November 22, 2018

DYNAMIC BUSINESS

EXCLUSIVE REPORT: Deloitte TOP 200 AWARDS

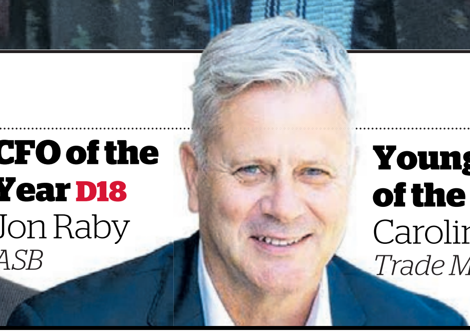
Marilyn Waring Visionary Leader

Photo / Dean Purcell

> "As a schoolgirl I remember picking Marilyn for a social studies project. My teacher encouraged me to call her – so I did. To this day I remember how generous she was with her time, her thoughts and her energy. Marilyn didn't just leave a legacy as a politician, she was a woman who got through a door that few women did in those days and used her time inside to maximum effect. And she still does.
>
> **Jacinda Ardern, Prime Minister**

> "Marilyn is an outstanding New Zealander who understood the mindless risk that the budgetary approach of 'the cost of everything and the value of nothing' posed to the future of us all, long before it was fashionable. She was so far before her time when she first raised these issues that few understood her. Against many odds she has never lost her enormous sense of determination, has continued to use her rigorous intellect and has applied her unlimited curiosity to the rights of women and minorities and to matters of the future of everything. Her message deserves to be listened to, but more importantly acted on, in this 125th year of woman's suffrage.
>
> **Dame Jenny Shipley, former Prime Minister**

INSIDE 2018 winners & finalists



Inside Dynamic Business 2018

See the finalists
Meet the Deloitte Top 200 winners and finalists. SKYCITY Entertainment's Claire Walker talks with NZ Herald Business Editor-at-Large Liam Dann about her company's diversity and inclusion programme in our online video series. All finalist videos are available to view at nzherald.co.nz/business

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Megatrends

Zespri takes top honours among stellar cast

Tim McCready

Zespri has taken out top honours as Deloitte Digital/Marsh Company of the Year in the 2018 Top 200 Awards — partly due to an impressive 38 per cent lift in net profit and record payments to its growers.

The highly anticipated awards, held annually to recognise and honour outstanding performance among New Zealand's largest companies and trading organisations, were unveiled at a glittering dinner held at Spark Arena in Auckland last night.

Zespri has been a frequent sight at the awards in recent years — the kiwifruit exporter was a finalist for Most Improved Performance in 2015, and took out the awards for Most Improved Performance and Best Growth Strategy in 2016 and 2017, respectively.

This year, the judges said Zespri was a deserving winner of Company of the Year, recognising that its superb returns represent the culmination of its long-term premium brand-led strategy. Thanks to the company's turnaround since the Psa outbreak in 2010, they say the kiwifruit industry is now a great success story for New Zealand innovation.

"When you look at the volumes, the tray returns, the growth in China, the share price - all those measures — the company looks very successful," the judges added.

The Deloitte Top 200 Awards are celebrated in style.

Given Zespri's success, it is plain to see why Peter McBride was awarded *New Zealand Herald* Chairperson of the Year. In the role since 2013, he was recognised by judges for his understated style as a consultative chair, running a highly cohesive, functional board.

In his time as chair, McBride has presided over a CEO change, addressed compliance issues, seen the SFO investigation conclude satisfactorily, rolled out a new fruit variety, and pushed through greater transparency in the way Zespri allocates fruit.

McBride recently announced his intention to step down as Zespri chair early next year, but the board say the changes he shepherded through will provide long-term sustainability for Zespri, and are a testament to how strong the co-operative is.

Restaurant Brands chief executive Russel Creedy was named Deloitte/ServiceNow Chief Executive Officer of the Year.

The judges said outstanding returns for investors that the food franchiser has delivered are recognition of Creedy's leadership style, particularly given constant industry disruption, which Restaurant Brands is not spared from. Shares in Restaurant Brands are worth around 900 per cent more than they were when Creedy took over as chief executive in 2007 — a key reason for Restaurant Brands being included as a finalist this year for Company of the Year.

The Sheffield Visionary Leader for 2018 was Marilyn Waring. The judges say this prestigious award not only recognises a person important in New Zealand's political history but also someone who has shown original, visionary thinking and application in the economic sphere.

ASB bank's Jon Raby was awarded Chief Financial Officer of the Year. The judges say Raby fulfils the core strengths of highly successful CFO's by leading a finance function that produces highly accurate financial statements, and using his financial knowledge to partner with the CEO and business to drive shareholder value.

In his six and a half years in the job, the bank's financial results have gone from strength to strength - from a net profit in 2012 of $685m to a net profit this year of $1.177b - the second consecutive year the bank has made more than a billion dollars.

After being a finalist in the category last year, Sanford took out the MinterEllisonRuddWatts Excellence in Governance award.

New Zealand's biggest and oldest seafood company aspires to be the best seafood company in the world, and is acutely aware that the company's future depends on its long-term sustainability.

Sanford places a strong emphasis on the sustainable growth of its business and on being a good corporate citizen — actions that are well-documented in their strong integrated reporting which has been recognised as a leader in the market.

Iconic New Zealand brand Skellerup took out the OneRoof.co.nz award for Most Improved Performance this year, ahead of finalists Kathmandu and Kordia.

Skellerup impressed the judges with continued growth in international markets and they described the diversified business as a healthy New Zealand story.

Fulton Hogan picked up the 2Degrees award for Best Growth Strategy. The judges say the infrastructure construction and road maintenance firm has a standout growth strategy and has been a great performer in an industry where others have not succeeded.

SKYCITY's group-wide policy for the board of directors to set measurable objectives to promote diversity, along with clear programmes and initiatives in place, saw it recognised with a win in the Ministry of Business, Innovation and Employment Diversity and Inclusion Leadership category.

