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INVESTMENT STRATEGIES

While business confidence is at its lowest since the 2008 GFC, what we need to focus on the things that we can control.

The risk we all face is that when confidence goes down, we use it as an excuse and we stop trying. Instead, in the spirit of the old saying that you 'never waste a crisis', we should use such uncertainty to jolt us into action.

In other words, there is always plenty more that we can do. Irrespective of the economic climate, look to improving your management style; focusing on a "customer first" mantra.

We are living in an age where digital marketing invades our everyday life, artificial intelligence is closing in on us and the robots aren't too far away. And yet, here in New Zealand 28% of businesses employing between five and one hundred people don't even have a website. Most of us don't have a digital marketing strategy. If things slow down, you now have time to implement one – there is no time like the present. Stop procrastinating, and get on with it.

Despite expected investment returns being lower, the risk associated with debt securities (low risk) and equities (high risk) has not changed. However, you can take comfort from recessionary indicators not yet flashing red, although I acknowledge that the probability of recession is no longer zero.

NZ50 GROSS INDEX – 1-YEAR

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STATISTICS NZ DATA

Estimated population at 5-Nov-2019	**4,940,507**
2018 Census Population	**4,793,358**
Births less Deaths Jun-19 year	26,600
Net long-term migration Aug-19 year (↑4,612)	53,809
Visitor arrivals Annual July 2019 (↑104,400)	**3,894,860**
Employment	
Total employed Mar-19 (↓0.3% Mar Q)	2,658,000
Unemployment rate Jun-19 quarter (↓0.3%)	3.9%
Consumer Price Index Sep-19 year (↓0.2%)	1.5%
The size of the NZ Economy Jun-19 year	**$300 bn**
GDP per person Dec-18 year	**$58,778**
GDP per capita Jun-19 year	**0.8%**
GDP Growth (volume) Jun-19 year ↓	**2.4%**

Population – In 2018, Maori comprised 16.2% of NZ's population (up from 13.8% in the 2013 census). Our Asian / Middle Eastern / Latin /African migrants has moved ahead of Maori at 16.7% (up from 13.0% in the 2013 census). Pacifica People have increased from 6.9% in 2013 to 8.1% in the 2018 census. European New Zealanders have risen from 69.5% of total population in 2013 to 70% in 2018.

LOCAL GOVERNMENT

CHAIR OF PUBLIC TRANSPORT

I am thrilled to have been rewarded with the Chair of Public Transport in our re-elected Regional Council. Public Transport (our Bayhopper buses) still has plenty of issues, and I look forward to re-stamping my mark on this portfolio.

ELECTRIC BUSES HIT STREETS OF TAURANGA

State of the art electric buses hit the streets of Tauranga at the end of October. Tauranga now has five 100% electric buses in operation - more than any other city in New Zealand. They're part of Bay of Plenty Regional Council's commitment to low carbon public transport.

BOPRC CEO Fiona McTavish said transport emissions represent the largest emissions sector for Tauranga City. "*The buses are zero emission and because they are electric have reduced noise levels and provide a smoother ride for passengers and the driver.*"

The five electric buses are based out of the Greerton depot (next to the electricity transfer station), where each one has a charging station. In contrast to Wellington, where Hataitai residents suffered major power issues when their buses were charging, the location in Greerton was selected to prevent this issue.

These 5 buses will predominantly service cross city Connector routes – Greerton to the Mount.

The up-front cost of an electric bus can be as much as twice the cost of a diesel equivalent but the operating costs are significantly lower.

Electric bus facts:

- The buses can travel 200km on a single charge
- Each charger can deliver 80kwh which means a single bus can be charged in 3 hours
- Each bus will be recharged overnight
- The buses have a seated capacity of 34 adults and a total capacity of 55 adults
- A fully laden bus weighs 16,000kg - 50% more than a conventional bus
- The expected battery life is 12 years

TRAINS

Many people see trains as the answer to Western Bay's public transport woes, but the reality is that the investment required can't be justified. Our tracks are too narrow, and logistically we have trouble catering for both freight (to the port) and public transport.

WHAT ARE MY GOALS FOR THE NEXT 3 YEARS?

Having been re-elected unopposed has made for an easy ride this time around. That said, we do represent our community, and need to be wise guardians of our substantial community assets (Our 100% CCO – Quayside Holdings – owns around $2.6 billion in assets alone). Bay of Plenty Regional Council has an incredibly strong balance sheet, and while this is great – it also has allowed for a "flabby" organisation to develop.

A BIT OF HISTORY

To put that financial strength into perspective – in 1989, with the restructuring of the local government sector, our regional council aquired $42m in the assets of the Port of Tauranga (75% of the total port assets at that time). When it was subsequently floated, Waikato Regional Council sold off their 25% - and subsequently lost most of that in a poor Australian investment). Tauranga City Council aquired local electricty shares (which they subsequently sold for $46m).

Today, our City has no investments, and our regional council has grown that $42 million to over $2.6 billion. Our city councillors have never seemed to be very good at asset management, and yet here are some thinking that they should take over our bus operations. What a joke!

LOOKING FORWARD

I have always stood on a platform of **"ACTION – NOT WORDS"**, and that has always been (and will continue to be) my mantra. I believe in a science-based approach to environmental decision-making, and want to see our regional council staff also following this mantra. Alarmist rhetoric (like Climate Crisis) is damaging to our community (you only have to look at a increasing suicide rate of our youth) and has no place in local government. When asked about our regional action plan for climate change, the best that our CEO could give us was to make our council lunches vegitarian. Another joke – except that she wasn't joking.

CONSENTING & COMPLIANCE

We have to become business friendly, because it is only with a strong economy that we can afford to pay for genuine environmental sustainability. Our consenting and compliance team has to achieve a huge culture shift – and **STOP BEING SO "RISK AVERSE".** We risk effectively grinding our local economy to a halt.

I want to see regional councillors taking back much more of our hearing consent process. We are the ones elected by our community, and we are the ones who have a better understanding of our community needs. The current dispute over our local fishing rights is an example of our community loosing control.

Central Government needs to play its part in reforming the RMA, but regional council staff also need to step up when it comes to consenting for land development. We have to work with our whole community to ensure faster/better outcomes.

TRANSPORT

I previously chaired both Public Transport and the Regional Transport Committee, and both of these areas of operations have been most unsatisfactory, over the past six years. We have to do better, and this will require better leadership.

I identified that our proposed Bus Blueprint was flawed, when I was re-elected to council in 2016, and yet our transport planners sat in their ivory towers, and wouldn't listen. After a lot of heartache, we are moving forward now, but it still is a long way from perfect. An example is that we are still waiting for "integrated ticketing" – a system that will allow us to know exactly where people get on and off buses, so we can then analyse the data to determine best routes etc.

My mistake these past three years was to sit back and accept that the "looney left" are running the henhouse. This term I won't hold back, and unless there is serious improvement, you will find me much more outspoken.

With regards to Regional Land Transport – I have not been at all happy with the standard of leadership from this committee, over the last six years. We need strong chairmanship, to ensure that Tauranga City gets its fair share of influence. The problem is that our TCC Mayor only has the same voting power on this committee as the Mayor of Kawerau or Opotiki. Yes, we want concensus whenever possible, but not at the expense of the majority of our ratepayers. In the past six years the Mayors of Tauranga and Western Bay were rarely seen attending these meetings - depowering the significance of this important regional committee. We have to change this, and it will take strong leadership to do so.

ENVIRONMENTAL SUSTAINABILITY

Again, this is about "the doey, and less of the hui". We need to be spending our resources on the likes of actual wetland restoration, such as we are seeing in the Lower Kaituna catchment. That might require land use change, but we shouldn't be advocating for a "one stop fits all" policy setting that our Environment Minister seems to want.

I am proud to chair the Rotary Centennial Trust for the Restoration of the Kopurererua Valley. This trust has raised over $1 million over the past ten years, to help restore this 300 hectare wetland. This is exactly the sort of initiative that our regional council should, and now is, supporting strongly. "Actions – not just words".

FRESH WATER

Maori still believe that they own our water. This is opposed by myself, the National Party, Act, NZ First & Labour. This is an absolute bottom line for me, and we do need to settle this once and for all. That won't be an easy conversation, when you consider the history of the Treaty Settlement process. But it has to be addressed.

That said, our Regional Council needs to ensure we have robust data (water flows) to ensure robust water allocation decision-making. To date, regional council is making unsafe decisions, because the data is often only "desktop modelled". This is a huge political football, and the first to blink will loose. NZ Inc just can't afford that we "blink".

STAFF

Our cost structure has ballooned in the last 6 years. We need to restructure staff – moving them into action orientated positions, with much more emphasis on the "DOEY RATHER THAT THE HUI". If we are serious about climate change, then we need to stop the nonsense of having half of our senior management team (and their support staff) split between Whakatane and Tauranga. We have to stop the wastage. We need measurable outcomes.

OUR POLITICAL CLIMATE

Here now. New TV comedy show

LABOUR LOOKS IN A BIT OF TROUBLE

Poverty in New Zealand has reached new and unacceptable heights, and our dear leader is doing nothing about it – contrary to her promises during her election campaign.

The Government needed a precise understanding of what can realistically be achieved in a three-year term, but instead it went about tackling the problems it inherited in a naive and hopelessly optimistic way.

Without that understanding, combined with careful planning of the implementation of its policies so that at regular intervals voters can see tangible progress has been made towards the achieving the overall goal, there is the real risk, of muddled planning degenerating into policy chaos and disjointed action.

"*The political consequence is stark - the Government ends up looking out of its depth and simply incompetent – and voters draw their own conclusions.*"

ARDERN SHAKEN BY TWO POLL HITS

Poll numbers

National	47%	▲	2 pts
Labour	40%	▼	3
Green	7%	▲	1
NZ First	4%	▲	1
Act	1%	—	n/c
Maori	1%	—	n/c

Don't know **14%**, refused to answer **4%**

Source: 1 NEWS Colmar Brunton

There were no surprises in these poll results for National Party insiders, but the key for them is to remain focused on the prize, and not to take anything for granted.

LABOUR'S YEAR OF DELIVERY

THE PROMISE	THE DELIVERY
Build **100,000 affordable homes** over 10 years	**286** built (0.3%)
Plant **one billion trees**	**24.6 million** trees (2.5%)
1,800 new **Police Officers** over three years	**472** new Police Officers (26%)
Govt **vehicles emission free** by 2026	78 (**0.5%**) of government vehicles are **electric**
End homelessness	Priority A **housing waiting list** has **increased 154%**
Net zero emissions by 2050	Emissions projected to increase. **Coal use for electricity** increased **500%**
Reduce net migration by 20,000 to 30,000	**Net migration** is 620 **higher** than end of 2017
Reduce child poverty	Child poverty rate **increased from 14.2% to 16.5%**

Source: David Farrar - KiwiBlog

1,400 MORE GANG MEMBERS

The figures supplied by Police Minister Stuart Nash, show about 1,400 more people have joined a gang since the Government took office in 2017 and National leader Simon Bridges blames a lack of action by the Government. Law & Order is a core constituency for the National Party, and the current Coalition Government continues to play into the Opposition's hands with their actions which show that they are clearly "soft on crime".

Indigenous gangs in New Zealand are increasing in size and sophistication, with the so-called '501 deportees' from Australia and the influence of Asian organised crime groups. As gang numbers increase, gangs and their activities are becoming more visible along with inter-gang warfare, which could be ugly, violent and increasingly involve firearms…. Continued on page 5

"Understand you can't do it all yourself. You need help from good people."
Tony Grayburn – fellow Rotarian, and a very wise head

TOTAL PATCHED AND PROSPECT GANG MEMBERS

(OCTOBER 2017- AUGUST 2019) **SOURCE:** *Minister of Police*

1.	Auckland City	230	(18.6% ↑)
2.	**Bay of Plenty**	**1,380**	**(30.4% ↑)**
3.	Canterbury	480	(16.2% ↑)
4.	Central	640	(30.1% ↑)
5.	Counties/Manukau	760	(21.4% ↑)
6.	Eastern	1,041	(30% ↑)
7.	Northland	376	(-2.3% ↓)
8.	Southern	217	(61.9% ↑)
9.	Tasman	124	(82.4% ↑)
10.	Waikato	556	(44% ↑)
11.	Waitematā	369	(22.6% ↑)
12.	Wellington	556	(14.6% ↑)

The National Party recently announced it would strip the benefits from those who refused to be vaccinated... It also said it would refuse benefits to gang members who could not explain their assets. Black Power is its main target. Not Grey Power...

WINSTON IS UNDER PRESSURE AGAIN

SOURCE: Richard Harman, Politik

What we have seen in the past is that when NZ First believes its survival is at stake it becomes an unpredictable and potentially destructive force as it seeks to define itself in its traditional role as an anti-establishment party.

The last time they went to an election as part of a Government, they ended up out of Parliament.

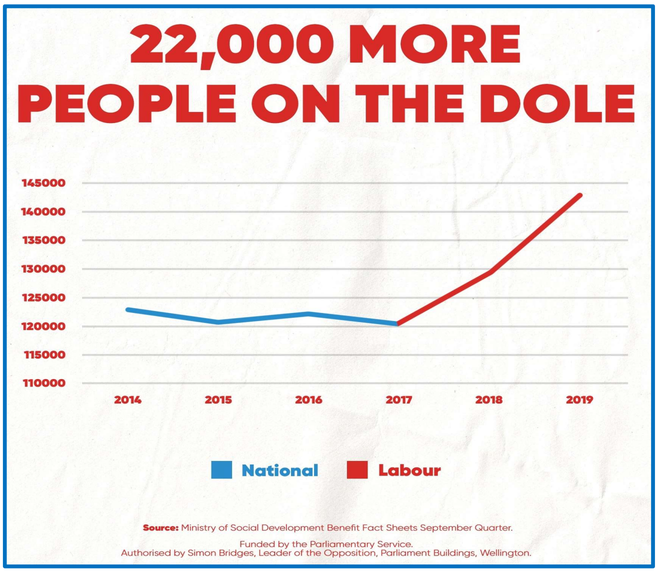
POLITIK understands the Party's leader, Winston Peters, has sounded out friends about whether he should withdraw from a full coalition arrangement to a confidence and supply agreement which would give him more freedom to oppose some Labour policies but which would paint a picture of disunity within the Government.

Harman is well connected so if he says Winston is consulting on pulling out of the coalition, then it is a serious possibility.

