Not just because Luxon lacks the appeal Key and English did, but because Act has now staked a strong claim to 7-12% of the vote, taken mostly from National, which it looks likely to hold.

Wood is also keen to grow the party's membership. Like all political parties, membership levels have been a worry for National. Membership declines can have the effect of leaving only true diehards as party members, dragging the party towards its extreme fringe and away from the centre ground (witness UK Labour under Jeremy Corbyn and the UK Conservatives, too). Wood sketched a vision for a broad membership, including even casual people who were not actively involved beyond paying dues and showing up at the occasional social.

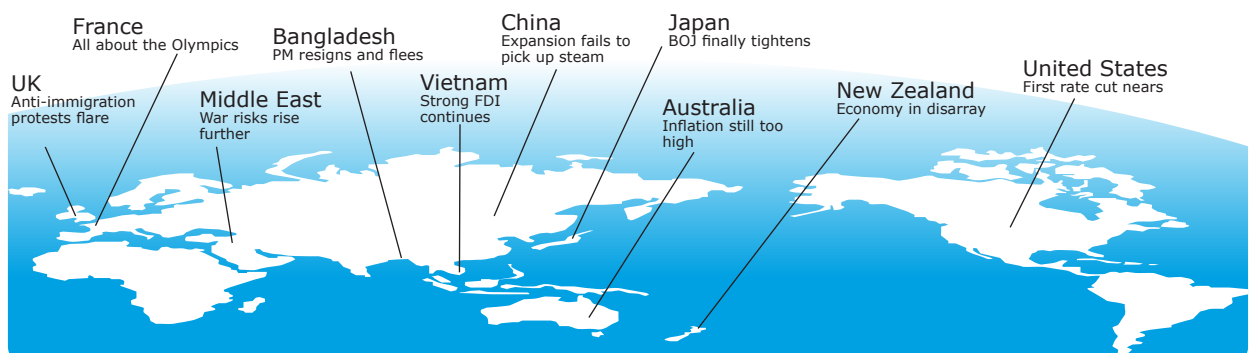
Wood said the party was also looking at some "quite chunky changes" around the role the party and its members play in policy development, and to strengthen the link between the party and the caucus – an enticement to any aspiring member.

Over at Labour, senior MP Kieran McNulty gave his strongest indication yet that he was not interested in rolling leader Chris Hipkins, giving a TV interview in which he said he would not put his hand up even if Hipkins stood down. Despite some dissatisfaction in Labour's ranks over Hipkins' tax decisions last term, McNulty's line in the sand is a clear indication Hipkins is far more likely than not to stick around until the election.

In brief

The government plans to auction off licences for online casinos, but is proposing a range of regulations to minimise harm with approved operators having to pay tax in NZ. A limited number of three-year licences would be auctioned to online operators. Licensed

The world at a glance



gambling operators will be allowed to advertise, which is currently prohibited, but with limits.

Transport Minister Simeon Brown announced a refreshed board for the Civil Aviation Authority. Mark Darrow was appointed as the new chair, while Darin Cusack is the new deputy chair. They have been asked to ensure faster approval times for aviation certificates, reduced queue times for Aviation Security and making sure that the CAA is focussed on ensuring aviation is able to contribute to economic growth.

Brown, as Local Government Minister, also announced details of the government's replacement for Labour's Three Waters policy. He unveiled five potential models for council water delivery, ranging from the status quo to CCOs owned by one or several councils, to Vector-style water trusts owned either fully or partly by water consumers. He also announced changes that will allow the CCOs to borrow up to 500% of their revenue via the LGFA. High-growth councils could have their debt covenants lifted to 350% of revenue from 280%.

Internal Affairs Minister Brooke van Velden said wait times for passports have halved since an upgrade to the passport processing software in March caused unexpected delays to passport processing times.

Health NZ's commissioner Lester Levy appointed Ken Whelan and Roger Jarrold as his deputy commissioners. Whelan is the former Crown Observer brought in to oversee Health NZ in Dec, while Jarrold was the only other remaining board member when the government decided to replace the

board with a commissioner.

Political parties accused each of ramping up the rhetoric over a number of issues involving MPs' behaviour and statements. Speaker Gerry Brownlee advised MPs to take complaints to the commissioner for parliamentary standards – who has not received any yet. Complaints crossed a wide range of subjects including issues like Māori wards, changes to the Oranga Tamariki Act, and the forthcoming Treaty Principles bill. During the period Ngāpuhi leaders walked out of a meeting with Luxon in a protest over coalition government policies.

The government will not be progressing the final eight recommendations of the Royal Commission into the terrorist attack on Christchurch mosques saying the formal response had now ended.

Education Minister Erica Stanford said the government would introduce a new curriculum to turn around unacceptable rates of maths achievement with 22% of Year 8 students at the expected standard for maths.