Caroline Rawlinson was recognised as the Eagle Technology Young Executive of the Year for her humility, self-awareness and strong

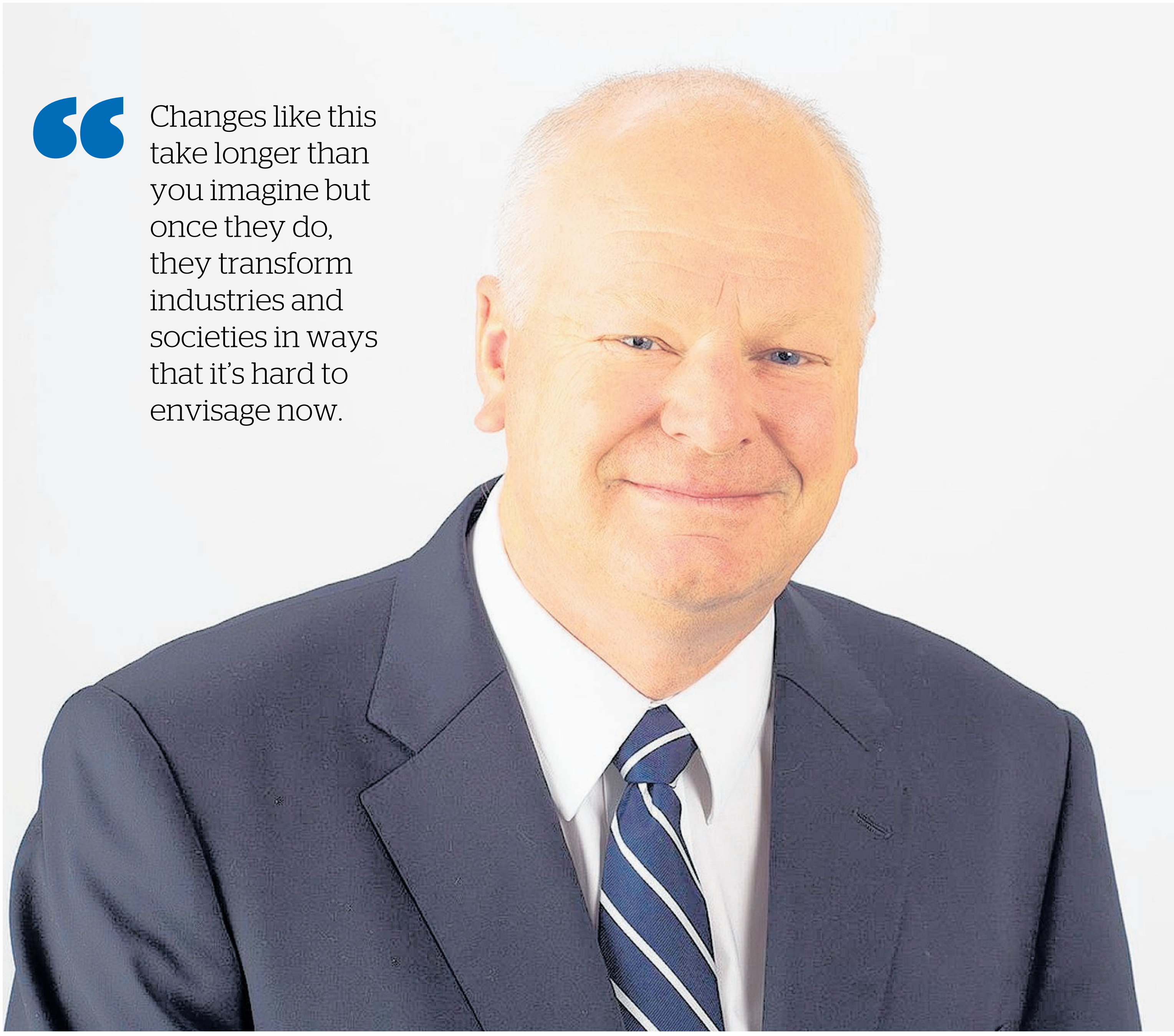
continued on D12

Megatrends that matter

NZ's economic opportunity: let's not stop at open banking

With a Payments NZ-led open banking pilot under way, ANZ New Zealand CEO **David Hisco** says the country needs a bigger vision and it needs to go beyond banking

> Changes like this take longer than you imagine but once they do, they transform industries and societies in ways that it's hard to envisage now.



When I started banking as a teller 35 years ago, "customer data" was something you filed away on paper in the cabinets behind the counter, ready to retrieve when that customer came back into the branch.

As banking has digitised, the presentation, storing and moving of customer data has changed dramatically. But holding on to it and keeping it safe — just like people's money — has remained a basic tenet of our role as a bank. It's fundamental to the trust customers place in us and something ANZ has been doing in New Zealand since 1840.

Now we're at a pivotal point in the customer data story — what's called "open banking", and the sharing of that data.

Open banking means customers, including businesses, will soon have the ability to tell their banks to share their data with third parties in order to access new financial products and services.

On face value, it sounds like something the CEO of a big bank would be strongly opposed to — but I'm all for it. I think it's a positive evolution for the banking industry for two reasons.

Firstly, it gives customers control of their own data. Like the money in the bank, customers can use the data we hold as they wish. Open banking will change people's relationship with their money by providing more options and more tools to help them manage it and make informed decisions. That's good for everyone.

Take, for example, a company which has developed a budgeting service. A customer signs up for the service, and gives permission for the bank they hold accounts with to provide information on their spending and savings activity. These account activities are then pulled through to the budgeting service where they can be analysed.

Yes, it will increase competition for the main players, but the New Zealand banking market is already an open, competitive and highly regarded environment compared with other markets.

Secondly, open banking will foster innovation. New Zealand banks are strongly driven by the goal of making customer banking interactions easier, but this will create a further incentive to pick up performance.

As a bank, we can't do everything, and we've never shied away from working with companies to provide additional value for our customers. We already have relationships which involve the customer-consented sharing of data with the likes of Apple, Google, Xero, MYOB, CashManager and Smart Payroll.

But there's a lot more to do and there's an opportunity staring New Zealand in the face. The real economic opportunity for New Zealand lies in fostering an "open data economy", not just an open banking one.

The hallmark of an open data economy is that all industries holding data about their customers — banks, insurers, supermarkets, telcos, power companies, airlines and others — should be required to share this data if a customer requests it.

That also means third parties using that data should be required to share data back freely — "reciprocity" — rather than making only one party in the relationship accountable.

An open data economy, where there is easier access to information and knowledge, has huge potential benefits for New Zealand. These include new businesses starting up, more opportunities for research communities, improved policy development, and more efficient delivery of social services like welfare, healthcare and policing.