One senior National MP, looking at this, speculated that Labour could lock NZ First's support in by doing a deal over an electorate seat with them which would ensure their return to Parliament.

They can try. But voters often make up their own mind, and if voters realise a vote for NZ First is a vote for a Labour/Greens Government then these voters, in seats such as Northland and Whangarei, will be very wary.

LABOUR IS SOFT ON BENEFICARIES



Numbers on the dole or jobseeker allowance were static for many years, but since the change of government (last two years) they have shot up by around 16%. It isn't rocket science to work out that relaxing or removing sanctions and work tests has been the primary cause for this.

THE GIFT THAT KEEPS ON GIVING

Twyford is definitely a huge "weak link" for the Ardern Government. As such, I am not sure that we want him actually sacked. He is the gift that keeps on giving, and his incompetence plays into National's hands.

Twyford's latest blue (after the KiwiBuild/Trams down Dominion Road/and so much more) is his complete brain-fade with regards to misleading Parliament over the firing of the entire NZTA Board. The only survivor was Chair Sir Brian Roche, with Twyford denying that others had not sort a second term.

Twyford is a "wrecking ball", but Jacinda's problem is that she is bereft of talent for added ministerial responsibility.

PROPSED NZ's ZERO CARBON BILL BREACHES PARIS ACCORD

SOURCE: Ian Wishart, Investigate Magazine

New Zealand's Labour/Greens/NZ First government appears to have seriously breached Article 2 of the Paris Climate Accord in its proposed Zero Carbon Bill. putting the credibility of the country's climate change policy at risk.

The shock revelation comes in a briefing sent to the Prime Minister's Chief Science Adviser, Professor Juliet Gerrard.

The link is: EnvironomicsBriefingonZeroCarbon

The Zero Carbon policy has seen hundreds of thousands of hectares of good farmland sold off on a fast-track process to foreign carbon credit investors to plant forests, and it's seen a serious drop in dairy, beef and sheep production. If it continues, the 12 million hectares currently used for farming will dwindle further and the 1.7 million hectares of mostly foreign-owned forest will grow considerably.

Farmers are warning the Zero Carbon Bill threatens our ability to grow food as more and more productive land is converted to forest, in a reverse of the land clearing policies of the 19th century.

In a briefing to Gerrard, Environomics Trust CEO Peter Morgan points out that the terms of the Paris Climate Accord which New Zealand has signed, forbid carbon mitigation policies that affect food production. **Article 2(1)(b)** requires governments to:

"..[increase] the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, ***in a manner that does not threaten food production."***

The Labour/Greens/NZ First obsession with killing off farming by planting trees on farmland, and selling the carbon credits to carbon billionaire traders like Al Gore, is a climate change policy going not just further than the Paris Climate Accord requires, but actually in direct contravention of it.

The news that the Government's attack on New Zealand's biggest export earner is illegal under the Paris Accord will likely come as a shock, not just to farmers, but also the wider public who've been watching helplessly while rich overseas investors have been hoovering up our best farmland without having to go through strict Overseas Investment Office requirements.

It's a get rich quick scheme for carbon investors that is also having the effect of breaking up and destroying Fonterra and other New Zealand food producers competing with massive food multinationals … it's a globalist's dream - eliminate the competition by purchasing their farms and turning them into trees. Monsanto, Nestle and other globalist giants must be rubbing their hands together with glee.

In 30 years' time, when the new forests suddenly come on the market for harvest, NZ will suddenly find itself with a glut of unsold timber sending wood prices through the floor… just as we experienced in the late 80s and nineties. It's like Dutch tulip fever all over again.

WAIKATO COAL EXPLORATION PERMIT

I am dismayed at this so-called transformational Government's decision to grant a coal mining exploration permit on Crown land in Waikato. Since the September 2017 election, five mining or exploration permits have been granted on Land Information New Zealand (LINZ) land, including one for coal exploration.

The coal exploration permit was granted to BT Mining Ltd in September 2018. Its parent company is Wellington-based Bathurst Resources, a major player in the New Zealand coal mining industry.

And this after banning oil & gas exploration….

GENETIC EDITING IS FINDING GREEN SUPPORT

An open letter signed by more than 150 New Zealanders under 30 who specialise in biological or environmental science says the current law hinders efforts to tackle the climate crisis, and urges the Greens to change their position and take a lead on reform. They have urged Green Party to revisit its position on genetic modification.

A group of 155 young New Zealand scientists has laid down a challenge, saying "*Climate change is one of the greatest crises in human history, and our current law* *severely restricts the development of technologies that could make a vital difference*."

They write that "*GM based study in New Zealand was bridled by one of the toughest regulatory environments in the world for this field of research. We believe that GM based research could be decisive in our efforts to reduce New Zealand and global climate emissions as well as partially mitigating some of the impacts of climate change*."

The signatories say that the existing 2003 law is a handbrake on GM related research in areas including agricultural efficiency, carbon capture, and the production of alternative proteins.

"*The existing regulation in New Zealand inhibits application of advances such as these, blocking not only the development of green technology, but the potential for a just transition away from extractive and polluting industries. New Zealand has the opportunity to be a world leader in such a transition: for example, the development and demonstration of effective technologies to reduce agricultural emissions could have an international impact and set an example for other countries*."

Greens spokesperson Gareth Hughes noted that the Prime Minister's Chief Science Adviser, Juliet Gerrard, had "*recently pointed out that GE regulation isn't just a scientific question, it has ethical and economic dimensions too. Risks to New Zealand's fast-growing organics sector and national agricultural reputation need to be considered. New Zealand's existing law on genetic engineering is not fit for purpose. The act was written before the technologies we're discussing were even invented. So, I think what we need to do is have a calm look at sorting out the language and the legal and regulatory framework*."

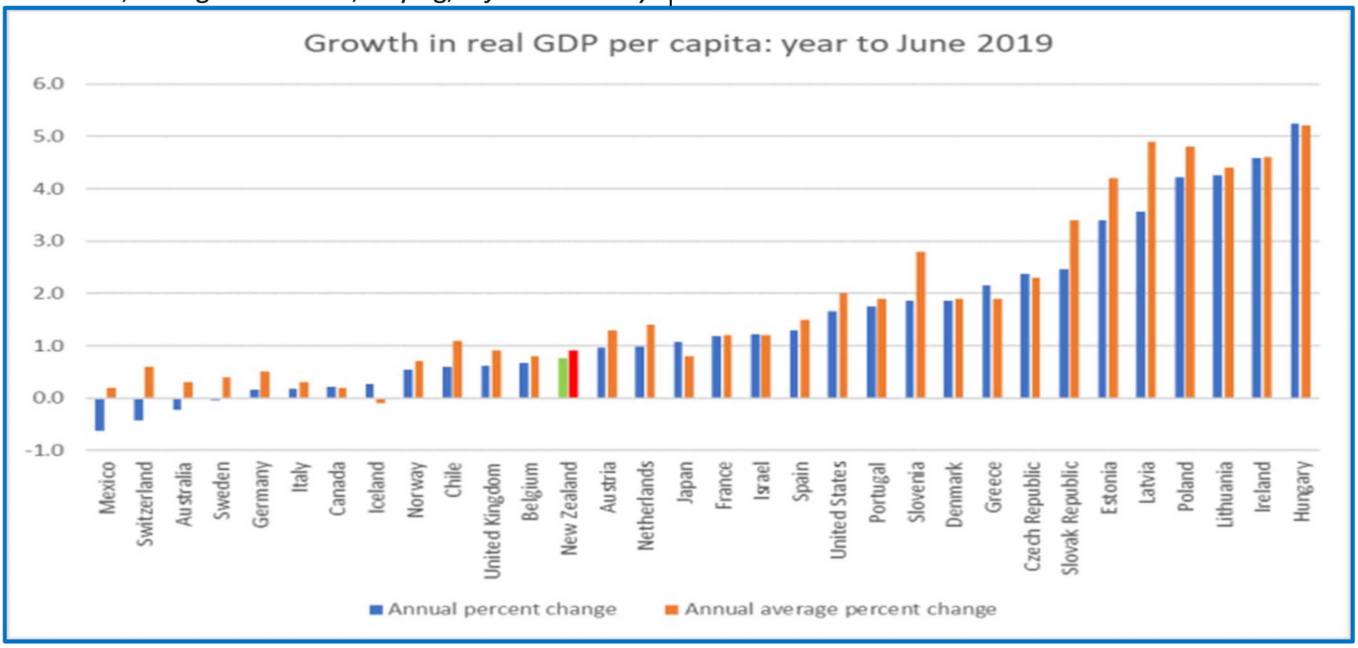
Her predecessor as PM's Science Adviser, Sir Peter Gluckman, has gone further, saying, "*If our country does not periodically consider how to use or not use evolving technologies, we run the risk of becoming a backwater with a declining competitive position. We must to find a way to have ongoing conversations about fast moving and evolving technologies; burying our heads in the sands of short-termism can have serious long-term costs*."

Gareth Hughes commented that "*There are emissions reduction practices available right now without needing hypothetical, future GE-based technologies. We believe regenerative and organic agriculture is a better future for New Zealand and our environment. Green Party policies are developed by our members and any change would have to come from the membership*." That attitude just shows his luddite view on life….

PRODUCTIVITY PER PERSON IS KEY TO SUCCESS

The chart below shows the latest annual growth rates for those countries, using national agency data for Australia and New Zealand and the OECD data for the rest. There are two measures: the annual percentage change is the increase from the June quarter 2018 to the June quarter 2019, and the annual average percentage change is the increase from the year to June 2018 to the year to June 2019. The latter series is a bit less noisy, but also a bit less timely. As it happens, this time New Zealand's rank is exactly the same on both measures.

There are countries that have done worse than New Zealand – but we are close to the bottom third of OECD countries. But that shouldn't be much consolation, since we have much lower starting levels of GDP per capita (and GDP per hour worked) than most of the countries to the left of the chart. The vision was (once) supposed to be that we might once again catch up with them.



SOURCE: Croaking Cassandra

DISSENT IS DYING IN 'MODERN' AUSTRALIA **SOURCE:** Mike O'Connor, Australian Courier-Mail

The following article, while focussing on Australia, is also very relevant for New Zealand.

There are times when I feel like a stranger in my own country, the urge to scream in frustration all but overwhelming.

My problem is that I'm not a believer. I don't believe in man-made climate change and shake my head in bemusement at the people who are presently running through the streets screaming "climate emergency."

We now live in an age in which if something is said often enough by self-interested parties then it must be true. Anyone who attempts to voice a contrary view is howled down and branded a "denier."

No one dares to be different. Such is the desperate need to be accepted and on-trend that we will happily go along with any point of view which will be favourably viewed by social media.

The intellectual laziness of the masses is as sad as it is tragic. We have become a nation of unthinking morons which unquestioningly accepts the views of self-anointed "experts" without wondering if their shouted declarations that the end is nigh might just be driven by the urgent need to justify their existence and get their hands on another research grant.

To be a climate denier is to suffer eternal damnation but it is perfectly fine to be a democracy denier as witnessed by the fact that there are large numbers of very noisy people who still can't accept that Donald Trump is President of the United States and Scott Morrison Prime Minister of Australia.

They weren't supposed to win. How did this happen? Apparently, the Russians rigged the US elections but how Morrison managed to end up in The Lodge remains a mystery. The man's a Christian, for God's sake, and doesn't believe that the world is about to end. Go figure.

Nor do I believe that people who attempt to lie and cheat their way into the country should be allowed to settle here and struggle to understand why people like Minister for Home Affairs Peter Dutton is pilloried for doing what he is paid to do — protect our borders.

My advice to those with bleeding heart tales who wish to live here? Get in the queue.

Admitting that you admire Dutton for his forthrightness is, of course, akin to confessing to devil worship and not something you would dream of doing in the company of strangers lest you be set upon and tarred and feathered.

I also have no time for the United Nations, a multi-billion-dollar club which boasts among its members some of the great hypocrites and pontificators of our time and which seethes with corruption.

Australia Day is three months distant so the non-indigenous among us must ready ourselves to be branded as white supremacists celebrating a bloody invasion.

I don't buy it. Instead of wasting energy moaning about historical wrongs, tackle the alcohol, drug and sexual abuse and poor parenting that denies so many indigenous children a shot at a better life.

This is not a point of view that people publicly express because they know they will be denounced as being racists if they do so. So be it.

Christmas in also coming but don't mention Jesus or the birth of Christ lest in so doing, you offend someone and that would never do.

I'll continue to live, then, in my own little offensive, racist, climate denier world but I've a feeling that I am not alone. Please feel free to join me.

Mike O'Connor is a columnist for The Courier-Mail.

My comments:

Don't get me wrong – I am not a climate change denier. However, I do believe that the threats have been grossly over blown, by both the media and those with vested interests.

Storm effects is a real issue, and we need to take action to mitigate against this – especially along our coastal and river verges. However, I struggle to accept (based on our known science) that sea level rise is a "real" threat.

I am also a big believer in property owners taking personal responsibility, and that they should not expect ratepayers (and taxpayers) to bail them out if they fail to take a precautionary approach in their investment decisions.

"You can't go back and change the beginning, but you can start where you are & change the ending."

C.S.Lewis

An Open Letter to New Zealand Members of Parliament

Source: Ian Wishart, Investigate Magazine, 25th October 2019

This was reproduced in "Investigate Magazine" and is an interesting read – especially considering NZIER (a noted economic research body) estimates that the cost of Zero Carbon 2050 at $85 billion per year (about 28% of current GDP). The article goes on to say "This is economic suicide over New Zealand producing 1/588th of global man-made greenhouse gases. It will be worse if the primary sector is ruined." At least farmers have had a bit of a temporary reprieve….

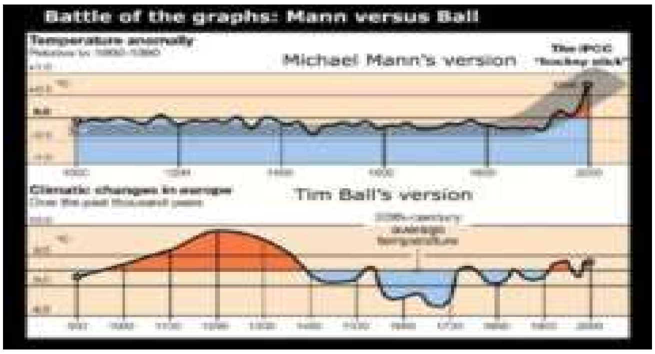
Dear Members of Parliament, 10th October 2019

Zero Carbon Bill

I am writing to express my concern about the Zero Carbon Bill currently before the House. Since the late 1990's considerable controversy has surrounded the data and methodology upon which United Nations IPCC makes its case for "man-made" global warming.

