

# TDB Digest, November 2020

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## The year of Zoom

Welcome to the November 2020 edition of the TDB Digest. For many of our readers lockdown life this year saw just about everything moved to Zoom or other video-conference providers, from client meetings to team chats to Friday work beers. Despite the drop in physical contact, TDB members made the most of life working at home, with reports of new running routes and specialties in the kitchen.

A lot has been going on both in Wellington and in our Christchurch office this year. Over the year of Zoom, TDB has been working with a number of clients manage the Covid-crisis, ranging from advising a listed company on capital structure and funding options; a local government authority on financial strategy and cost recovery; and the Treasury on a strategic review of a major policy intervention. Though 2020 has been anything but dull, here's hoping the waters smooth in the upcoming year.

## Dairy report

In this year's Dairy Companies Review, TDB looks at the financial performance of NZ dairy processing companies for the 2019 financial year. In the review we see that Fonterra did what it said it was going to do and Tatua did what it always does. However, 2019 was a difficult year for some of the industry's relative newcomers and the year finished with Westland's shareholders selling their company.

<https://www.tdb.co.nz/wp-content/uploads/2020/11/TDB-Advisory-Dairy-Companies-Review-online-version.pdf>

## Tiwai point closure



Following the announcement by New Zealand Aluminium Smelters that the Tiwai Point smelter would close in August 2021, there were major adjustments in financial markets. The share prices of the five major gentailers decreased by between 3% and 14% and average wholesale electricity futures prices (for 2023) decreased by between 18% and 25%. These relative price changes were largely overturned with the subsequent announcements by the National and Labour parties that the life of the smelter would be extended. See how financial markets responded to these various announcements here.

<https://www.tdb.co.nz/wp-content/uploads/2020/10/TDB-Advisory-Tiwai-Point-Closure-briefing-note.pdf>

## Bill Birch – Minister of Everything

Bill Birch – former Minister of Finance, Minister of Energy, Minister of National Development, Minister of Labour, and Minister of Health to name a few... Sir William (Bill) Birch was indeed the Minister of Everything. In a recent book review published in the New Zealand Herald, TDB Director Phil Barry looks at Brad Tattersfield's biography of Birch. See what can be learnt from his story in the link below.

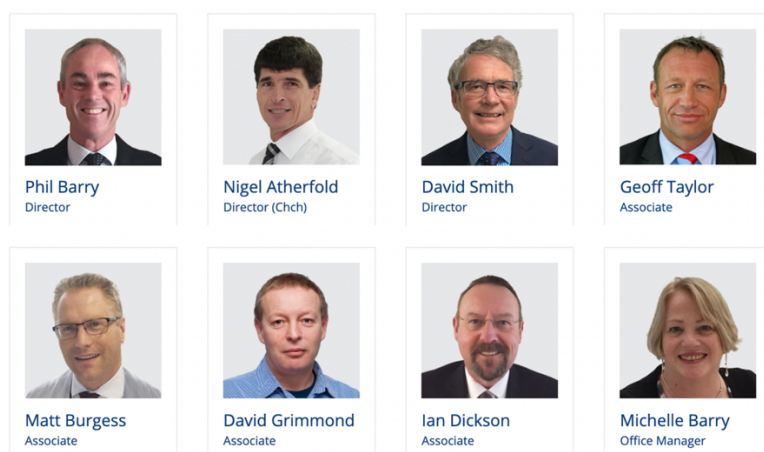
<https://www.tdb.co.nz/wp-content/uploads/2020/09/Phil-Barry-Review-of-Bill-Birch-Biography.pdf>

## Georgia – Balance sheet review

The balance sheets of most governments have taken a major hit following the Covid-19 economic crises. Over the last year, TDB director Phil Barry has been working on behalf of the International Monetary Fund (IMF) helping analyse the state of the balance sheet of the Georgian government. Given its hard to fly to Georgia right now, this report might be the next best way to transplant yourself into the Caucasus. See what went on, with our analysis focusing on the risk exposures from the largest state-owned enterprises on pages 33 to 40.

<https://www.tdb.co.nz/wp-content/uploads/2020/10/TDB-Advisory-IMF-Georgia-Public-Sector-Balance-Sheet.pdf>

## Introducing TDB's new associate



TDB Advisory would like to welcome and introduce a new member to the team, David Grimmond. David joins TDB as an associate, bringing with him over 20 years of experience providing economic, policy and planning advice to private and public sector clients. David has worked directly for central government departments (Treasury and the Department of Labour), for economic consultants Infometrics and NZIER and most recently as the internal economist for the Greater Wellington Regional Council.

## Haiku of the day

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