But it's also a huge balancing act for industries and government entities.

The data is the property of the consumer, but it must also be guarded carefully. And consumer consent to use it must be done with their complete understanding of what they're getting themselves in for.

Nevertheless, McKinsey research has identified consumers as having the most to gain from open data, which will make things more efficient, save time and help us make better decisions.

The most exciting are the bits we can't imagine yet — because when you take big chunks of data and make it available to clever people with the goal of solving problems, the possibilities are mind-boggling.

As an example, 10 years ago Transport for London opened up its data and has worked with third parties to develop more than 600 apps, used by more than 40 per cent of Londoners to better plan their journeys. Deloitte estimates this has generated about £130 million for London's economy in improved services and saved time.

What could be done to make our lives easier with real time data on climate, or on disaster situations and emergency responses? What would a big pool of health-related data mean for people developing life-saving medications? Or similarly, education-related data for those developing programmes for our children?

New Zealand should be able to establish an open data economy much more easily than our more populous counterparts and become a test case for other countries. This could be the technological and productivity leap forward successive New Zealand Governments have looked for.

We can look to Estonia with a population of about 1.3 million, which has become Europe's poster child of digital and data innovation. It has a data exchange platform called "X-Road" that connects public and private databases, including 99 per cent of state services and 52,000 organisations.

Not only has it improved the delivery of services for its people but an estimated 800 years of working time have been saved. This platform is now being used by other European countries, which enables data to be easily shared across borders.

The biggest challenge around an open data economy is standardising the way data is stored, and in accessible formats. It's currently held differently across companies even within industries. Some banks store mortgage data differently from others and that's not even getting into the issue of different kinds of data for similar but different products.

New Zealand industries would be short-sighted not to see the benefits of progressing this work and the technological infrastructure to deliver it, but I think the ultimate vision, along with guardrails and direction, is needed from government.

Just as X-Road was an Estonian Government-led initiative, Singapore's "Smart Nation" is an initiative co-ordinated by the Government to drive the economy and support better living using technology and open data.

Industry has been driving innovation within a government framework which has articulated a vision of transformation across the economy, government and society.

An open data economy provides tremendous opportunities but also raises a raft of ethical, legal, security and civil liberty-type questions that have to be worked through for a place like New Zealand.

Changes like this take longer than you imagine but once they do, they transform industries and societies in ways that it's hard to envisage now.

This has been true of the internet, email and mobile phones. Just as coal and steel was to the industrial revolution, so too will open data be to the digital economy.

I'm all for it, so long as we can be convinced every party we share our customers' data with will treat it "as safe as a bank".

Megatrends

A ‘Kodak’ moment for banks

Tim McCready

If the companies within the financial services industry are to survive the fourth industrial revolution, they must embrace emerging technologies.

That was the message from Likhit Wagle, IBM Asia Pacific’s general manager financial services, at the 2018 INFINZ conference this month.

“If the financial services industry continues at its current rate and pace — and doesn’t respond to disruption from the changing environment — the average return on equity globally for the industry will collapse by 2025 from about 10 per cent to about 5.5 per cent,” says Wagle, referencing data from McKinsey.

One of the reasons for this, he explains, is that after the financial crisis there were massive increases in the level of capital that banks have had to put aside, but the level of profit growth has not kept pace with the level of capital increases that needed to come about.

However, the threat the financial services industry face isn’t coming from fintech companies.

Like the pharmaceutical sector — where smaller biotechnology companies are providing the innovation for the pharmaceutical industry’s distribution channels — banks around the world have recognised that fintech companies can provide an engine for innovation and growth.

Banks are starting to collaborate with fintech companies so that the latest technology innovation can be channelled through the much larger distribution networks the banks can provide.

Instead, it is the platform companies — like the Chinese behemoths Alibaba and Tencent — that is placing the pressure on the industry.

Though these companies might have started life as a trading platform, they have moved into asset management and the provision of substantial financial services — satisfying multiple needs of the customer through a single platform.

When Ant Financial (the financial services subsidiary of Alibaba) lists, the expectation is that the “super unicorn” will be valued at US$150b — a similar size to Citigroup and twice the size of Wall Street titan Goldman Sachs.

The risk for financial services firms is that the more that can be done on a single platform, the greater the risk that people don’t step off that platform and do business through their bank. The risk banks now face isn’t just the possibility of marginal reductions in market share and the squeezing of margins, but rather the potential for “Kodak” moments — where huge chunks of a business completely disappear overnight.

Wagle is optimistic about the future, so long as banks begin implementing changes that will allow them to compete head on with the threat of disruption.

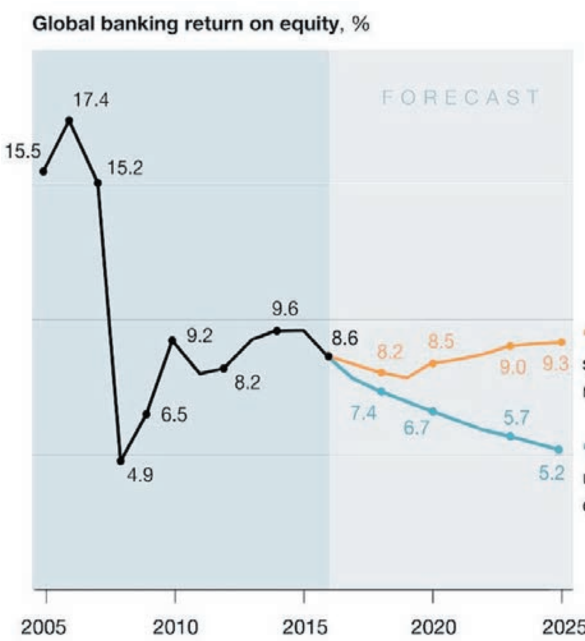
1. Implementing the new generation business architecture to provide extreme convenience

There is an architecture — which Wagle calls the “new generation business architecture” — that will enable banks to be more efficient, productive and informed than they currently are. The four key technologies of this architecture are artificial intelligence (AI), cloud, blockchain and the Internet of Things (IoT).

“If banks do not introduce these technologies on an enterprise-wide basis, then they are going to be in some trouble,” says Wagle.