The Public Service Commission issued a new workforce policy that said the pay of chief executives and deputies will be linked to outcomes. The policy statement said all workforce costs, including the outcomes of pay reviews and collective bargaining, can be met within agencies' baseline budgets.

Corporate communications, public relations and lobbying firm SenateSHJ closed its New Zealand operation saying a reduction in public sector consulting and contracting spend has been a factor. It was reported staff in Wellington might try and keep that branch running. 🇳🇿

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	5.0	4.4	4.1	2.0	0.2	0.5	1.5	1.8
Australia	12.8	3.8	2.0	1.3	2.3	2.5	6.6	5.6	3.4	2.8	2.5
United States	12.5	1.9	2.5	2.3	1.7	2.1	8.0	4.1	3.2	2.4	2.3
Japan	5.3	1.0	1.9	0.3	1.2	0.9	2.5	3.3	2.6	2.0	1.6
Eurozone	6.2	3.4	0.5	0.7	1.4	1.5	8.4	5.4	2.4	2.0	2.0
South Korea	3.3	2.6	1.4	2.5	2.2	2.2	5.1	3.6	2.6	2.1	2.0
United Kingdom	2.2	4.3	0.1	0.6	1.1	1.6	9.1	7.3	2.6	2.3	2.2
Singapore	2.5	3.8	1.1	2.4	2.5	2.6	6.1	4.8	2.6	2.0	1.7
Hong Kong	1.6	-3.7	3.3	2.8	2.8	2.6	1.9	2.1	2.0	2.2	2.2
Taiwan	2.2	2.6	1.3	3.6	2.7	2.5	3.0	2.5	2.1	1.6	1.5
Malaysia	1.9	8.7	3.7	4.2	4.6	4.5	3.4	2.5	2.4	2.6	2.4
Indonesia	2.3	5.3	5.0	5.0	5.1	5.0	4.2	3.7	2.9	2.8	2.9
Thailand	1.8	2.5	1.9	2.7	3.2	3.1	6.1	1.2	0.8	1.7	1.8
Philippines	1.1	7.6	5.5	5.7	5.9	5.9	5.9	6.0	3.7	3.4	3.3
Vietnam	1.3	8.0	5.1	5.8	6.4	6.3	3.2	3.3	3.7	3.5	3.4
India	0.9	6.5	8.2	6.8	6.6	6.8	6.7	5.4	4.6	4.6	4.7
Canada	1.4	3.8	1.2	1.0	1.8	2.2	6.8	3.9	2.5	2.1	2.0
NZ Trading Partners	86.4	2.7	2.7	2.6	2.6	2.6	4.2	2.6	1.8	1.8	1.8
Forecasts for New Zealand											
Consensus		2.4	0.6	0.7	2.3	2.9	7.2	5.7	3.2	2.2	2.0
BNZ Forecasts		2.4	0.6	0.2	2.4	3.0	7.2	5.7	3.3	2.3	2.6
The World		2.9	2.6	2.4	2.5	2.5	7.4	5.6	4.3	3.0	3.0

Countdown to cuts

Unemployment rose to 4.6% in the June quarter, below a consensus forecast of 4.7% and in line with the Reserve Bank's forecast of 4.6%. It was 4.4% in the March quarter and 3.6% in the same quarter a year ago. Almost half the annual growth in unemployment and under-utilisation came from young people, while wage growth remained strongest in the public sector.

Overall wages were up 4.3% in the year to June 30, and up 1.2% compared to the March quarter. Labour cost index wage inflation in the public sector rose to a series high of 6.9% annually.

Before the unemployment data was released, markets had priced in a 92% chance of a 25-basis point cut next Wednesday.

Market pricing put it at 55% after the release. It followed the Reserve Bank of Australia remaining hawkish in its monetary policy stance.

BNZ Head of Research Stephen Toplis said BNZ was bringing forward its call for the first expected cut from November to August with consecutive rate cuts thereafter heading to an unchanged low of 2.75%.

He added that "the Bank's propensity to surprise leaves us with a huge degree of nervousness about our call".

Infometrics Chief Economist urged caution, noting that despite a cut being expected, the RBNZ's current forecast suggested that these conditions would merit the bank holding the OCR were it was.

"On previous forecasts, they were saying these conditions would merit interest rates holding a lot longer. We're quite literally at a complete loss as to what might happen next week," Olsen said.

Kiwbank chief economist Jarrod Kerr said if the RBNZ holds and signals November, "this would be devastating for hedge funds and anyone left with received positions". If it holds and stubbornly sticks to 2025, this would be "throwing a cat among the pigeons and doves", said Kerr.

The number of new homes consented dropped 24% compared with the year ended June 2023, levels last reported five years ago. As of June 2024, 33,627 homes were consented, compared to last year, where there were 44,529 consents.