The "Climategate" scandal first broke in 2009 (and 2011) with thousands of leaked emails from the University of East Anglia Climate Research Unit, suggesting an intent by climate scientists doing research on behalf of IPCC to manipulate climate data. There are reports of: adding recorded temperatures to proxy data(tree rings etc) to show an increase in average global temperatures, "hiding the decline" in temperatures in the 1960's, lost or destroyed data, not archiving data, hiding the Medieval Warm Period and subsequent Little Ice Age, "adjusting" temperatures. [1], [2] etc.

As far as I am aware, the scientists with the key data sets behind the IPCC reports have refused to release all their data and calculations to this day. Given the claimed "emergency" one would reasonably expect cooperation from the IPCC and the climate scientists involved. Dr Michael Mann, who produced the "hockey stick" graph the IPCC used, has recently had a defamation lawsuit against Canadian climatologist Dr Tim Ball in the Supreme Court of British Colombia, dismissed with full legal costs awarded to Ball. The court decision reportedly stemmed from the fact that Mann refused to turn over "R2 regression numbers" under discovery.[3] Dr Mann's graph, and Tim Ball's graph based on openly available data, are shown below.



It is widely acknowledged the Medieval Warm Period was warmer than current global average temperatures, but occurred with NO man-made greenhouse gases. Damningly, this is acknowledged, and the warm period and Little Ice Age are documented, in an earlier IPCC Assessment Report.[4] I believe the IPCC have altered or tried to take down that earlier report.

Further, '…more than 31,000 American scientists from diverse climate related disciplines, including more than 9000 with Ph.D.s, have signed a petition announcing their belief that "… there is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future , cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate."[5] There are many other scientists globally who concur.[6] Greenpeace co-founder Patrick Moore is less gracious -"It is the biggest lie since people thought the Earth was at the center of the universe… It is a complete hoax and scam." [7] The "97% global warming consensus" also appears fictitious. [8]

In June 2019, Finnish scientists published research entitled "No Experimental Evidence for the Significant Anthropogenic Climate Change" – J Kauppinen and P Malmi, on Cornell University's arXiv website. Kaupinnen, with some 160 research papers to his name, *worked as an expert reviewer on United Nations IPCC AR5 report*. It appears he raised concerns with the IPCC about climate models that were not satisfied, hence the research.

Their research states, "The IPCC climate sensitivity is about one order of magnitude too high, because a strong *negative* feedback of the *clouds* is *missing in climate models…* we have to recognize that *anthropogenic climate change does not exist in practice. …low clouds* practically *control the global average temperature. During the last hundred years the temperature is increased about 0.1°C because of CO2. The human contribution was about 0.01°C".* They conclude, "… A *too small natural component results in a too large portion for the contribution of the greenhouse gases* like carbon dioxide" in the IPCC AR5 models. [9] Ultimately the *sun* via galactic cosmic rays influences cloud cover and humidity, that is, climate.

Natural climate change is not new science. See also; "Environmental Effects of Increased Atmospheric Carbon Dioxide" – Robinson, Robinson and Soon. [10] ; "Greenhouse Gases – A More Realistic View" Jock Allison and Thomas P. Sheahan,[11]; former NASA Climate Scientist, Dr Roy Spencer.com.; and New Zealander, former Judge Anthony Willy's "What climate catastrophe?" [12], and many more.

As a sworn Member of Parliament, I believe it is your legal and moral responsibility to form good legislation based on fact and correct analysis. It is my expectation that you will insist the UN IPCC and associated climate scientists fully disclose their data and analysis, and you will subject it to open, rigorous, independent scrutiny. In the absence of this, I implore you not to proceed with proposed emissions reduction targets.

A re-assessment of the NIWA Seven-station Series (a doctoral thesis based on 7 weather stations?) and how it may have influenced Government policy and informed the UN IPCC on warming, as opposed to raw temperature data over some 238 weather stations showing little change in NZ average temperatures over 150 years[13], may also prove worthwhile.

It is not my intention to malign any climate scientist, but to pass on what I have found. I am no scientist, and am happy to be proven wrong. So let's see the UN IPCC information and have an open debate.

In my view, if climate change is primarily a natural phenomenon, we are about to engage in a catastrophic misallocation of resources to mitigate falsely claimed anthropogenic warming. Those resources being better directed at strategies to manage natural climate phenomena. We will also encumber every New Zealander for future generations with an untenable economic burden, and become party to a likely distorted derivative trade in the "ethereal" commodity – carbon credits. This may further disadvantage ordinary Kiwis. We are seeing agricultural land being bought with sometimes foreign capital, to be planted in trees, carbon credits claimed, and perhaps tree establishment grants, to subsidise the conversion. [14] All this to potentially offset an offshore carbon footprint, an option not afforded New Zealand farmers, and destroying rural jobs and communities to boot. Really?

Doug Edmeades informs us NZIER estimate the cost of Zero Carbon 2050 at $85b per year, [15] about 28% of current GDP. This is economic suicide over New Zealand producing 1/588th of global man-made greenhouse gases. It will be worse if the primary sector is ruined.

To me, it is also a great disappointment to see a Prime Minister and government that promised to govern with "empathy", along with our media and educators, burden impressionable school children with the anxiety and hopelessness of a "climate catastrophe". They also go well beyond the remit of the Paris Climate Accord to place the agriculture sector under enormous strain. So much for the mental health initiative.

On a warmer note, as the sun enters an 11 year Grand Solar Minimum[16], characterized by colder (and sometimes hotter) temperatures and unstable weather events, a little 'home made' gas may be of slight benefit. If someone dangles this off the end of the well documented "Great Pause" [17] data, where temperatures remained practically flat for over 18 years from 1997-2015, things may well look remarkably ordinary, or even cold.

Opinion: The entire content of this letter is the opinion of the author, based on reference and other material. In a world where we have never been so informed, so quickly, it seems ever more difficult to get to the facts of the matter. I cannot attest to the absolute accuracy of this letter and reference material. I encourage you to search widely and form your own view.

Let's do this – properly. I look forward to your reply. Thank you.

God defend New Zealand.

Steve Collins
RD1, Murupara
e & o. e.

Please read the reference material

[1] https://www.telegraph.co.uk/comment/columnists/christopherbooker/6679082/Climate-change-this-is-the-worst-scientific-scandal-of-our-generation.html

[2] https://www.technologyreview.com/s/403256/global-warming-bombshell/

[3] https://www.zerohedge.com/health/climate-alarmist-sued-skeptic-defamation-and-lost

[4] https://www.zerohedge.com/health/climate-alarmist-sued-skeptic-defamation-and-lost

[5] https://www.forbes.com/sites/larrybell/2012/07/17/that-scientific-global-warming-consensus-not/#3500a7c63bb3l

[6]https://www.desmogblog.com/sites/beta.desmogblog.com/files/Climate%20denier%20Paris%20withdrawal%20petition.pdf

[7] https://www.breitbart.com/radio/2019/03/07/greenpeace-founder-global-warming-hoax-pushed-corrupt-scientists-hooked-government-grants/

[8] https://www.nationalreview.com/2015/10/climate-change-no-its-not-97-percent-consensus-ian-tuttle/

[9] https://arxiv.org/pdf/1907.00165.pdf

[10] www.petitionproject.org/gw_article/GWReview_OISM150.pdf

[11] https://www.nzipim.co.nz/Folder?Action=View%20File&Folder_id=120&File=The%20Journal%20September%202018.pdf

[12] https://www.nzcpr.com/what-climate-catastrophe/

[13] https://quadrant.org.au/opinion/doomed-planet/2010/05/crisis-in-new-zealand-climatology/

[14] https://www.interest.co.nz/rural-news/100278/sheep-and-beef-farmers-are-increasingly-concerned-potential-productive-food

[15] Rural News – Zero Debate on Climate Change 10 Sept 2019.

[16] https://abruptearthchanges.com/2019/06/14/the-next-grand-solar-minimum-has-very-likely-begun-nasa-predicts-lowest-solar-cycle-in-200-years/

[17] https://wattsupwiththat.com/2015/09/04/the-pause-lengthens-yet-again/

DON'T WRITE BORIS OFF

Boris has finally got a win – Britain will go to the polls on 12th December – something that Labour Leader Jeremy Corban has been opposed to recently – because he knows that his Party is well behind in the polls, and Corban has a very divided and dysfunctional Party.

Angela Merkel had told Boris Johnson that the United Kingdom will never leave the European Union unless Northern Ireland remains in a customs union with the EU! The reality is that an Irish solution is now on the table – albeit not ideal, but Boris is extremely determined to exit the EU, and his path to that now looks more assured – assuming he can win the 12th December General Election.

OPINION POLL - TORIES 9 POINTS AHEAD OF LABOUR

A "poll of polls" has put the Tories 9 points ahead of Labour. However, the latest poll found that support for the Conservative Party has risen three points to stand at 40%, while Labour was unchanged on 24%. The Lib Dems slipped one point to 15%, while Nigel Farage's Brexit Party was on 10%.

Party	2017 Votes	2017 Seats	Pred Votes	Pred Seats
CON	43.5%	318	34.5%	**354**
LAB	41.0%	262	25.7%	**195**
LIB	7.6%	12	17.5%	**31**
Brexit	0.0%	0	11.7%	**0**
Green	1.7%	1	4.5%	**1**
SNP	3.1%	35	3.2%	**48**
PlaidC	0.5%	4	0.7%	**3**
UKIP	1.9%	0	0.4%	**0**
Other	0.7%	0	2.0%	**0**
DUP		10		**9**
SF		7		**7**
Alliance		0		**1**
NI Other		1		**1**

Predictions are based on opinion polls (11,304 people) from 1st to 25th October 2019. Current prediction: Conservative majority of 76 seats.

THE KIWI INFLUENCE

The Kiwi digital company that helped Scott Morrison's Liberals to their shock win in the Australian election is working with Boris Johnson's Conservatives for their upcoming UK election campaign. Former Young Nats, Sean Topham and Ben Guerin are already based in Conservative campaign headquarters for this election.

THE BREXIT EFFECT ON NEW ZEALAND

Johnson's proposed deal is unlikely to have much impact on the New Zealand economy overall, though it will be more turbulent for some sectors than others, and it could be a bumpy ride. The UK accounts for 2.7% of New Zealand's goods exports and imports. It generates 6.2% of our services export revenue (largely tourism); and is the fifth largest foreign direct investor here, accounting for 4.7% of the stock of foreign capital.

These are important economic links, but the expected slowing of the UK economy under the proposed deal is unlikely to send shockwaves through the New Zealand economy. A recent study by independent thinktank "The UK in a Changing Europe" estimates Johnson's deal will lower UK long-term income per capita by between 2.3% and 7.0%. The extent of the decline in living standards depends on migration settings and the impact of reduced integration with the EU on productivity. This decline is less damaging than a no-deal Brexit (up to 8.7%) but worse than Theresa May's unsuccessful deal (up to 5.5%).

THE BREXIT DEAL NOW ON THE TABLE

The first thing to remember is that this deal is mostly the same as Theresa May's. It still:

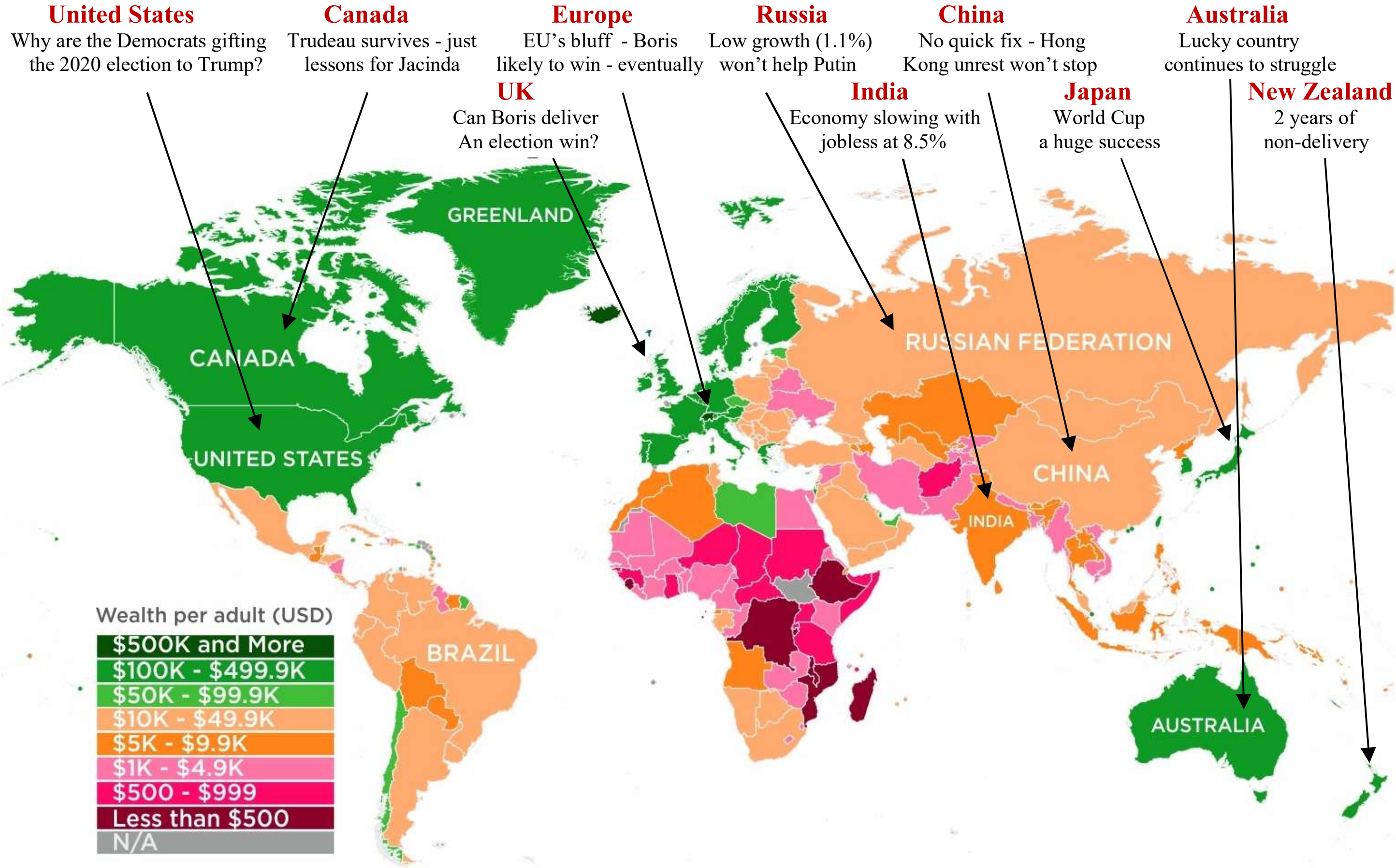
- Commits the UK paying the EU £39 billion.
- Will abide by EU rules until the end of 2020.
- Guarantees the rights of EU citizens living in the UK.