He says that aside from very mundane, routine tasks that are very low level, “we are a long way away from replacing people with AI”. However, one benefit that these technologies will provide is their ability to analyse

Likhat Wagle presenting at the 2018 INFINZ conference. Photo / Garry Brandon



Two scenarios are possible for banking return on equity by 2025. Source: McKinsey

research and data, augmenting and enhancing the capabilities of people.

“Where in the past you might have spent several days preparing for a meeting, you can now prep for that meeting within minutes,” says Wagle.

“In one of the engagements IBM did with relationship managers in wealth management, their productivity was enhanced eight times because they used technology to help with the research.”

The new generation business architecture will help banks to provide the level of convenience and immediacy that has become increasingly commonplace with technologies like Uber.

When someone makes an application for a loan, they do not want to be waiting days — let alone weeks — for the money to hit their account.

Wagle says that banks have done a very good job of creating customer apps, but the processes behind the apps and the technology that supports those processes is still often in the dark ages.

“There is still a lot of manual activity,” he says. “Banks should make use of technology and APIs [the software that essentially connects various entities’ systems together] to ensure the vast majority of banking processes can work together, so that they are able to provide an end-to-end digital experience.”

2. Offering services that go beyond banking

“If all you’re going to provide a customer is a loan then it is very fast going to become a commodity exercise, because they’re going to go from you to someone else to someone else and find the cheapest offer.

“We have gone past that era where you can schmooze an individual, form a relationship, and say that they are going to stay with you forever.”

Instead, banks should start thinking beyond banking, and create ecosystems.

As an example, Wagle explains that some banks are already able to provide a range of services when you ask for a mortgage.

Alongside the loan they can provide advice on where you should buy, what the community and schools are like, and what the valuation of the house should be.

They have an ecosystem around the house buying decision because they are helping the customer to buy a house — not only selling a mortgage.

“This provides a much stickier experience,” he says.

“Customers will make their decision on the quality of services they are receiving, instead of solely on what a bank is charging for the mortgage.”

3. Reducing costs with efficiency-boosting technology

When benchmarked against the global banking industry, the cost-to-income ratio for New Zealand banks is very low.

But, Wagle explains, that is not because New Zealand has a highly efficient banking industry, but rather because New Zealand’s margins are very high.

“Your margins are spectacular compared to other parts of the world,” he says.

He warns that if we get competition here it will start to compete the banking margin away.

“You are probably about 5-7 percentage points in cost-to-income ratio higher than where you need to be. What that then means is you’ve got to get somewhere between 22-25 per cent of your operational and IT costs out of the business — and the way to do that is through cloud.”

Cloud computing can cut as much as 40 per cent of information technology costs for banks, while also improving security and efficiency.

Though there is very little you can put in the public cloud in the financial services industry due to regulations and requirements on data privacy, banks can put their middle and back office workloads on to a hybrid cloud platform — something Westpac has done in Australia.

That is now driving 25 per cent out of their cost and has also given them real agility.

“Things that were taking 20-25 days to do before, they can now do in three or four days.

“It’s giving that speed that you need to have in order to really satisfy the customers in that kind of instantaneous way that has become so important,” he says.

Opportunity knocks

New Zealand banks have a massive benefit that the likes of Alibaba don’t — yet — have. Most of the data that is required to service the requirements of customers exists within the bank, and it will take new entrants a long time to get that information and to build trust.

There is only a limited window of opportunity. As open banking becomes a requirement around the world, banks will have to make their data available to any customer that wants the data to be provided to external providers and will lose their monopoly.

By addressing issues around customer services and convenience, thinking beyond banking, and operating at costs that are substantially lower (and therefore offering more competitive pricing), the financial services industry will be much more secure in the face of competition.

Megatrends

Why I'm a China bull — John Key

Former PM Sir John Key talked China, Donald Trump and the Prime Minister's Business Advisory Council at the recent Infinz conference.

Sir John Key addresses the Infinz Conference.
Photo / Garry Brandon

Question: What do you see as the biggest macro-risk for the New Zealand finance sector at the moment — Brexit, the US, or China?
Sir John Key: What is a real worry is what's happening with trade wars. It is really starting to have a big impact. Where that's starting to play out is in China. If you follow the Chinese stock market, you'll see how much of a downward move it's been this year and how volatile it is. What's happening there fundamentally is that the Chinese for a long time grew their economy by growing credit, and what they've been trying to do in recent times is turn that credit tap off. Now what's happening is they're saying 'OK we've got to grow this economy without growing credit and we've got to grow it in a much more environmentally sensitive basis'.
I think Xi Jinping's going to go down in history as a good leader of China. But the problem they have at the moment is it is a very complex beast and a very different beast in the macro numbers than 8-9 years ago.
The challenge is I don't think they quite know how this plays out with Donald Trump.
When you look at Donald Trump, he's not necessarily known as the most consistent leader in the world in everything he says and does. But he has consistently been opposed to free trade and I think he's not going to want to change trade conditions in the US because the people that elected him, they think he's right. Trump has been cutting taxes in the US. He's been cutting regulation. What you don't see in the New Zealand media very much, is that there's a lot of people who don't necessarily like Donald Trump in the US but they voted for him. They will continue to vote for him and turn a blind eye to some stuff, because they like the other things that are happening.

How does New Zealand balance our dual track with the US and China?
Key: It's not new. I remember at one point Barack Obama said to me: "How come you've got such a great relationship with us and the Chinese?" I said, "You've got some advantages from being big, and we've got some advantages from being small . . ." But the reality is that our relationship with China is still a very economic relationship.
We've done lots of things together but it's largely been, I think, dominated by an economic focus. In the case of the US and our traditional allies — Australia particularly — it's a much different relationship.
They are the people that we culturally feel most at home with. We share such a massive history.

> I think if we turned our back on the Chinese, we'd find a lot more Irish and Dutch dairy products would flow into China and less would flow from New Zealand.

Everything lines up much more closely there and my advice to the Government would be — whether you like it or not — both partners are important to us. I think if we turned our back on the Chinese, we'd find a lot more Irish and Dutch dairy products would flow into China and less would flow from New Zealand. It might be a bit mercantile but I think that would be negative for the New Zealand economy, for dairy farmers, and for lots of New Zealand businesses — from tourism to education services — that benefit from us having a strong relationship with China. That doesn't mean that you don't raise human rights issues or other issues that are important. You do, but I think you've got to have a respectful relationship with both.