The number of households and businesses behind on their payment obligations has stopped rising, Centrix credit reporting agency said.

The number of people in arrears fell 9,000 to 465,000 on the month before, still up 9% on a year ago. The number of mortgage accounts past due was up 11% in June 2024 compared to June 2023, while the number of business credit defaults rose by 5%.

The construction and transport sectors' credit defaults were up 17% and 18% respectively over the year. Property and retail defaults were up 10% and 5% respectively, defaults in the hospitality sector fell by 6%. The number of liquidations rose by 19% to 216 in June. The construction and property sectors accounted for a large portion of these.

ANZ's monthly business outlook said headline confidence was up 21 points to a net 27% in July, while firms' activity outlook rose 4 points. The bank warned against an overoptimistic reading of those figures, noting forward-looking indicators "are expressed as expectations of higher or lower versus current conditions, and those generally continue to worsen".

However, reported past activity, which has the best correlation with GDP, fell further as firms continued to struggle in challenging economic conditions. A net 24% of firms reporting that activity in the previous month was lower than a year earlier.

July new vehicle sales were the worst in more than a decade with 9,430 new vehicle registrations. Overall sales were down 21% this year with the light passenger vehicle segment down 29% – partly due to flat EV sales. Drivers appear to be returning to high-emissions utes, following the axing of the "ute tax" with the Ford Ranger leading the Toyota Hilux and Toyota RAV4 as the most popular new vehicles in July, with 757 registrations, 590 registrations, and 394 registrations respectively.

The Restaurant Association's annual report showed higher sales of \$15.7b for the year ended March, with an annual growth rate of 5.8% mostly offset by inflation. Northland, Taranaki, and Wellington recorded annual sales declines in 2024. Strong growth was recorded in Gisborne of 20.6%, with the Southern Lakes, West Coast and Kaikōura also boosting sales due to international tourists. The number of hospitality operations rose to 19,518, growth of 0.1% from 2022 to 2023.

The Climate Change Commission warned that NZ faces significant risks of missing its second and third emissions budgets under current policies. 🏠

Primary Sector

The latest Global Dairy Trade auction price index rose 0.5% to an average price of US\$3,680 a metric tonne (NZ\$6,176/MT). The second increase since prices slumped at the auction at the start of July.

Fonterra chair Peter McBride and director John Nicholls confirmed they'll seek another three years on the board. Leonie Guiney who also retires by rotation alongside the pair, won't seek re-election. The co-op's board size will drop to nine members from this year's annual meeting after shareholders voted with 88% support to reduce it. The board will have six elected directors and three appointed independent directors.

The Overseas Investment Office is investigating whether **BX Foods** has breached conditions on one of its consents. It came as the Chinese-owned North Otago meat company confirmed it was looking at cutting staff numbers.

Honey company **Comvita** is looking at cutting jobs and production amid lower sales and weak demand from Chinese consumers. It posted a \$16.8m net loss after tax in its unaudited financial results for the 2024 financial year. The figure was subject to an impairment adjustment, yet to be calculated – which will be advised on by an independent expert engaged by the board. Total revenue was \$204m – lower than previous guidance of \$211m to \$218m. The company is eyeing cost reductions of \$10m to \$15m by 2025.

Energy and resources

Manawa Energy put its shares in a trading halt ahead of an announcement on lower-than-expected earnings guidance due to adverse trading conditions and a likely provision because of the uncertainty about being paid by a customer.

A distracted supervisor and inexperienced and under-trained contract workers caused a pylon to fall on June 20, cutting off power to Northland. An investigation by **Transpower** confirmed the Omexom crew removed nuts from three of the four pylon legs before the collapse happened.

Banking, finance and insurance

The Commerce Commission will consult Australian regulators to determine whether their investigations into **ANZ Bank's** alleged bond manipulation impact its final personal banking services report.

Telecommunications, media and entertainment

Warner Bros Discovery's NZ operation reported a \$138m loss in 2023, including a \$79.5m impairment, underlining its reasoning for closing its Newshub operation. The US parent company has committed to a

minimum of 12 months of further financial assistance for its TV3 operation.

SkyCity Entertainment said the gambling area of its Auckland casino will be shut from Sept 9 to Sept 13, after an Internal Affairs prosecution for breaches of host responsibility over five years at an estimated cost of \$1m a day.

Wholesale and retail

Briscoe Group said underlying net profit after tax is expected to be around 94% of last year's \$42.75m for the 26 weeks to July 28.

Tonic and mixer company **East Imperial** owes \$22.5m to unsecured creditors, \$21.7m of which are intercompany liabilities and \$815,000 to other unsecured creditors, according to the first report by liquidators.

Smith & Caughey's will carry on trading with a new reduced format beyond Jan 2025. It expects approximately 100 redundancies over the next six months, while around another 100 jobs will be retained at one store operating on the ground floor of the Queen Street store and the online store only. Smith & Caughey's Newmarket will close, most likely at the end of Sept 2024.