WHAT HAS CHANGED

- The new deal does not include the Irish backstop. A hybrid arrangement around Northern Ireland that leaves it in the UK customs territory, but in a de facto EU customs zone. In practice, this means that goods going into Northern Ireland from mainland UK would pay no tariff, as long as they weren't at risk of going on into the Republic of Ireland. That would mean some custom checks in the Irish Sea.
- The new system will apply until at least 2027. The Northern Ireland Assemble would have the ability to continue or get rid of this arrangement, every four years.

I STRONGLY RECOMMEND THAT YOU "GET OFF THE BEATEN TRACK" IN JAPAN (I DID SO IN THE 80'S). TOKYO IS NOT JAPAN. PLEASE SUPPORT JAPAN CUSTOM TOURS – YOU WON'T REGRET IT.

THE WORLD AT A GLANCE – World Wealth Map, 2018



THE GLOBAL ECONOMIC OUTLOOK

It's becoming clearer that issues like the US-China trade war are affecting confidence overseas and in New Zealand.

IMF is forecasting global growth at 3.0% for 2019, its lowest level since 2008–09. Growth is projected to pick up to 3.4% in 2020, reflecting primarily a projected improvement in economic performance in a number of emerging markets in Latin America, the Middle East, and emerging and developing Europe that are under macroeconomic strain. Yet, with uncertainty about prospects for several of these countries, a projected slowdown in China and the United States, and prominent downside risks, a much more subdued pace of global activity could well materialize.

CANADA

Justin Trudeau's Liberal Party retained power, but lost its parliamentary majority, and will need support from other groupings - such as the NDP - in order to pass legislation. Trudeau survived by the skin of his teeth, and the Canadian economy will struggle to rebound from its socialist inspired malaise.

ARGENTINA

Alberto Fernández's Everyone's Front (Frente de Todos) coalition won the 27 October general elections. This puts the Peronist's back in power – a political movement that was responsible for the long-term deterioration of the Argentinian economy. At the beginning of the 20th century Argentina boasted the 5th largest economy in the world. Today it remains a "basket case".

Although there is considerable uncertainty over the economic program Fernández will implement, it's highly probable that the new government will shift away from market-friendly policies. Meanwhile, national accounts data showed that the economy rebounded in Q2, growing for the first time in over one year, supported by a surge in exports and a softer contraction in the domestic economy. However, the recovery should prove short-lived.

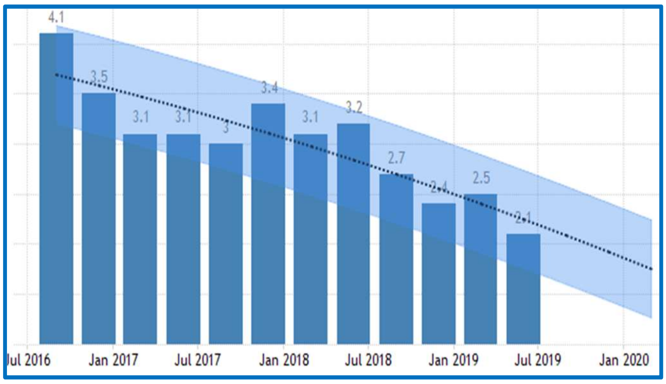
NEW ZEALAND'S ECONOMIC OUTLOOK

New Zealand might be small in population, but our footprint is surprisingly large (see map below). We also have roughly a 4,300,000 km^2 exclusive economic zone (EEZ), which is approximately fifteen times the land area of the country. This is the fourth largest EEZ in the world.

New Zealand and China have finally reached agreement on an upgraded free trade deal between the two nations. However, the upgraded FTA is unlikely to deliver all that exporters had hoped for, so the Government needs to ramp up its trade talks with the European Union and United States.

While a conclusion to talks will be welcomed, any gains from the upgrade are set to be modest, with the greatest wins believed to be made in the area of tariffs on wood and paper exports. Forestry products are New Zealand's second-largest source of exports to China, making up just under a fifth of the $18.95 billion in overall goods and services exports for 2019.

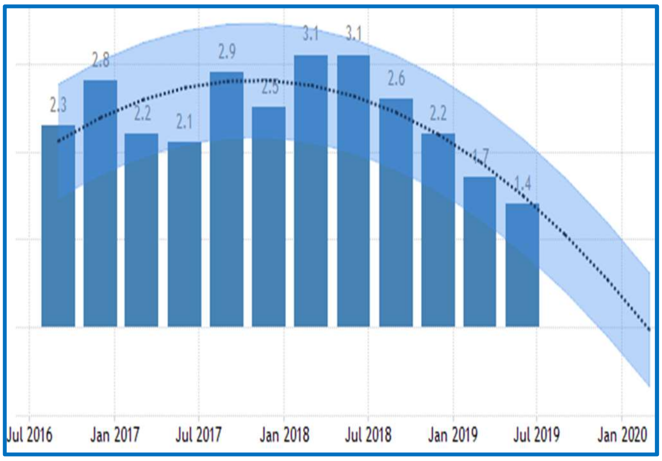
NEW ZEALAND - ANNUAL GDP GROWTH RATE



AUSTRALIAN ECONOMIC OUTLOOK

Growth appears to have remained lackluster in the third quarter, after weak consumer demand weighed on the economy in Q2. Household spending was likely depressed in the quarter, given that retail sales softened, on average, in July–August; the unemployment rate ticked up in the same period; and consumer confidence faltered throughout Q3. Furthermore, business conditions and business sentiment deteriorated in Q3, signaling that monetary policy easing and tax cuts did not have a significant stimulus effect on private sector activity. In other news, for the fiscal year ending 30 June, Australia achieved a balanced budget for the first time in nearly a decade, chiefly thanks to higher iron ore prices and the over A$6.0 billion underspent in the national disability insurance scheme. The surprise A$8.7 billion operating surplus increases the likelihood of fiscal stimulus to boost jobs and overall growth in 2020.

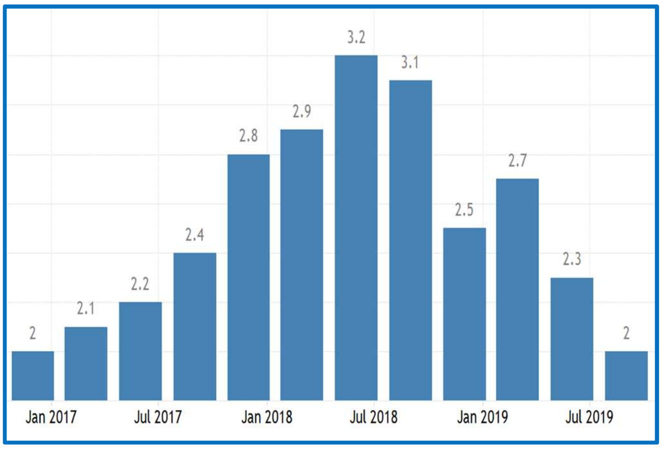
AUSTRALIA - ANNUAL GDP GROWTH RATE



United States Economic Outlook

Economic growth likely cooled further in the third quarter. Cracks began to show in private consumption - Retail sales unexpectedly shrank in September and consumer confidence tumbled, while payroll gains slowed and wage growth weakened in the same month. Moreover, ongoing uncertainty over trade policies and the global growth slowdown likely limited the rebound in business fixed investment from Q2's contraction, while inventory contributions to GDP growth appeared to moderate, given falling imports and the General Motors strike. Regarding the trade front, the U.S. and China allegedly reached a partial trade deal. However, many remain pessimistic that the countries will arrive at a full agreement in the near-term.

UNITED STATES ANNUAL GDP GROWTH



Chinese Economic Outlook

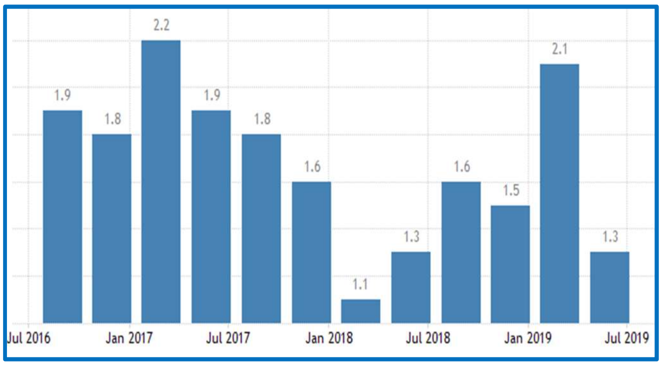
Economic dynamics continued to moderate in August, especially in trade-related sectors. Industrial production growth plunged to an over 15-year low, while investment, especially in the secondary sector, softened further. Available data for September suggests that growth stabilized somewhat, with the important leading manufacturing index (the PMI) inching up mostly due to solid domestic orders. Moreover, service activities remained robust in the month on the back of resilient domestic demand. In this regard, solid consumer spending during China's 1st week October holiday corroborates that private consumption remains the backbone of the economy. Turning focus to trade war developments, on 11th October, the U.S. postponed a new round of tariffs scheduled for 15th October on the grounds that trade talks were progressing substantially. While the announcement boosted investor confidence, a full trade deal is not yet in sight.

CHINA - ANNUAL GDP GROWTH RATE

United Kingdom Economic Outlook

While the economy should have avoided recession in Q3, any expansion was likely minimal, as Brexit uncertainty and a less favorable external environment dampened activity. In June–August growth was tepid, weighed on by contraction in the manufacturing sector, while both the services and manufacturing PMIs pointed to worsening business conditions in September. Worryingly, the hitherto rock-solid labour market has shown signs of buckling under Brexit pressure: In June–August, the unemployment rate rose, while employment and vacancies shrank. More positively, wage growth continues to markedly outstrip inflation, which should be propping up private consumption.

UK ANNUAL GDP GROWTH RATE

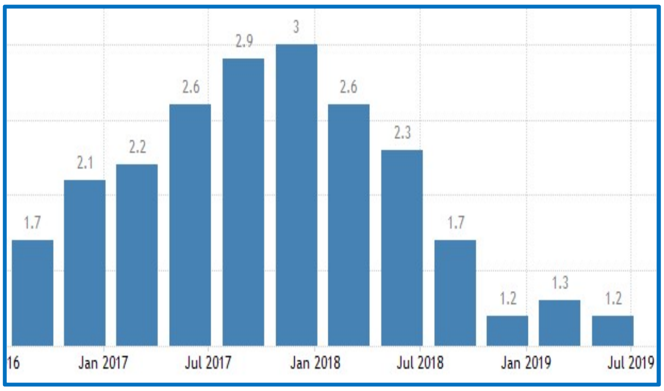


European Economic Outlook

Data suggests that the Eurozone remained stuck in a low gear in the third quarter, after the second quarter's deceleration. The composite PMI fell to an over six-year low in September, dragged on by a sharp downturn in the export-orientated manufacturing sector amid global trade tensions and subdued demand from key trading partners. Moreover, depressed industrial sector confidence caused overall economic sentiment to plunge to an over four-year low in the same month.

On a brighter note, the unemployment rate dipped to a fresh over one-decade low in August; however, labour market improvements have started to slow, likely amid contagion from the battered manufacturing sector. Meanwhile, in the political arena, some positive news has emerged, although uncertainty remains high.

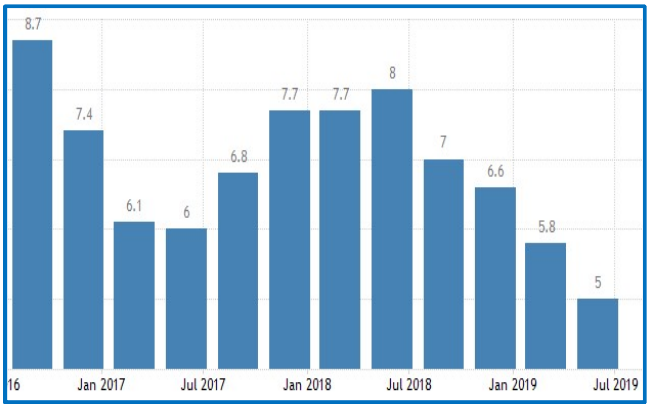
EURO AREA - ANNUAL GDP GROWTH RATE



Indian Economic Outlook

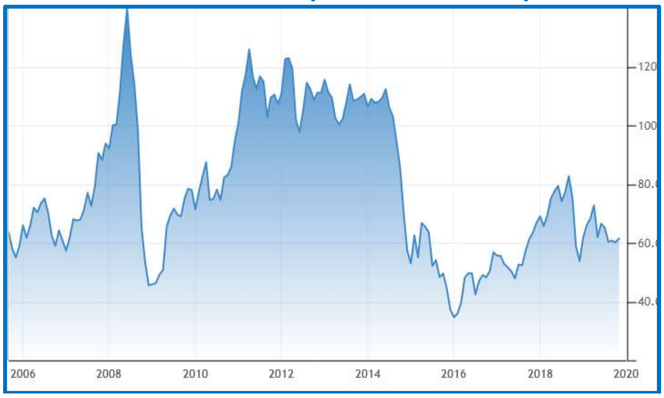
India's consumers and businesses should have reaped the benefits of lower interest rates in Q2, as the Reserve Bank of India has slashed rates in recent months. However, despite lower rates and encouraging PMI data, consumer confidence has fallen consistently since March and dropped to a multi-year low in September, which probably hampered private consumption growth. Moving to Q3, above-average rainfall this monsoon season should support agricultural output, despite flooding in some areas. In addition, the government cut the corporate tax rate on 20 September to 22% from 30%, which should boost fixed investment. We can expect GDP growth of 6.2% in FY 2019, and 6.8% in FY 2020.