What are your thoughts on the Prime Minister's Business Advisory Council?
Key: If the role of the advisory board is to provide honest, direct feedback to the Government — and the Government is prepared to listen to that — then I think it is really valuable. I was a right-wing Prime Minister and I met with the Council of Trade Unions and the Engineering, Printing and Manufacturing Union — none of which would have ever supported me. But that was fine, it doesn't mean you can't have lines of communications.
The one thing I learned when I was Prime Minister is that while you think the Government has power, it has nothing compared to the power that the private sector has.

Megatrends

Purpose can make or break you

James Penn

Climate change, inequality, mental health, LGBT+ rights, gender equality, cultural and ethnic diversity, accessibility: these are but some of the topics CEOs and boards are now asked to weigh in on.

Commercial entities are corporate citizens, and they had better start acting like it, say the emerging generation of employees and customers. These millennials want purpose as well as products from their companies.

And, on occasion, the companies are all too eager to oblige, with many viewing these issues, social and political, as a potential source of market differentiation and cultural identity.

Nike, for example, knowingly drew the ire of President Trump when their latest "Just Do It" campaign featured Colin Kaepernick, the quarterback who knelt during NFL pre-match national anthems. Kaepernick did so in protest at the ongoing police brutality towards blacks in America, but the move was divisive with many seeing it as unpatriotic.

The campaign prompted a boycott of Nike's products from Trump's vocal supporters — so much so that grown men were filming themselves burning the Nike sneakers they probably paid hundreds of dollars for.

But the campaign is nevertheless viewed as a success, defining the company as a progressive vanguard in the eyes of its mostly young, urban and liberal customer base.

That's the power of purpose: when customers and workers feel a company shares their values it ceases to be merely a transaction they engage in, and instead becomes a relationship.

That leads to higher average spending and increased loyalty (if

Nike's "Just Do It" campaign featured Colin Kaepernick, the quarterback who knelt during NFL pre-match national anthems.

doing the "right" thing wasn't already enough in and of itself).

It is worth drawing a distinction, though, between the politically divisive issues such as in the Nike case, which are increasingly common in the US, and the more benign and widely supported social issues such as mental health and LGBT+ rights.

New Zealand companies have not yet seen the need to adopt political stances for the most part, but on social issues an ever-increasing number are highlighting their policies and views in order to foster a more rich internal culture and position themselves favourably in the eyes of would-be employees and customers.

Policies such as flexible and remote working practices, increased parental leave allowances, awareness programmes, and advocacy group certification such as the Rainbow Tick, are now near-mandatory for any company wanting to position itself as a forward-looking and attractive place to work for young employees.

Customers are also demanding that the companies they buy products from are living their values: take, for example, the removal of plastic bags from New Zealand's supermarkets.

Environmental groups had long campaigned for that change, but the critical mass required for Countdown to announce the phasing out came off the back of Stuff.co.nz's "Bags Not" campaign to raise awareness. Countdown's move created commercial pressure for other supermarkets to follow suit, and before long Prime Minister Jacinda Ardern had joined the crusade and was announcing intentions to sign a ban into law.

Today's world of digital and social media magnifies the exposure of these stances, enlarging both the carrot for positively received policies and the stick for companies that fail in their duties in the eyes of the public.

For example, after two black men were arrested in a Philadelphia Starbucks simply for waiting for a friend without buying anything, a video of the incident went viral and protests against the coffee chain erupted. The company responded about as well as they could in the aftermath, closing over 8,000 of their stores in order to give employees racial bias training, and compensating the men, but the damage was done and Starbucks rightly suffered the consequences.

Closer to home, clothing label WORLD offered a masterclass in how not to respond to a PR crisis. Founder Denise L'Estrange-Corbet was rather less apologetic when some of the brand's items were exposed as having not, in fact, been made in New Zealand, despite the label on them saying so. The story and its fallout received multiple days of coverage, particularly online, undoubtedly resulting in significant brand damage.

By contrast, companies such as ANZ received vastly more applause than they would have in yesteryear for their "GayTM" pride initiative. The eminently Instagrammable cash machines were an instant hit, and the initiative in Sydney reportedly received over 62 million media impressions.

Meridian Energy's recent decision to cut its prompt payment discount — essentially removing 'late fees' that it described as "unjustifiable" — received widespread celebration on social media, and positioned the company as an ally of the consumer class.

ASB Bank has been celebrated for its commitment to promoting women internally too, while Perpetual Guardian made waves with its move to a four day working week for employees.

These decisions — particularly the ones that directly affect internal working culture — are encouraged by a modern-day labour market in which individuals feel empowered to "shop around", make decisions based on more than just salary, and demand more from their employers.

Companies now have to understand what society sees as a worthy purpose, and translate that into the way they do business.

What remains to be seen is how valuable this strategy can be in an ongoing sense. As more and more companies throw their weight behind plainly popular social causes, the differentiation value will be diluted. This could result in companies feeling pressure to find a voice on even more divisive issues, as Nike did.

But doing so carries inherent risk: Pepsi's protest-themed advertisement last year failed spectacularly in its attempt to project a purpose, and was pulled after just one day amid mass mockery and criticism.

While both Nike and Pepsi's campaigns attempted to capitalise on elements of the Black Lives Matter movement, the former used an active leader from within the community to spread the message, while the latter paid Kendall Jenner to play the lead role.

Where Nike focused on the issue and its gravity, Pepsi implied that a can of carbonated cola would solve all ills.

And that reflects the broader point: that purpose loses its power when it is only motivated by transparent self-interest.

The companies that ultimately benefit most from the power of purpose will be the ones that are least focused on benefiting from it in the first place, and instead pursue it because it is righteous. Otherwise, purpose is merely projection.

Don't take those anxiety pills yet, NZ

Chicago-based Carl Tannenbaum, chief economist for The Northern Trust, talked China, trade and financial rumblings at the Infinz conference.

What does China's apparent rise and displacement of the United States in the Pacific mean for New Zealand?

Carl Tannenbaum: The changing axis in this part of the world is going to be very impactful. I was party to a lot of the discussions surrounding American participation in TPP. We had finally gotten some openings in Asia that we'd been seeking for 35 years and the tone changed on a dime when the new Administration came in and the other 11 TPP parties went ahead without us. It's not just a loss of economic interchange that would have been very beneficial. But also influence. Diplomacy is something that often gets under-rated and the style in which we've approached foreign governments hasn't helped. I just hope we get back to appreciating — as I want to assure you that American companies do and American policy makers do — that we're one part of a very big global picture. There is broad recognition that unless we get back to playing well with others that we will not do as well as we possibly can.