Paper Plus NZ's board said a capital raise is necessary from co-op members after reporting a net loss of \$553,000 in the 12 months to March 31 and breaching its bank covenants.

Nearly 10,000 **Woolworths** supermarket workers voted for initial strike action citing low wage offers and unsafe staffing levels.

A Wellington High Court judge ruled **Foodstuffs North Island** must pay \$3.25m for its use of anti-competitive land covenants. The Commerce Commission alleged grocery co-op Foodstuffs NI lodged land covenants to block competitors from opening and developing rival supermarkets in the lower North Island.

Transport

Air NZ dropped its 2030 carbon intensity reduction target saying it was unachievable with the levers needed to meet that target outside its control. These included the availability of new aircraft, the affordability and availability of alternative jet fuels, and global and domestic regulatory and policy support.

Manufacturing and construction

Mushroom Material raised \$8.5m in seed funding to build a 1,300-square-metre pilot plant in Auckland to test whether its polystyrene substitute is as useful as plastic.

CORPORATE ROUND-UP

Fletcher Building's largest shareholder said it would support new director Tony Dragicevich to become its chair. Australian investor Allan Gray owns 14.16% and is also a substantial shareholder in Capral, which holds 23.31%. Fletcher Building completed the sale of 50% of its Fiji construction business for \$20m with a non-cash impairment of \$15m to be recorded.

Fletcher Building warned of a \$10m to \$30m hit to its 2025 year earnings due to mechanical issues with a cement carrier. It owns the Golden Bay Cement business and contracts the Aotearoa Chief, which is owned and operated by Swire Shipping, to transport cement around the North Island.

Courts, legal and regulation

A class action has been filed against Fletcher Building's **Iplex Pipelines Australia**. Fletcher said it would defend the action.

Insider trading charges lodged against **Eric Watson** in the US courts look unlikely to be heard this year, with a last-minute lodgement of counterclaims against the Securities and Exchange Commission causing a lengthy procedures timetable. The procedural delay is the latest reprieve for Watson, who recently averted bankruptcy proceedings in NZ.

The **Lyttelton Port Company** was fined in Christchurch District Court after a staff member was killed on the job in April 2022. It was ordered to pay a fine of \$480,000 and \$35,000 in costs to Maritime NZ. The judge made an adverse publicity order requiring LPC to publish a statement about the incident.

Technology and IT

AoFrio has reported a 27.4% increase in revenue for the first half of the 2024 financial year, reaching \$38.4, recording a profit of \$1.1m for the period, compared to a \$0.7m loss last year. It maintained its revenue guidance for the full year, expecting it to be in the range of \$70m to \$80m, which would be a 13% increase over the previous year.

Vista cut its loss by 68% to \$2.7m for the six months ended June 30 with earnings rising by 188% to \$7.2m. It reported a 9% rise in annual recurring revenue of \$129.4m and overall revenue of \$69.9m, in line with the same half of the prior year.

Being AI Group will acquire 50% of **Spectrum Consulting** for \$3.3m and facilitate \$1.5m for

Spectrum's management team to acquire the remaining stake. The total value of the acquisition is \$6.6m and Being AI has committed a further \$4m over 24 months to develop Spectrum's artificial intelligence product Lantern AI.

IkeGPS expects a new deal with a US company to support a multi-year fibre and grid resiliency programme to generate \$19m in transactional revenue over the next three years.

Video games studio **Ninja Kiwi** posted a net profit of \$40.8m from revenue of \$89.5m for the year ending Dec 31, 2023. Ninja's profit was up \$4m from the prior year, and revenue was up \$1.4m.

Service industries and healthcare

Ryman Healthcare is considering ending fixed weekly fees for new residents and is also examining its low 20% deferred management fee.

Third Age Health said its net profit after tax grew 140.1% to \$521,000, compared with the Q1.

Tourism

Millennium & Copthorne Hotels NZ's revenue reached \$85.3m for the six months to June 30, an increase from \$60m in the same period last year. Hotel revenue reached \$55.9m compared to \$47.5m in the previous year. Profit before tax and non-controlling interests more than doubled to \$21.5m.

Property

The High Court placed **Du Val Capital Partners** and related companies in interim receivership at the request of the Financial Markets Authority. Around the same time FMA staff and police visited a Remuera address occupied by Du Val director and owner Kenyon Clarke. The interim receivership orders were also made in respect of Kenyon and Charlotte Clarke.

Kiwi Property terminated the \$458m sale of its Auckland office tower, the Vero Centre, after the overseas buyer failed to meet contractual conditions.

Corporate actions

The Warehouse Group called off talks over a potential takeover by Adamantem Capital after failing to get the support of its third-largest shareholder, which was necessary for the critical level of shareholder backing it needed. 