INDIA - ANNUAL GDP GROWTH RATE



COMMODITIES

OIL: BRENT OIL (2006 TO CURRENT)



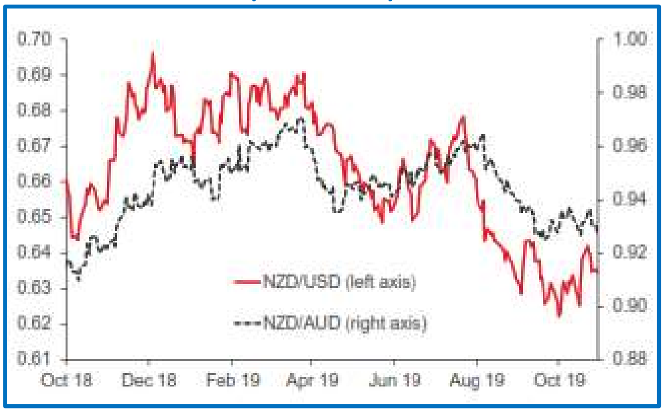
INTEREST RATES

On 30th October, the US Federal Reserve cut its official interest rate for the third time this year to a range of 1.5% - 1.75% to bolster growth in a very low inflation environment, but the world's most important central bank appeared to put rates on hold for now. Market interest rates rose somewhat on the comments about a pause in rate cuts, because some had expected another cut later this year or early next year.

The NZ Reserve Bank will make its next decision on interest rates here on 13th November. Most expect another 25 basis point cut in the Official Cash Rate in November, with a chance of another one or two cuts to 0.25% by early next year.

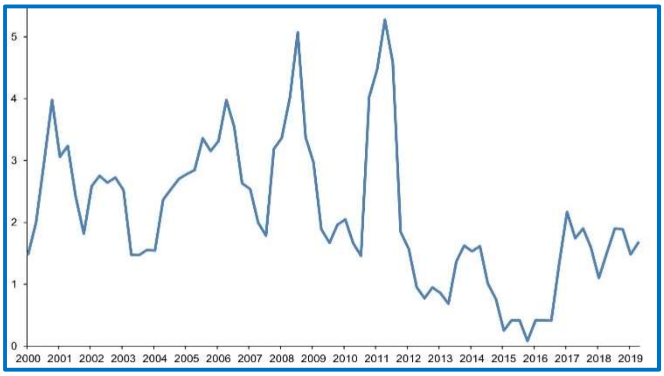
CURRENCIES

NZD/USD & NZD/AUD



SOURCE: Westpac

NZ INFLATION



SOURCE: StatsNZ, Reserve Bank

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN

Year ended 30 June	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F	2024F
Dairy	6,092	5,982	6,986	7,848	10,359	11,036	10,312	12,912	13,379	13,139	17,791	14,050	13,289	14,638	16,655	18,120	18,620	18,940	19,240	19,510	19,780
Annual % Change		-1.8%	16.8%	12.3%	32.0%	6.5%	-6.6%	25.2%	3.6%	-1.8%	35.4%	-21.0%	-5.4%	10.1%	13.8%	8.8%	2.8%	1.7%	1.6%	1.4%	1.4%
Meat & wool	6,848	6,761	6,659	6,774	6,934	7,820	7,108	7,836	7,780	7,793	8,162	9,000	9,200	8,355	9,542	10,168	10,070	10,150	10,110	10,140	10,230
Annual % Change		-1.3%	-1.5%	1.7%	2.4%	12.8%	-9.1%	10.2%	-0.7%	0.2%	4.7%	10.3%	2.2%	-9.2%	14.2%	6.6%	-1.0%	0.8%	-0.4%	0.3%	0.9%
Forestry	3,294	3,242	3,249	3,648	3,295	3,615	3,921	4,588	4,332	4,527	5,199	4,683	5,140	5,482	6,382	6,931	5,810	6,350	6,510	6,580	6,590
Annual % Change		-1.6%	0.2%	12.3%	-9.7%	9.7%	8.5%	17.0%	-5.6%	4.5%	14.9%	-9.9%	9.8%	6.7%	16.4%	8.6%	-16.2%	9.3%	2.5%	1.1%	0.2%
Horticulture	2,207	2,264	2,320	2,646	2,892	3,333	3,277	3,378	3,557	3,546	3,805	4,185	5,000	5,165	5,376	6,110	6,340	6,510	6,780	7,170	7,600
Annual % Change		2.6%	2.5%	14.0%	9.3%	15.3%	-1.7%	3.1%	5.3%	-0.3%	7.3%	10.0%	19.5%	3.3%	4.1%	13.7%	3.8%	2.7%	4.1%	5.8%	6.0%
Seafood	1,257	1,266	1,278	1,312	1,272	1,460	1,405	1,563	1,545	1,546	1,500	1,562	1,768	1,744	1,777	1,963	2,070	2,180	2,250	2,310	2,330
Annual % Change		0.7%	1.0%	2.7%	-3.1%	14.8%	-3.8%	11.2%	-1.1%	0.0%	-2.9%	4.1%	13.2%	-1.4%	1.9%	10.4%	5.5%	5.3%	3.2%	2.7%	0.9%
Arable	94	90	108	110	142	157	146	157	182	229	232	181	210	197	243	236	240	245	250	255	260
Annual % Change		-3.9%	20.1%	1.1%	29.4%	10.5%	-6.9%	7.5%	16.3%	25.6%	1.2%	-21.6%	15.6%	-6.0%	23.2%	-2.7%	1.5%	2.1%	2.0%	2.0%	2.0%
Other primary sector[3]	1,178	1,360	1,392	1,546	1,578	1,622	1,574	1,720	1,820	2,015	2,002	2,417	2,714	2,638	2,706	2,852	3,000	3,090	3,190	3,290	3,400
Primary industries Total	***20,968***	***20,964***	***21,992***	***23,883***	***26,470***	***29,042***	***27,743***	***32,155***	***32,596***	***32,795***	***38,692***	***36,079***	***37,323***	***38,219***	***42,682***	***46,380***	***46,150***	***47,465***	***48,330***	***49,255***	***50,190***
Annual % Change		0.0%	4.9%	8.6%	10.8%	9.7%	-4.5%	15.9%	1.4%	0.6%	18.0%	-6.8%	3.4%	2.4%	11.7%	8.7%	-0.5%	2.8%	1.8%	1.9%	1.9%

Source: Forecast figures: Economic Data and Analysis, Ministry for Primary Indu Actual figures: Statistics New Zealand.

Notes: 1. Figures and forecasts current as at 10 September 2019. 2. Totals may not add due to rounding. 3. Other primary sector exports & foods include: live animals, honey, and processed foods such as chocolate and tomato sauce.

GOVT'S FRESHWATER DEBACLE

Source: Farmers Weekly

The estimated cost of compliance and lower production of meeting proposed freshwater reforms could cost the livestock industry over $9 billion a year, submissions from Beef+LambNZ and DairyNZ say.

The reforms have been labelled by some farming bodies as unbalanced, unnecessarily harsh and unsustainable. The reality is that Labour told the working groups on this proposal that they couldn't consider economic nor social considerations. That, in itself was totally bizarre!

Agriculture Minister, Damien O'Connor has now said that the Government will do its own analysis, saying that Beef+LambNZ and DairyNZ looked at only one side of the equation.

O'Connor contends that "*Substantial benefits have not been costed, including to NZ's brand value in export markets, recreational and health benefits of clean water, animal health, greater tourism benefits…. We have heard the concerns regarding nutrient bottom lines and this will be looked at closely*."

DairyNZ strategy and investment leader David Burger says the reforms lack robust science and economic analysis. "*We believe the proposed nutrient limits for ecosystem health, national bottom lines for dissolved inorganic nitrogen and dissolved reactive phosphorus are based on overly simplistic relationships and not supported by robust science*."

Horticulture NZ chief executive Mike Chapman says it looked at cost to the health of NZers from the reforms. The one-size-fits-all approach for expanding irrigation over 10ha unfairly penalises horticulture. He wants a national environmental standard for the vegetable sector to recognise it is different from other land-based industries.

Rabobank NZ chief executive Todd Charteris described the proposed reforms as unnecessarily harsh, detrimental to the rural sector and unlikely to achieve the Government's aims in a fair and balanced way. There is already much uncertainty from low confidence in the rural sector, significant regulatory change and lack of clarity about transitional support and provisions.

Local Government NZ regional sector group chairman Doug Leeder says the reforms assume water issues are universally severe and urgent. "*We absolutely acknowledge the challenges facing freshwater bodies but the data shows that different waterways face different problems. That means we need tailored solutions to restore these ecosystems to a healthy state, not broad-brush regulation*."

Mid Canterbury Federated Farmers chairman David Clark described the reforms as nothing short of economic vandalism. Clark has done what he calls a robust budget for his business. The game changer for him is the bottom line of 1mg of dissolved inorganic nitrogen a litre of water.

"*Currently the targets we are working towards are an aquifer drinking water standard of 6.9mg/l.*"

To achieve the required standards will cut nitrogen 76% and phosphorous by 50%, effectively meaning an end to irrigation and intensive land use. Clark's irrigated mixed arable farm runs 1000 breeding ewes, 10,000 store lambs and 350 hectares of grain and herb seed vegetable seed. To meet the new standards he will be limited to 3000 ewes, no trading lambs, 50ha of feed grain and pea crops and no irrigation. "*This dryland budget is based on the actual farming system we operated on this farm in 1994 when we came to Canterbury*." It would cut crop income 92%, gross sheep income by 62%, sheep purchases by 99%, net sheep income by 28%, spending by 70%, EBIT by 68%, capital reinvestment by 74% and tax by 75%. "*In my view it is incredibly irresponsible to put a proposal out for public consultation that will result in nothing short of economic vandalism*," Clark says.

How much?

Sheep and beef

- Complying with new standards: $185,000 to $680,000 a farm or $3.8 billion across the sector
- Annual maintenance and auditing: $35,000 to $80,000 a farm or $500 million across the sector
- Lost opportunity from greater restrictions: $910 million a year

Dairy (Impact by 2050)

- Annual cost to country: $8.1 billion
- Milk production to fall 24%.
- Exports to fall 5.2%
- GDP to fall by 2.9% to 3.6% in Southland, West Coast, Marlborough and Taranaki
- Employment to fall 15% to 20%

Sources: B+LNZ, DairyNZ

GLOBAL versus NEW ZEALAND EQUITIES

SOURCE: Jarden

World equity valuations, as measured by price-to-earnings ratios (see graph below), have risen this year as equity prices have trended up while earnings growth has been subdued. However, valuation ratios have expanded from a low base after the market rout in the fourth quarter of 2018. They remain lower than most of the period from 2015 to 2017. Certainly, global equity valuation ratios look relatively expensive, ignoring the flagrant overvaluations caused by the early 2000s tech bubble. However, ultra-low interest rates are supporting high equity prices.

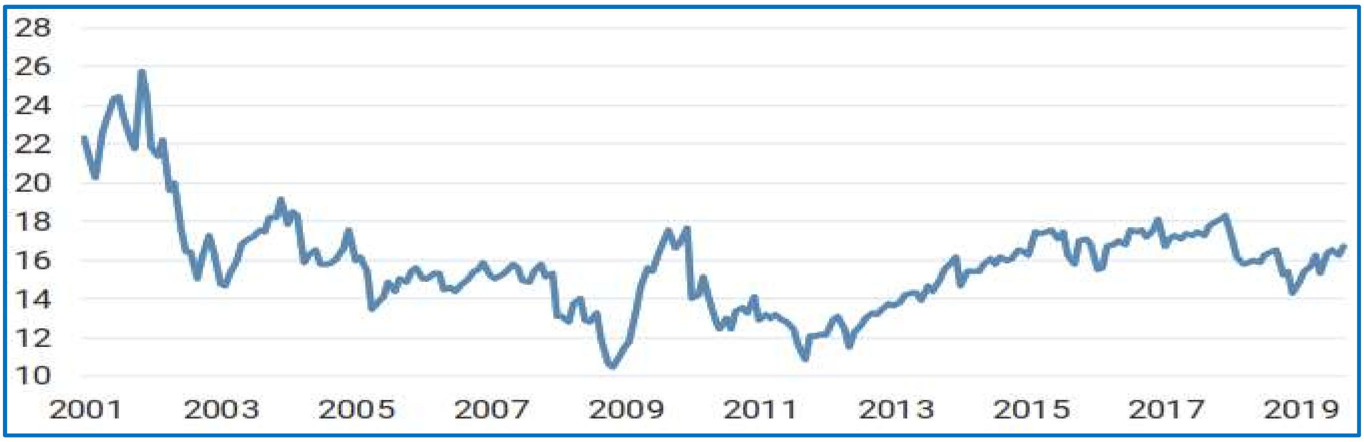
There are various geopolitical issues swirling around the globe that have the potential to knock equities off their perch. For now, the potential effects of these issues are either a little too far off in the future or vague to materially affect investor confidence and the immediate prospects for company earnings. However, bubbling geopolitical events can sometimes quickly escalate, which we must be alert to.

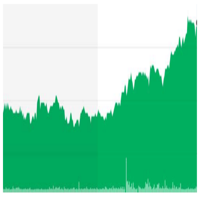
NEW ZEALAND EQUITIES

In contrast to global equities, New Zealand equities appear relatively less attractive. Local companies face headwinds from a slowing in the domestic economy, which appears to be lagging the global economy. New Zealand equities are generally amongst the most highly valued in the developed world. To a certain extent, high valuations may be justified by the predominance of high-dividend yield equities in the New Zealand market. These have been a god-send for yield-starved investors in a rock-bottom interest rate environment.

However, high valuations for New Zealand's high-dividend yield equities, particularly the large electricity generators, suggest they are priced to perfection. On this basis, they may be susceptible to negative surprises. The recent sharp sell-offs in New Zealand electricity generator equity prices, first in response to a spike in interest rates in September and, more recently, on news that the Tiwai Point aluminium smelter owners are seeking to negotiate a more favourable power supply deal illustrates this vulnerability.

MSCI WORLD PRICE-TO-EARNINGS RATIO





Arvida

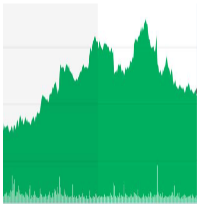
Jarden believes ARV has a strategically sound policy. The acquisition of the three villages from the Sanderson Group for $180m increased ARV's retirement asset base by 18% and its development pipeline by 39%. Importantly, from a development perspective the acquired assets include material brownfield capacity in attractive locations within high quality villages which allow for a step-change in the company's development ambitions. Post-transaction ARV's land bank is the third largest in the sector; and based on Jarden's expected build-rate is equivalent to six years of development. As such, they believe this transaction secures the company's medium-term development pipeline.