What's the story behind the Trump Administration's protectionist policies?

Tannenbaum: It's quite clear that China is the real target of the new movement against trade in the US and elsewhere. I'm surprised at the number of of Europeans who say to me that whilst they didn't necessarily agree with the president and his style they felt he had a point on China. China was admitted to the WTO in 2002 upon promising that some of their non-market practices would begin to recede. They promised to reduce state ownership in strategic industries. They had promised to relax the joint venture requirements that give foreign companies for a local partner that has access to intellectual property. They promised to reduce the practice of using regulation to harass foreign firms. A whole list of things on which many people feel that they've not made sufficient progress.

The fact is that there's a real desire not just in Washington, but in other world capitals to reset relationships with China. And whether by accident, or design, I believe that these discussions are actually happening at an opportune time for those who would like to see a renewed relationship with China.

The Chinese economy has performed what some would consider miracles, they've doubled the size of the GDP six times in the last 30 years or

Economist Carl Tannenbaum makes a point at Infinz. Photo / Garry Brandon

something. But they're really struggling to keep up that rate of growth as evidenced by doubling the amount of debt when you combine household, corporate and government debt in China over the last 10 years.

Are we heading for a new global financial crisis if asset prices tank?

Tannenbaum: One of the productive takeaways from the 2008 financial crisis is that the private or public sectors need to do a better job of surveillance to identify those markets that are offside or those practices that are dangerous.

I don't see anything that comes immediately to mind, but the longer that we go, and the lower that interest rates are globally, the more likely it is that investors seeking a rate of return will stretch themselves into areas that they may not be as comfortable with, and that could cause the quick reversal that was very much part of the 2008 experience.

You've had your lens on New Zealand do you have any observations on how New Zealand should specifically improve productivity which is top of mind here?

Tannenbaum: The anxiety that I hear here in New Zealand about debt levels, and preparedness and immigration, I apologise, it doesn't even rise to the top 10 globally.

I've long been an admirer of the way New Zealand has managed its resources and its budget.

There is of course a good healthy discussion about the funds that have been created and their size, but that foresightedness to take important funds and set them aside for those long tailed priorities and take them away from the short-termism that dominates the political process is something I wish that we could bottle and send to other countries including..... uh..... one that I'm very familiar with.

Climate change

Carbon zero target 'no pipedream'

Climate Leaders Coalition is creating action that will significantly reduce NZ's carbon gas emissions, reports **Graham Skellern**

Many people are sceptical that the New Zealand environment will be carbon neutral by the middle of this century. A group including some of the country's biggest corporates has set plans to reduce greenhouse gas emissions and prove their doubters wrong.

The Climate Leaders Coalition, established in July, now comprises 70 members representing 50 per cent of New Zealand's emissions, mainly carbon dioxide. These companies and organisations such as Otago University and Auckland Council are working closely together to share information and find solutions for significantly reducing the carbon emissions.

"No one can solve the problem on their own — it requires collaboration across the board including government and funders," says coalition convenor Mike Bennetts, chief executive of Z Energy.

"How do we scale up biofuels and hydrogen, how do we stop cows from belching — we can contribute to innovation and help achieve technology breakthroughs. Technology is exponential, who knows where it will be in 2035. The Internet didn't exist 20 years ago, and the iPhone only came in 10 years ago."

Bennetts says each company in the coalition has integrity and is committed to reducing gas emissions.

Abbie Reynolds, Executive Director of the Sustainable Business Council, says the CEOs on the coalition are "pretty action-oriented and they are looking for solutions and capital investment.

"They see climate change as a competitive threat and also an opportunity to innovate, access new markets and increase prosperity."

New Zealand may be taking a lead in the climate change battle but a recent IAG-Ipsos opinion poll showed many people weren't convinced.

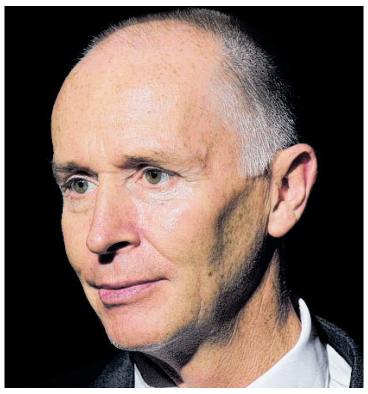
Among the 1000 respondents, 84 per cent thought we can reduce climate change, but 60 per cent were unclear whether we will do so, and only 10 per cent believe we will take appropriate action.

The Labour-led Coalition Government will soon be introducing the Zero Carbon Bill to drive meaningful climate change action in New Zealand. The Act is likely to commit the country to net zero carbon emissions by 2050 and set a legally binding pathway to this target.

Bennett says he's optimistic about meeting the 2050 target. "If you look at it now, you may think I'm a dreamer. But we have to meet the target or else the world is in deep trouble."

The Climate Leaders Coalition members have committed to:


Abbie Reynolds


Mike Bennetts

What is Z Energy doing?

Mike Bennetts says one of the market spaces the company is actively investigating as part of its "What is Next" strategy is future fuels — focusing on opportunities to adopt low to zero carbon emission products.

"This space covers a wide range of technologies that we are actively exploring, from advanced biofuels through to hydrogen fuel cell technology, as a more recent emerging prospect for the heavy transport task.

"Following the recent $26m investment in New Zealand's largest commercial scale biodiesel plant at Wiri, we remain committed to offering real choices to customers to meet the carbon zero challenge.

"In terms of Z's response to meeting the Carbon Zero target in New Zealand; we are focusing on decarbonising our and others' businesses, and using less and wasting less in our own operations. What this looks like in action includes:

- We've built New Zealand's biggest commercial-scale bio-diesel plant, in Wiri, South Auckland, with the capacity to produce 20m litres of sustainable bio-diesel per annum
- We've installed 7 EV fast-chargers across our network
- We've invested in adjacent industries, such as Mevo and Flick Electric, to prepare for a more sustainable transport fleet.
- We've reduced the waste going to landfill by 70%, in part by installing 230 on-site separated forecourt bins, introducing fully compostable coffee cups, and removing single-use plastic bags.

We chart the progress of our actions in our Annual Reports, which are both GRI (Global Reporting Initiative) and IR (Integrated Reporting) standard reports."

- Measuring their greenhouse gas emission and publicly reporting them.
- Setting a public emissions reduction target consistent with keeping (global) warning below 2 degrees C, in line with the Paris Agreement.
- Working with suppliers to reduce their greenhouse gas emissions.

New Zealand consumes nearly 9 billion litres of liquid fossil fuel in a year, equivalent to five litres a day for everyone living here. Transport and agriculture are the heaviest contributions to the emissions.

Case studies of the measures being taken by companies to reduce emissions are being posted on the coalition website — "we can all learn from one another," says Bennetts.

The coalition is also encouraging integrated reporting — the global standard for measuring the company's level of social responsibility, its economic value and its environmental impact. Z Energy, which has reduced its gas emissions by 30 per cent, has taken a lead on integrated reporting.

Targets

Other major companies have set strong targets. Air New Zealand wants to stabilise emissions through carbon neutral growth post 2020. New Zealand Post has established a decarbonisation fund and says it will be carbon neutral by 2030. Ports of Auckland is planning to reach net zero emissions by 2040 and Fonterra says it will reach a similar target for its global operations by 2050.

Synlait has set goals of an on-farm 35 per cent reduction in total greenhouse gases per kilogram of milk solids by 2028, and 50 per cent off-farm that include manufacturing processes and supply chain.

Numerous initiatives under way

Z Energy invested $26 million to build a biodiesel plant and associated infrastructure at Wiri and supply selected Z service stations and truck stops.

The lower carbon biodiesel is made from inedible animal tallow (fat) and the plant will produce up to 20 million litres a year with the potential to double the production. Z is investigating other alternatives to fossil fuels.

Synlait is installing New Zealand's first electrode boiler in its advanced liquids plant in Canterbury. Running on renewable electricity, this technology will prevent the emissions equivalent of 9600 households a year when compared with a coal boiler.

Energy company Vector is building New Zealand's largest commercial battery in Warkworth to accommodate the area's growth in a less disruptive, more cost-effective way. This saves 19km of upgrades to poles and wires along SH 1.

It is converting its Auckland fleet to electric vehicles and nationally reducing emissions from fuel use by 6 per cent by focusing on reducing idling time, better route scheduling and increased awareness of emissions relating to fuel consumption.

Vector is promoting its solar and battery system — the Sustainable Coastlines' Flagship Education Centre in Wynyard Quarter runs on this system and generates 105 per cent of the build's energy needs. It is the 16th building of its type in the world.

The system also sustains a Ngati Whatua development of 30 homes, last year saving an average $800 per household on power bills.

Vector is also developing a two-way vehicle-to-home charger that transforms electric vehicles into mobile power sources.

This means you could drive home and cook your meal using the car battery.

New Zealand Post has introduced Norwegian Paxster electric delivery vehicles (buggies), which enable posties to carry and distribute 200kg of parcels and mail at the same time.

It is looking at introducing electric vans in its courier and Rural fleets.

KiwiRail's Driver Advisory System has saved 4 million litres of diesel in one year. KiwiRail partnered with Energy Efficiency Conservation Authority to set an energy reduction target of 73.5 GWh a year by June 2020 — at June 2018 it achieved 64 per cent of the target that is focused on inter-islander ships and trains.

Auckland Council, in conjunction with its council-controlled organisations Watercare, Auckland Transport and Panuku Development, is increasing the use of communication technologies to reduce travel requirements and transitioning its fleet to electric vehicles.

The council is improving the energy efficiency of its buildings, including saving 414 tonnes of carbon per year at its head office in Albert St.

It is transitioning diesel trains to electric power, replacing street lighting with LEDs, changing wastewater treatment processes to capture greenhouse gases, and using biogas to generate electricity.

Ports of Auckland is floodlighting its general cargo area with LEDs, saving 1.17 gigawatt hours. It is also recapturing all the methyl bromide gas used for container fumigation — the fumigant is toxic to humans and depletes the ozone layer.

Port of Tauranga has just received its certification under the Certified Emissions Measurement and Reduction Scheme, which provides the platform to accurately measure carbon emissions and set targets for reduction.

Its straddle carrier fleet is transitioning to electric models, and the electricity generated from cranes would be recycled.

Rail-mounted gantries in future terminal expansion will be electric, and the company is also replacing its vehicle fleet with electric or hybrid models.

The Warehouse has installed public electric vehicle charging stations at 24 of its stores across New Zealand.

Since 2012 Westpac has lent $1.7 billion to businesses that reduce negative environmental impacts including renewable energy, green buildings, forestry, low carbon transport and waste reduction.

"Our 2020 target commits us to making up to $2 billion available to environmental solutions," the bank says.

Leadership Group

There are 13 members in the Climate Leaders' Coalition leadership group.

They are: Air New Zealand, Fonterra, IAG, KiwiRail, Ngai Tahu Holdings, NZ Post, Ports of Auckland, Spark, Toyota, Vector, The Warehouse, Westpac and Z Energy.

Ambition: An entirely electric Carbon Zero fleet

Waste Management boss Tom Nickels believes all gases should be included in the Coalition Government's target to be Carbon Zero by 2030. He is optimistic that new industries will be created by this fundamental switch. Waste Management is among the 70 organisations which have made the Climate Change Commitment. Here Nickels explains what lies ahead:

Waste Management recently launched our inaugural Sustainability Strategy called For Future Generations. We spent considerable time developing the strategy, including consultation with external and internal stakeholders and analysis of the material issues they identified. Unsurprisingly, in our Environment programme area, we have included a key project to address the material issue of our greenhouse gas emissions.

So, what exactly are we doing? We have almost finalised our carbon footprint through the accredited

CEMARS programme. This is something no other New Zealand waste company has done, and will enable us to create our GHG emission reduction plan, which we have committed to completing next year.

Already, though, we have taken a leadership position investing in new technology to bring the first fleet of electric trucks to New Zealand's

roads. With no manufacturers selling electric trucks, we moved two years ago to start shipping diesel trucks to The Netherlands to convert them to electric. This pilot has provided intimate insights and expertise in electric trucks, so much so that we are now converting our own trucks in our EV Innovation Hub. By the end of 2019, we will have converted 20 trucks right here in Auckland.