2020 P/E: 13.0 2021 P/E: 12.4

NZX Code:	**ARV**
Share Price:	**$1.52**
12mth Target:	**$1.40**
Projected return (%)	
Capital gain	-7.9%
Dividend yield (Net)	4.0%
Total return	**-3.9%**

Rating: NEUTRAL

52-week price range: 1.20-1.55



a2 Milk Company

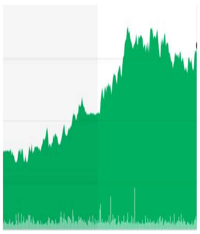
Jarden expects margins to recover from 28.8% to 30.8% over the next three years, and believe ATM's unique brand gives it a material long-term growth opportunity penetrating the Chinese market and expanding into the US. They believe the market's focus will shift back to ATM's medium-term revenue growth profile which they forecast to be 31% in FY20 and 20% in FY21. This is driven by lifting its share in existing categories and leveraging the brand in new products. Following the share price decline, ATM is trading on a much more palatable 26x FY20 earnings (adjusted for cash of $800m and US losses).

2020 P/E: 26.0 2021 P/E: 22.7

NZX Code:	**ATM**
Share Price:	**$12.92**
12mth Target:	**$14.40**
Projected return (%)	
Capital gain	11.0%
Dividend yield (Net)	1.0%
Total return	**12.0%**

Rating: NEUTRAL

52-week price range: 9.75-18.04



Auckland International Airport

Normalised NPAT increased +4.4% in FY19 to $274.7m. Further growth in the retail segment was a key driver of EBITDA growth of +9.7% to $553.0m which was marginally below Jarden forecasts. Retail income increased +18.5% on 32 new retail concepts opened during the year and the full year impact of the expanded departures duty free stores that opened part way through FY18. Growth is forecast to moderate as AIA cycles these new offerings in the coming year. AIA remains heavily reliant on minimum annual guarantee arrangements and is likely to see subdued growth in revenue per International PAX in the years ahead in the absence of strong PSR growth. A moderation in traffic and passenger growth relative to prior years which we forecast to continue over the near term. AIA has given guidance for FY20 capex of $450-550m with the midpoint capex breakdown suggesting a further delay on RAB capex. **I continue to rate AIA as a core portfolio stock.**

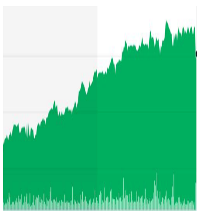
2020 P/E: 40.9 2021 P/E: 38.1

NZX Code:	**AIA**
Share Price:	**$9.45**
12mth Target: ↑	**$6.11**
Projected return (%)	
Capital gain	-34.3%
Dividend yield (Net)	2.5%
Total return	**-31.8%**

Rating: ~~UNDERPERFORM~~

My Rating: NEUTRAL

52-week price range: 6.88-9.90



Kiwi Income Property

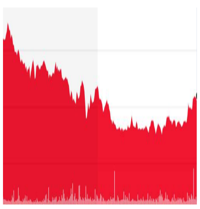
KPG is raising NZ$200mn of equity via an $180m underwritten placement and a $20m retail offer, with the ability to accept up to $10m of oversubscriptions. New shares are being offered at a fixed price of $1.58/share, representing a 4.9% discount to the 5-day VWAP. These proceeds will provide capacity to fund future development pipeline, as well as capitalize on any acquisition opportunities. KPG's most immediate future development is a second office tower/hotel at Sylvia Park, expected to comprise ~11,000m^2 of office NLA and ~140 hotel rooms. Longer-term opportunities include mixed-use developments at Lynn Mall, The Base, and Drury. Post raise, pro-forma gearing as at 30 September 2019 is 27.4%.

2020 P/E: 24.8 2021 P/E: 23.2

NZX Code:	**KPG**
Share Price:	**$1.59**
12mth Target: ↓	**$1.46**
Projected return (%)	
Capital gain	-7.9%
Dividend yield (Net)	4.2%
Total return	**-8.7%**

Rating: UNDERPERFORM

52-week price range: 1.32-1.70



Metlifecare

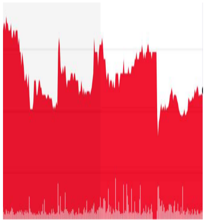
MET's gearing, excluding Occupational Right Agreements (ORA), was 16% as at 30 June 2019 and is forecast to increase to 20% over the next three years as it ramps up its development strategy. As a reference point, the major NZ listed property companies have gearing in the low-to-mid 30% range, which supports a BBB credit rating from Standard & Poor's. This suggests that MET's balance sheet is in good shape and would support an investment grade rating, if it were rated. However, if the ORA's are included as debt, MET's 2019 gearing would rise to 54%, which would suggest a much lower credit rating. Tempering this view is an acknowledgement that while ORA's are a liability that must be repaid, no interest is payable and the repayment date has a degree of flexibility, but comes with reputational risk. Therefore, in combination with MET's current and forecast financial position, we believe that MET would probably achieve a BBB- credit rating if it were rated.

2020 P/E: 10.5 2021 P/E: 9.5

NZX Code:	**MET**
Share Price:	**$4.84**
12mth Target:	**$6.90**
Projected return (%)	
Capital gain	41.1%
Dividend yield (Net)	2.3%
Total return	**43.4%**

Rating: OUTPERFORM

52-week price range: 4.20-5.99



PGG Wrightson

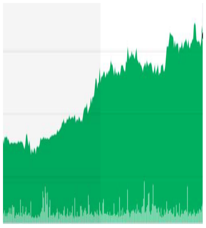
Farmgate prices generally remain supportive and continue to trend up (supported global protein demand, the Africa Swine Fever, and currency). However, in recent periods the benefits from strong farmgate prices have been mitigated by other factors (such as farmer sentiment and credit constraints). Earnings in FY19 declined despite strong farmgate pricing (albeit with a range of climatic factors also seemingly playing a role). Farmer confidence continues to deteriorate with a number of intervening factors at hand (M bovis, Fonterra performance, water and carbon, afforestation, etc). Jarden's have re-instated coverage on PGW.NZ with an UNDERPERFORM rating that reflects long-term factors (currently adversely effecting farmer sentiment) that present a challenging outlook. Key risks include: farmgate and orchard gate prices, international trade, climatic conditions, animal and horticulture diseases, carbon and water policy, etc.

2020 P/E: 12.8 2021 P/E: 12.5

NZX Code:	**PGW**
Share Price:	**$2.48**
12mth Target:	**$2.32**
Projected return (%)	
Capital gain	-6.5%
Dividend yield (Net)	6.7%
Total return	**0.2%**

Rating: UNDERPERFORM

52-week price range: 2.08-3.00



Port of Tauranga

Jarden views POT as a high quality infrastructure asset that is very well positioned to benefit from structural change as New Zealand container trade progressively moves towards a hub and spoke model. They factor that into forecasts with allowance for a material lift in long-term share. With a total return of –25%, they retain an UNDERPERFORM rating. I have always stated that Jarden (and all other brokers) have never truly understood the competitive advantage that POT has over all other NZ ports. Strategic direction remains focused.

This should be a core portfolio stock.

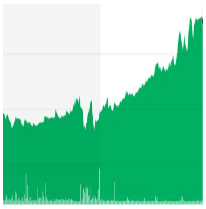
2020 P/E: 42.6 2021 P/E: 38.2

NZX Code:	**POT**
Share Price:	**$6.55**
12mth Target:	**$4.40**
Projected return (%)	
Capital gain	-31.1%
Dividend yield (Net)	2.5%
Total return	**-30.6%**

Rating: ~~UNDERPERFORM~~

My Rating: NEUTRAL

52-week price range: 4.90-6.80



Restaurant Brands

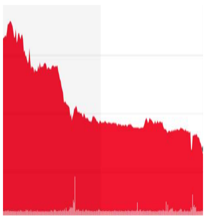
RBD reported a better-than-expected 1H20 result with underlying NPAT of $25m, 5% ahead of Jarden's forecast of $23.8m. This beat vs expectations evenly reflected lower-than-forecast depreciation and better margin performance. By individual segment, margins were broadly flat YoY, although KFC NZ stood out with the company reporting 100bp of store EBITDA margin expansion. Corporate overhead expanded as a % of sales, from 4.4% in PCP to 4.6% in 1H20, mainly driven by cost-in ahead of the launch of the Taco Bell brand in Australia and NZ.

2020 P/E: 31.0 2021 P/E: 26.9

NZX Code:	**RBD**
Share Price:	**$11.75**
12mth Target:	**$8.50**
Projected return (%)	
Capital gain	-27.7%
Dividend yield (Net)	0.0%
Total return	**-27.7%**

Rating: UNDERPERFORM

52-week price range: 7.97-11.97



Sky Television

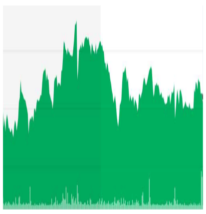
The loss of cricket rights shows that fragmentation of its content base remains an issue. While securing Rugby for another 5 years is undoubtedly positive (existential some would say) and does show the incumbency strength SKT retains given these rights are demonstrably more important than NZ-based cricket, uncertainty around the price SKT paid and its ability to monetise the content will still weigh on conviction levels. SKT is priced with considerable earnings erosion built in, reflective of the major structural shift occurring in its business and uncertainty around its long-term future. While the rugby rights underpins SKT's ability to transform into a streaming centric business over the next 5 years, uncertainty remains in an environment where it is still subject to competition and fragmentation of its base.

2020 P/E 5.0 2021 P/E: 5.4

NZX Code:	**SKT**
Share Price:	**$0.89**
12mth Target:	**$1.61**
Projected return (%)	
Capital gain	80.9%
Dividend yield (Net)	0.0%
Total return	**80.9%**

Rating: OUTPERFORM

52-week price range: 0.85-2.52



Synlait Milk

SML has announced the conditional acquisition of Dairyworks for $112m. From a still-low base, this provides impetus to the NZ Everyday Nutrition strategy following acquisition of Talbot Cheese and investment in liquid milk (underpinned with private label milk, but capable of supporting export food services and infant formula also). Investment in this space over recent years is approaching $300m and with more likely necessary (including more opex), we expect an increasing focus on the quality of outcomes diversification-led growth, away from the massive A2 profit pool, might deliver. SML continues to use the significant cash flow generated from A2 for growth over dividends and in doing so provides a potentially attractive investment for those confident it can build on A2 success, including in Everyday Dairy, as SML looks to have activities that are a mix of its own brands and third-party manufacture.

2020 P/E: 18.6 2021 P/E: 14.8

NZX Code:	**SML**
Share Price:	**$9.31**
12mth Target:	**$8.50**
Projected return (%)	
Capital gain	-9.0%
Dividend yield (Net)	0.0%
Total return	**-9.0%**

Rating: UNDERPERFORM

52-week price range: 8.09-11.35

Tourism Holdings

Recent trading highlights that THL has leverage to multiple cycles (including vehicle sales). In addition, we believe near-term market conditions are likely to remain challenging (modest arrivals growth, downturn in vehicle sales). However, in our view, the current share price (14.7x forward PE excl. Togo losses, arguably on below mid-cycle earnings) represents a compelling entry point for a business with a strong competitive position and exposure to a positive long-run tourism thematic. Risks include the oil price, currency, vehicle sales, and international tourism.

2020 P/E 19.8 2021 P/E: 14.4

NZX Code:	**THL**
Share Price:	**$3.50**
12mth Target:	**$4.00**
Projected return (%)	
Capital gain	14.0%
Dividend yield (Net)	6.7%
Total return	**20.7%**

Rating: OUTPERFORM

52-week price range: 3.49-5.15

NZ LISTED COMPANIES 29th October 2019		Mrkt Cap	Price 29-Oct-19	Target Price	Price Earnings (x)		Net Yield (%)	
Source: Jarden, CSFB Estimates	Ticker	(NZ$m)	(NZ$)	(NZ$)	FY19	FY20	FY19	FY20
TELECOMMUNICATIONS & MEDIA								
Chorus	CNU	2,336	5.27	5.07	43.9	55.6	4.4%	4.6%
NZME	NZM	77	0.40	0.50	4.5	4.8	0.0%	0.0%
Sky Network Television	SKT	406	0.98	1.61	3.9	4.6	8.2%	0.0%
Spark NZ	SPK	8,156	4.44	3.42	19.9	19.8	5.6%	5.6%
CONSUMER DISCRETIONARY								
Michael Hill International	MHJ	260	0.72	0.82	10.1	9.7	6.0%	6.7%
Restaurant Brands New Zealand	RBD	1,478	11.85	8.50	34.9	31.6	0.0%	0.0%
SKYCITY Entertainment Group	SKC	2,614	3.90	3.80	15.1	16.8	5.1%	5.1%
The Warehouse Group	WHS	912	2.63	2.24	12.3	12.6	6.5%	6.3%
Tourism Holdings	THL	525	3.55	4.00	15.9	19	7.6%	6.9%
CONSUMER STAPLES								
Comvita	CVT	151	3.03	3.61	-18.8	27.2	2.0%	2.3%
Delegat Group	DGL	1,072	10.60	21.00	20.9	20	1.6%	1.7%
Fonterra Shareholders' Fund	FSF	422	4.14	3.85	24.8	15.4	0.0%	3.1%
New Zealand King Salmon	NZK	319	2.30	2.15	24.8	23.6	2.2%	2.2%
PGG Wrightson	PGW	185	2.45	2.32	285.5	12.5	0.6%	6.8%
Sanford	SAN	674	7.21	7.57	15.5	14.4	3.2%	3.2%
Scales Corporation	SCL	740	5.23	4.82	20.6	20	4.1%	4.2%
Seeka Limited	SEK	156	4.85	5.85	32.9	17.7	4.9%	4.9%
Synlait Milk	SML	1,739	9.70	8.50	21.1	18.5	0.0%	0.0%
The a2 Milk Company	ATM	9,369	12.74	14.40	32.3	27.1	0.0%	0.0%
ENERGY								
NZ Refining	NZR	647	2.07	2.17	44.4	8.9	5.9%	8.8%
Z Energy	ZEL	2,148	5.37	5.30	11.8	13.9	8.0%	9.0%
FINANCIALS								
NZX	NZX	350	1.27	1.18	22.9	20.6	4.9%	5.0%
Heartland Group Holdings	HGH	935	1.62	1.53	12.1	11.5	6.2%	6.5%
HEALTH CARE SERVICES								
AFT Pharmaceuticals	AFT	290	2.98	2.80	-119.5	74.4	0.0%	0.0%
Ebos Group	EBO	3,706	24.55	20.62	24.4	22.1	3.0%	3.2%
Fisher & Paykel Healthcare	FPH	10,872	18.93	13.15	51.8	44.1	1.2%	1.6%
HEALTH CARE PROVIDERS								
Arvida	ARV	824	1.52	1.40	16.3	13.5	3.5%	3.8%
Metlifecare	MET	1,026	4.81	6.90	11.3	11.5	2.3%	2.3%
Oceania Healthcare	OCA	634	1.04	1.08	12.6	11.8	4.5%	4.7%
Ryman Healthcare	RYM	6,375	12.75	9.80	28.1	24.2	1.8%	2.1%
Summerset Group	SUM	1,486	6.55	6.75	14.3	13.5	2.1%	2.2%
TRANSPORTATION & LOGISTICS								
Air New Zealand	AIR	3,211	2.86	2.67	11.9	11.1	7.7%	8.0%
Auckland Airport	AIA	10,874	8.95	6.11	39.4	39.8	2.5%	2.5%
Freightways	FRE	1,231	7.92	7.78	20.1	18.5	3.9%	4.7%
Mainfreight	MFT	4,103	40.75	30.10	29.1	25.1	1.4%	1.6%
Port of Tauranga	POT	4,395	6.46	4.40	44.2	42.6	2.8%	2.5%
INDUSTRIALS								
Metro Performance Glass	MPG	67	0.36	0.62	4.7	4.4	0.0%	0.0%
Skellerup Holdings	SKL	444	2.28	2.05	15.2	14.4	5.7%	5.9%
INFORMATION TECHNOLOGY								
EROAD	ERD	218	3.20	3.40	-43.8	128.2	0.0%	0.0%
Gentrack Group	GTK	505	5.12	5.15	33	26.2	2.7%	3.2%
Vista Group International	VGL	626	3.76	4.45	40.9	34.3	1.2%	1.5%
MATERIALS								
Fletcher Building	FBU	3,865	4.60	4.97	10.7	13.4	5.0%	5.2%
Steel & Tube	STU	151	0.91	1.03	14	11.7	5.5%	6.6%
REAL ESTATE								
Asset Plus	APL	104	0.64	0.69	20.8	17.1	5.6%	5.6%
Argosy Property	ARG	1,216	1.47	1.20	21.2	22.7	4.3%	4.3%
Augusta Capital	AUG	133	1.51	1.40	17.1	24.2	4.1%	4.3%
Investore Property	IPL	497	1.91	1.58	23.9	23.6	4.0%	4.0%
Kiwi Property Group	KPG	2,383	1.65	1.52	23.6	22.9	4.2%	4.3%
Precinct Properties NZ	PCT	2,450	1.87	1.65	29.3	27.4	3.2%	3.4%
Property for Industry	PFI	1,199	2.41	1.78	27.6	25.5	3.2%	3.3%
Stride Property Group	SPG	862	2.36	2.05	22.2	22.8	4.2%	4.2%
Vital Healthcare Prop. Trust	VHP	1,225	2.71	2.38	27.3	25.3	3.2%	3.2%
UTILITIES								
Contact Energy	CEN	5,505	7.67	7.20	31.2	37.4	5.1%	5.1%
Genesis Energy	GNE	3,276	3.20	2.05	49.2	46.1	5.3%	5.4%
Infratil	IFT	3,166	4.80	4.23	26.3	38.1	3.6%	3.1%
Mercury NZ	MCY	6,880	5.05	3.43	42.7	36.9	3.1%	3.1%
Meridian Energy	MEL	12,328	4.81	3.26	37	40.1	4.4%	4.5%
TILT Renewables	TLT	1,252	2.86	2.21	102.7	n.m.	0.6%	0.4%
TrustPower	TPW	2,563	8.19	5.27	25	27.8	9.0%	4.2%
Vector	VCT	3,590	3.59	3.27	27.5	25.3	4.6%	4.7%
MARKET AVERAGE*					**28.6**	**22.8**	**3.6%**	**3.7%**

**PE ratios exclude: AFT, CVT, ERD, GMT, NZR, TLT*

Australian Forecasts 4-November-2019	Ticker	Market Cap	Price 04-Nov-19	Target Price	Price Earnings (x)		Net Yield (%)	
Source: CSFB estimates		(A$m)	(A$)	(A$)	FY19	FY20	FY19	FY20
COMMUNICATION SERVICES								
carsales.com.au	CAR	3,873	15.80	16.50	29.4	27.9	2.9%	2.9%
Nine Entertainment	NEC	3,146	1.85	2.10	12.4	15.6	5.4%	5.4%
REA Group	REA	14,386	109.22	90.50	48.8	42.8	1.1%	1.3%
Telstra Corporation	TLS	41,864	3.52	3.70	19.4	17.2	4.5%	4.5%
TPG Telecom	TPM	6,077	6.55	5.50	16.2	25.4	0.6%	0.6%
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	20,095	31.47	33.40	23.6	20.4	1.7%	2.0%
Crown	CWN	8,424	12.44	11.90	22.9	25.6	4.8%	4.8%
Domino's Pizza Enterprise	DMP	4,378	51.03	38.52	30.9	28.0	2.3%	2.5%
Flight Centre	FLT	4,247	42.00	49.91	16.1	16.1	5.0%	5.0%
JB Hi-Fi	JBH	4,208	36.63	26.02	17.0	18.3	3.9%	3.6%
Star Entertainment Group	SGR	4,302	4.69	4.00	19.3	18.1	4.4%	4.4%
Tabcorp Holdings	TAH	9,742	4.81	5.00	24.4	24.3	4.6%	4.8%
Wesfarmers	WES	45,308	39.96	32.16	23.3	23.3	4.5%	3.5%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	7,320	10.11	9.40	19.2	18.1	4.6%	4.6%
Coles Group Limited	COL	20,036	15.02	13.17	20.2	23.0	1.6%	3.7%
Treasury Wine	TWE	12,685	17.62	19.30	29.4	24.8	2.2%	2.6%
Woolworths	WOW	47,497	37.66	31.83	28.2	25.5	2.7%	2.9%
ENERGY								
Beach Energy	BPT	5,355	2.35	2.34	9.6	10.3	0.9%	1.7%
Caltex Australia	CTX	6,837	27.38	26.85	22.2	16.3	2.7%	3.7%
Oil Search	OSH	7,579	7.19	4.15	22.2	15.7	2.1%	2.9%
Origin Energy	ORG	14,002	7.95	8.40	13.6	13.3	3.1%	3.9%
Santos	STO	11,794	8.19	Res	15.2	12.5	1.5%	1.5%
Whitehaven Coal	WHC	3,345	3.26	4.10	5.9	17.8	15.3%	4.2%
Woodside Petroleum	WPL	21,145	32.46	24.16	18.7	15.0	4.3%	5.3%
WorleyParsons	WOR	7,155	13.75	17.70	24.0	15.1	2.0%	4.0%
FINANCIALS								
AMP	AMP	6,392	1.86	2.00	9.5	11.5	0.0%	1.3%
ASX	ASX	15,724	81.22	60.00	32.0	31.2	2.8%	2.9%
Challenger	CGF	4,804	7.85	7.20	14.0	15.1	4.5%	4.5%
Macquarie Group	MQG	47,621	134.38	135.00	15.8	15.4	4.3%	4.6%
Magellan Financial Group	MFG	8,749	48.03	49.30	23.3	20.8	3.9%	4.3%
Commercial Banks								
ANZ Banking Group	ANZ	74,238	26.19	26.00	12.0	12.5	6.1%	6.1%
Bank of Queensland	BOQ	3,644	8.98	9.15	12.1	12.9	7.2%	6.3%
Bendigo and Adelaide Ba	BEN	5,238	10.63	10.00	13.9	14.5	6.6%	6.6%
Commonwealth Bank Aus	CBA	138,504	78.24	77.60	17.0	16.3	5.5%	5.5%
National Australia Bank	NAB	81,907	28.41	27.90	15.9	12.5	5.8%	5.8%
Westpac	WBC	97,299	27.88	30.55	14.7	13.0	6.4%	6.0%
Insurance								
QBE Insurance Group	QBE	11,346	12.52	8.46	15.4	15.5	3.7%	4.1%
Medibank Private	MPL	9,281	3.37	2.90	20.7	20.9	4.6%	4.0%
Insurance Australia Group	IAG	18,257	7.90	8.00	17.7	16.0	4.1%	3.7%
NIB Holdings	NHF	3,161	6.93	5.75	19.2	19.8	3.3%	3.2%
Suncorp Group	SUN	16,873	13.38	12.75	83.9	13.5	5.8%	6.8%
HEALTH CARE								
CSL	CSL	81,154	258.65	168.52	42.4	39.6	1.0%	1.1%
Cochlear	COH	12,369	213.93	211.00	46.5	41.6	1.5%	1.7%
Ansell Limited	ANN	2,533	27.69	18.91	17.4	16.6	2.4%	2.6%
ResMed	RMD	27,448	21.54	15.28	46.7	39.7	1.0%	1.1%
Sonic Healthcare	SHL	13,767	28.99	26.80	25.1	24.1	2.9%	3.0%
Ramsay Health Care	RHC	14,037	69.46	65.00	24.3	25.5	2.2%	2.3%

Australian Forecasts 4-November-2019	Ticker	Market Cap	Price 04-Nov-19	Target Price	Price Earnings (x)		Net Yield (%)	
Source: CSFB estimates		(A$m)	(A$)	(A$)	FY19	FY20	FY19	FY20
INDUSTRIALS								
ALS	ALQ	3,932	8.15	8.40	22.0	20.2	2.8%	3.0%
Brambles	BXB	12,969	11.98	7.57	26.1	24.3	2.5%	2.4%
CIMIC Group	CIM	10,657	32.92	36.00	13.5	13.8	4.5%	4.4%
Cleanaway Waste Mgmt	CWY	3,775	1.84	1.80	26.9	26.3	1.9%	2.1%
Downer EDI	DOW	4,811	8.09	8.00	17.8	16.6	3.5%	3.9%
Seek	SEK	8,029	22.81	19.60	43.4	54.4	2.0%	1.4%
TRANSPORT & LOGISTICS								
Atlas Arteria	ALX	5,569	8.15	8.10	-101.8	29.8	3.7%	4.0%
Aurizon	AZJ	11,554	5.83	6.00	24.5	20.5	4.1%	4.9%
Qantas	QAN	10,130	6.45	6.00	11.8	10.4	3.9%	3.9%
Qube Holdings	QUB	5,283	3.25	2.80	42.4	42.5	2.1%	2.1%
Reliance Worldwide	RWC	3,271	4.14	4.25	21.5	20.5	2.2%	2.3%
Sydney Airport	SYD	20,079	8.89	6.65	51.3	49.9	4.4%	4.5%
Transurban	TCL	41,351	15.13	13.00	237.9	104.2	3.9%	4.1%
INFORMATION TECHNOLOGY								
Computershare	CPU	5,917	15.81	11.13	15.6	16.4	2.8%	2.8%
Link Administration	LNK	3,003	5.63	5.75	15.0	18.3	3.6%	3.0%
Xero	XRO	10,633	69.91	43.25	n.m.	537.5	0.0%	0.0%
MATERIALS								
Amcor	AMC	15,690	13.99	10.20	15.7	15.5	4.7%	4.7%
Boral	BLD	5,803	4.95	4.10	12.0	13.9	5.4%	4.5%
Incitec Pivot	IPL	5,556	3.46	3.73	39.9	19.9	1.4%	2.6%
James Hardie Industries	JHX	7,672	25.07	19.81	25.5	21.4	2.1%	2.5%
Orica	ORI	9,031	23.73	21.85	23.9	22.6	2.3%	2.9%
Orora	ORA	3,753	3.11	3.40	17.4	25.6	4.2%	3.9%
METALS & MINING								
Alumina Limited	AWC	4,559	2.29	1.84	13.8	10.8	4.7%	7.4%
BHP Group	BHP	118,415	35.70	25.25	13.5	11.4	4.4%	4.4%
BlueScope Steel	BSL	6,790	13.27	15.30	7.4	14.7	1.1%	1.1%
Evolution Mining	EVN	7,214	4.24	4.30	33.2	17.4	2.2%	3.4%
Fortescue Metals Group	FMG	19,156	9.00	5.06	6.0	4.6	13.3%	14.1%
Iluka Resources	ILU	3,803	9.00	9.20	11.7	13.3	1.7%	0.0%
Newcrest Mining	NCM	17,093	32.16	21.69	30.8	17.5	1.0%	0.7%
Northern Star Resources	NST	6,444	9.93	9.60	41.4	16.3	1.4%	2.5%
OZ Minerals	OZL	3,271	10.10	8.50	15.3	37.9	2.3%	2.3%
Rio Tinto	RIO	90,747	90.49	58.10	9.4	10.1	7.5%	5.8%
South 32	S32	8,683	2.53	2.18	9.0	13.1	5.5%	3.0%
REAL ESTATE								
Lend Lease	LLC	10,697	18.95	16.83	23.0	14.4	2.2%	3.5%
Stockland Group	SGP	11,707	4.91	4.49	15.5	15.0	5.6%	5.7%
Dexus	DXS	13,086	11.93	12.32	21.6	21.0	4.2%	4.4%
Goodman Group	GMG	26,274	14.37	14.76	27.6	25.1	2.1%	2.1%
GPT Group	GPT	11,765	6.04	6.09	20.3	19.4	4.4%	4.6%
Mirvac Group	MGR	12,707	3.23	3.11	21.2	20.0	3.6%	3.8%
Scentre Group	SCG	20,506	3.87	4.27	16.1	15.6	5.8%	6.1%
Vicinity Centres	VCX	10,117	2.69	2.55	15.6	15.8	5.9%	5.8%
UTILITIES								
AGL Energy	AGL	12,792	19.71	18.40	12.4	14.8	6.0%	6.0%
AusNet Services	AST	6,900	1.87	1.80	26.7	26.3	5.2%	5.4%
Spark Infrastructure Group	SKI	3,432	2.02	2.30	38.8	46.1	7.4%	7.4%
APA Group	APA	13,722	11.64	10.21	47.7	39.1	4.0%	4.3%
Market Average					**23.8**	**21.9**	**3.7%**	**3.7%**

Flight Centre (FLT.AX)

OUTPERFORM A$42.71 **TARGET:** A$49.91

FLT's recent trading update was disappointing, largely due to its Australian Leisure travel channel (generates 33% of earnings). It is facing headwinds from ongoing pressure from online offerings, wage pressures and subdued consumer sentiment (despite interest rate cuts and tax refunds) going into the key booking period starting in January 2020. Partly offsetting these pressures is FLT's online offering (now 11% of total ticket value (TTV)) and its specialty travel brands which are performing well. The market appears to be attributing next to no value to the on-line channel which has an implied valuation multiple (EV/EBIT) of 3.6x. Hence, if FLT stabilise margins and achieve modest cost reductions through optimising staffing levels, a share price re-rating opportunity exists. The key growth driver for FLT is its corporate travel channel which generates 50% of total profit. This channel should achieve at least mid-to-high single digit growth with a relatively low level of capital investment. The growth is driven by the acquisition of 3Mundi and growth in the Americas which is likely to add over $1 billion of TTV at 2%+ margin over the next 2 years. Risks for FLT are the impact of Brexit on its UK business (which is already weak and represents 14% of revenue) and a lack of any turnaround in its Australian Leisure business. FLT's retains a solid balance sheet with a net cash position.

FLT.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	A$m	264	265	282	303
Earnings /share	Ac	2.60	2.61	2.78	2.99
PE Ratio	x	16.0	15.9	15.0	14.0
Dividend	Ac	2.09	2.11	2.24	2.40
Dividend Yield	%	5.0	5.1	5.4	5.8

Lend Lease Group (LLC.AX)

OUTPERFORM A$18.95

Jarden likes LLC's leverage to the global urbanisation thematic, noting its A$100 billion development pipeline of which over 75% is outside Australia. The key near term catalyst for LLC is the sale of its engineering and services (E&S) business. With several parties having bid and carrying out due diligence, LLC's share price has rerated in recent months. Without the volatile earnings/losses from the E&S division, Jarden believes LLC could justify a higher valuation multiple given the strong earnings profile over the medium-to-long term. They estimate every 1x multiple expansion would add A$1.75 to A$2.00 to the share price. Consequently, they estimate an upside valuation of A$21.00/share, but a downside valuation of A$12.30/share should the transaction fail. With a share price of A$18.50, LLC's risk-reward profile appears more finely balanced. LLC's development pipeline also provides a significant opportunity to grow its external funds management business which currently has A$35.2 billion funds under management. This business has grown at 13%pa over the past 4 years, and is forecast to grow by 9.8%pa over the next four. Jarden estimates the implied earnings multiple for this business is 16-17x. This compares to industry peers, Goodman Group on 20x (due to superior profitability) and Charter Hall on 16x. Even a 1x multiple increase would lift their LLC valuation by A$0.30/share.

LLC.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	A$m	467	742	763	802
Earnings /share	Ac	0.82	1.32	1.35	1.42
PE Ratio	x	23.1	14.3	14.0	13.3
Dividend	Ac	42.0	65.8	67.9	71.1
Dividend Yield	%	2.2	3.5	3.6	3.7

Resmed (RMD.AX)

OUTPERFORM A$21.32 **TARGET:** A$22.40

RMD continues to deliver strong profit growth with its recent 1Q20 profit significantly exceeding expectations. RMD's profit margin expanded by 1.4% to 25.1%. Two-thirds of the margin improvement reflected manufacturing and procurement efficiencies, and product mix changes. The remaining one-third from the higher margin contribution from MatrixCare. The key growth drivers have been market share gains in masks, due to the solid uptake of new masks, and the popularity of the AirSense10 flow generator. Mask sale growth (US: 19.4%, Rest of World: 19%) has been supported by growing re-supply sales from an expanding installed base, which is showing no signs of slowing down. RMD's SaaS businesses continue to show promise, emerging as a leading aggregator in post-acute connected care provision. This division contributed 13% to 1Q20 revenue and is expected to increase to 19% come year-end. We believe RMD's elevated 32x price/earnings ratio (excluding its loss-making technology business Verily) can be justified by its growth profile, strong track record in delivering high returns on capital (over 20%) and the even higher multiples of its Australian medical device peers.

S32.AX Year to 30 June		2019A	2020F	2021F	2022F
Adjusted NPAT	US$m	526	608	691	794
Earnings /share	USc	36.43	41.67	46.86	53.26
PE Ratio	x	38.7	33.8	30.0	26.4
Dividend	USc	15.00	15.80	16.60	17.40
Dividend Yield	%	1.1	1.1	1.2	1.2

JARDEN'S NEW ZEALAND EQUITY PICKS

	Underperform			Neutral			Outperform	
	AIA	ARG	ARV	AIR	ATM	AFT	ERD	
	FPH	CEN	AUG	CNU	FRE	APL	MET	
	MEL	DGL	FBU	GTK	HGH	CVT	SKT	
	PFI	EBO	FSF	IPL	IFT	MPG	SUM	
	PGW	GNE	NZK	NZM	NZR	SAN	MHJ	
	POT	KPG	STU	NZX	PCT	SEK		
	RBD	MCY	TLT	OCA		THL		
	RYM	MFT	VHP	SCL				
	SML	SKL		SKC				
	TPW	SPK		SPG				
		VCT		VGL				
		ZEL		WHS				

JARDEN'S AUSTRALIANEQUITY PICKS

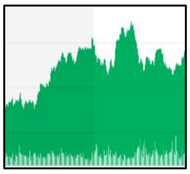
	Underperform			Neutral			Outperform	
	ASX	ANZ	APA	AGL	ALL	AMP	CSL	
	COL	FMG	CBA	BHP	AMC	AZJ	JHX	
	MPL	OSH	COH	BXB	CPU	LLC	S32	
	WES	RIO	CTX	DXS	TLS	MQG	TWE	
		SUN	GMG	GPT		ORG		
		SYD	MGR	IAG		SCG		
		TCL	NAB	QAN		WBC		
		WOW	NCM	QBE		WPL		
			ORI	RHC				
			SGP	SHL				
			VCX					

JARDEN'S GLOBAL EQUITY PICKS

	Underperform			Neutral			Outperform	
Nestle	PetroChina	PepsiCo	Boeing	Novartis	HSBC	Chevron	ABC	Tencent
			L'Oreal	Wells Fargo	Exxon Mobil	Oracle	Comcast	CCB
			Home Depot	P&G	Roche	Visa	SAP	Anheuser
			Apple	Coca-Cola	Cisco	B. Of America	Samsung	Facebook
			Walmart	Toyota		LVMH	UnitedHealth	Alphabet
			AT&T			Citigroup	Amazon	China Mobile
						Verizon	Walt Disney	Shell
						Microsoft	Intel	JNJ
						JPMorgan	Unilever	ICBC
						MasterCard		

AIA Group (1299.HK)

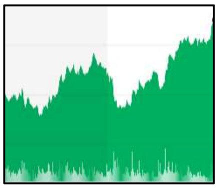
OUTPERFORM HK$79.50



AIA is the largest Pan-Asian life and medical insurance company focusing on the insurance needs of Mainland Chinese. Around 25% of AIA's new business had been driven by Mainland visitors who bought insurance when visiting Hong Kong. Due to the constant state of civil disobedience, the Chinese government has substantially reduced the number of tourists that are allowed to visit Hong Kong. In August only 2.8 million Mainland tourists visited Hong Kong, the lowest level in 16 years, down from 4.8 million a year ago. The implementation of an emergency law by the Hong Kong government empowering it to seize private assets has further worsened the situation for AIA. This has effectively diminished the attractiveness of financial products sold in Hong Kong. In particular, several investment-linked insurances sold by AIA offering asset protection features would become less attractive. Although recent news suggests that the Hong Kong government may change the top government official in March 2020 to appease the protestors, we believe the situation in Hong Kong will not improve meaningfully until there is a fundamental change in its political system. Without a stable political environment, we believe the Chinese government will continue to curb Mainland visitors to Hong Kong, which will adversely impact AIA's business.

Sunny Optical (2382.HK)

OUTPERFORM HK$129.40

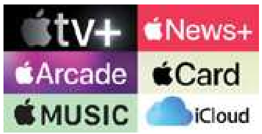


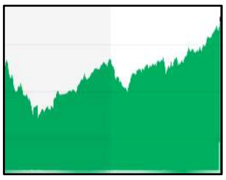
Sunny Optical is one of the largest smartphone camera lens manufacturers in the world. The company is set to benefit from higher demand for 5G-enabled smartphones as well as the rising safety standard of passenger cars and the eventual commercialisation of autonomous vehicles.

The 5G era will likely spur the growth of software applications that offer functions that require the use of augmented reality. As such, a 5G-enabled smartphone will need to have more than one rear camera to deliver such functionality. Camera makers like Sunny Optical are set to benefit from this trend as smartphone markers demand more and better cameras for their latest phone models. Other than selling cameras to major smartphone manufacturers like Samsung, Huawei, Sony and Lenovo, Sunny Optical has material exposure to the automotive industry. As a result of a more stringent safety standard, more cameras are being installed in new vehicle models. Specifically, Sunny Optical's sales to its existing automotive clients which include BMW, Audi, MercedesBenz, Toyota, and Honda are set to grow further as a result of this trend. In the longer-term, the arrival of fully autonomous vehicles will further increase the need for Sunny Optical's products as traditional vehicles are gradually replaced.

APPLE (AAPL.US)

OUTPERFORM US$248.76



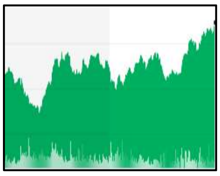


Apple designs and markets several premium mobile and personal computer products including the iPhone, iPad, iPod, and Mac computers.

Apple has recently announced a portfolio of new devices and provided more details about the launch of Apple TV+ and Apple Arcade. Other than equipping the higher-end iPhone models with 3 back-cameras to allow better photo and video shooting experiences, the key surprise came from Apple's low pricing strategy for Apple TV+ which we believe will undercut and take meaningful market share from competitors. Apple is also set to benefit from 5G more than other smartphone makers because of its focus on augmented reality (AR), a unique user experience that depends heavily on the download speed and phone network latency. Apple claims to have the largest AR software developer platform in the world and the recent improvement in hardware specifications is set to facilitate a better AR experience. We believe Apple will continue to benefit from steady growth in its user base across hardware, software as well as new services. These factors should boost Apple's earnings in the coming years.

Samsung Electronics (005930.KS)

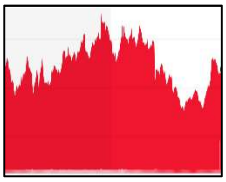
OUTPERFORM KW$51,200



Samsung Electronics is the largest smartphone market in the world with more than 22% global market share in terms of new handset shipments. At the same time, the company is also one of the largest memory chip makers in the world with around 35% global market share in NAND flash and 46% global market share in DRAM.

Samsung is enjoying first-mover advantage through the quick launch of two 5Genabled smartphones: Samsung's Galaxy S10 5G and Note 10 Plus 5G. The company's experience with these two flagship smartphone models will allow it to further fine-tune new products that cater to the mass market as telecommunication operators start to make the 5G mobile phone services available in more locations. An increase in the average selling price of 5G smartphone models as well as replacement demand will likely boost Samsung's future revenue. At the same time, Samsung's dominant position in the memory chip industry will continue to help the company to ride the trend of rising data consumption in the mobile, personal and enterprise computing segments, as more memory chips are needed for the more complex applications.

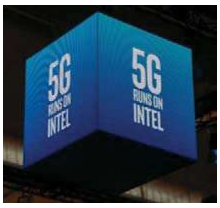
ERICSSON (ERIC.US)

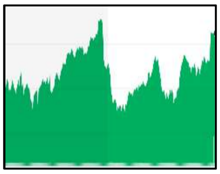


OUTPERFORM US$8.72

Ericsson, a long-forgotten company that used to be a major mobile phone maker, is expected to benefit from higher communication infrastructure equipment demand due to the construction of 5G mobile networks. While it is hardly mentioned, Ericsson has about 27% market share in the global communication equipment industry in terms of new equipment sales. On the back of a stronger future demand ahead, as well as the potential to take market share from Huawei and Nokia, Ericsson further raised its forecasts for 5G equipment sales a few weeks ago. We believe Ericsson will remain a key beneficiary of 5G's development in the coming years.

INTEL (INTC.US)



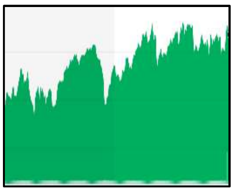


OUTPERFORM US$56.53

Intel is the global leader in making computer processor chips. The company has successfully undergone a massive change in the past decade to gain greater exposure to segments, such as cloud computing and data centres, that offer better growth prospects. Driven by the rise of smartphones and "Internet of Things" devices, Intel's data-centric segments now account for nearly 50% of its total revenue.

Intel has recently announced a strong quarterly profit, beating pessimistic expectations by a wide margin. The company also revised up its forward profit guidance, reflecting management's confidence in the business. Intel's management expects a broad-based recovery to emerge and expects demand for personal computers to grow by over 10%. At the same time, corporate spending on large data centres appears to be recovering which should boost Intel's data-centric business segment. Intel has a small exposure to the development of 5G through its specialised processing chips that are used in 5G communication infrastructure equipment.

MERCK & CO (MRK.US)



OUTPERFORM US$86.66

Merck & Co is one of the largest pharmaceutical companies in the world with a leading position in oncology drugs, MMR (measles, mumps, and rubella) vaccines as well as cervical cancer vaccines.

A recent medical study has shown that Lynparza, a drug jointly developed by Merck & Co and AstraZeneca to treat multiple types of cancers, can significantly improve the survival rate for women with ovarian cancer. The encouraging progress of Lynparza further highlights the success of Merck in its oncology drugs portfolio after Keytruda, an immunotherapy drug, received approval from the US Food and Drug Administration (FDA) a few months ago to become a first-line treatment for selected types of cancer. Strong demand for Keytruda has already resulted in year-on-year revenue growth of nearly 60%. Merck & Co.'s business is also benefiting from the very strong demand for its MMR and cervical cancer vaccines that have each seen sales growth of more than 45%. We believe the company will continue to benefit from strong drug demand in both the short and long term which should result in robust earnings growth.

Limitations and Disclaimer