In the last 6-12 months we've started to see some vehicle manufacturers producing electric trucks that meet our needs – and the needs of New Zealand's roads – and we are talking with them about importing new electric trucks into our fleet.

We firmly believe electric vehicles are the future. Our ultimate goal is to have an entirely electric, Carbon Zero fleet. With 850 trucks, we know it will take time but we are excited at the journey ahead and at the benefits it will deliver for us and for our environment.

— *Natalia Rimell*

Climate change

Every little action helps in cutting the carbon

Flight path set for net zero greenhouse emissions writes **Graham Skellern**

Over the past decade Air New Zealand has improved its aviation fuel efficiency by more than 20 per cent. The national air carrier wants to do better, even though further improvements will become tougher.

Air New Zealand, a founding member of the Climate Leaders Coalition, is determined to demonstrate climate change leadership in New Zealand and other destinations it flies to.

It is focused on minimising emissions by using fuel more efficiently and exploring new commercial solutions and technology to stabilise its carbon gas emissions by 2020 and help the environment.

The company says it wants to play its role in an ultra-low carbon economy towards a world of net zero greenhouse gas emissions in the second half of this century.

Climate change challenge:

The world must hold the increase in the global average temperature to well below 2 degrees celsius pre-industrial levels by peaking global greenhouse gas emissions as soon as possible or face a potentially irreversible threat to human societies and the planet. Global aviation contributes at least two per cent of global emissions and rising.

"We recognise the aviation industry's emissions are significant — at least 2-3 per cent of global emissions — but improvements in emission levels are counteracted by continuing growth in demand for travel," the company says.

Air New Zealand emits more than 3.5 million tonnes of carbon dioxide into the atmosphere every year. This year its carbon footprint (greenhouse gas emissions) rose 3 per cent — mainly due to a 5 per cent increase in its network capacity. But it achieved a 1.1 per cent improvement in aviation fuel efficiency compared with 2017.

The company says aviation fuel efficiency is the most significant way of reducing its carbon footprint, far outweighing other factors such as ground fleet fuel use and stationary energy reductions.

Air New Zealand has this year been trialling and implementing more efficient departure climb profiles on the Boeing 777 and Boeing 787-9 aircraft and will roll out the procedure to the A320 fleet.

It is also trialling more accurate and efficient navigation procedures, especially the approach paths into domestic airports. This reduces the distance flown and can allow for continuous lower-powered descents, therefore decreasing the amount of fuel required.

Air New Zealand's primary ground fuel project is reducing the use of the Auxillary Power Unit (APU), the small engine that runs mechanical systems, such as electrical supply and air conditioning when an aircraft is on the ground with its main engines turned off. The APUs operating at Auckland Airport for the jet fleets ran for 4200 hours per month, consuming more than 600,000kg of fuel and emitting an average of 2000 tonnes of carbon dioxide emissions each month.

In July 2017 Air New Zealand introduced a new process of connecting to an alternative ground power source, enabling the APU to be switched off soon after gate arrival. This required the co-operation of 1000 pilots, 500 ramp employees and 140 engineers to work collaboratively.

The target was to reduce APU fuel burn in the year to June 2018 by 675,000kg or 2100 tonnes of carbon dioxide emissions. In the first 10 months the company exceeded this target by more than 20 per cent, saving 2 million kg of fuel and 6300 tonnes of carbon dioxide emissions.

The self-piloted fan-powered Cora.

"The airline is committed to embracing new technologies that make life easier, as well as understanding the potential of cleaner energy solutions for travel."

Christopher Luxon

This year Air New Zealand extended the APU initiative to Christchurch and Wellington airports, and its overall Carbon Reduction Programme reached 3.63 million kg of fuel, representing a saving of 11,468 tonnes of carbon dioxide emissions.

Air New Zealand believes every action counts. Other emissions reduction initiatives include continued renewal of the fleet to more fuel-efficient aircraft (the average fleet age is 7.5 years), efficient flight planning and lighter weight baggage containers to save weight and fuel.

The company plans to have 100 per cent of belt loaders electric by the end of 2019 — the loaders transfer baggage and cargo to and from the aircraft — and all baggage tugs will be electric by the end of 2020. Two electric tugs capable of pulling wide-body aircraft — the first of their type in the Asia-Pacific region — began operating this year. Air New Zealand has two electric container loaders in action (the only ones in Australasia) and intends to replace a further 30 of 56 by the end of 2020.

Air NZ's 2030 goal:

Stabilise emissions through carbon neutral growth post-2020 in a way that simultaneously drives significant environmental, social and economic benefits.

The company says the challenge is ensuring the airport infrastructure enables sufficient electric charge to run the vehicles for a full day — and it is working with the airport and ground handling companies.

Air New Zealand is investigating the supply of bio-jet, a biomass derived jet fuel, to reduce operating costs and environmental impact.

It looked overseas for supply and found that bio-jet fuel production globally is in its infancy with several development plants under construction.

So Air New Zealand formed a consortium with Refining NZ, Scion and Auckland Airport to build a commercially viable business case and work with government to develop bio-jet production capability in New Zealand.

Perhaps the most exciting prospect is Air New Zealand's partnership with Zephyr Airworks, and bringing the world's first autonomous, emissions-free electric air taxi service to this country.

Zephyr has been testing its unmanned aircraft called Cora at a private airport in Canterbury since October last year. Cora, self-piloted through software, takes off vertically and is powered by 12 electric fans that together produce 522,000 watts, or 700hp. It travels up to 177km/h and is silent in cruise mode.

The agreement between Air New Zealand and Zephyr signalled the intention to form a long-term relationship and make autonomous electric air travel a reality for New Zealanders.

Air New Zealand chief executive Christopher Luxon said at the time of the announcement: "The airline is committed to embracing new technologies that make life easier, as well as understanding the potential of cleaner energy solutions for travel."

GREENHOUSE GAS INVENTORY

Total operational emissions scope	GHG emissions sources	Tonnes CO2 -e2016	Tonnes CO2 -e2017	Tonnes CO2 -e2018
Scope1[1]	Aviation fuel, LPG, Natural Gas, Ground Diesel, Ground Bio Diesel, Ground Petrol	3.308.950	3,477,944	3,585,684
Scope2[2]	Electricity	3636	2624	3044
Totals		3,312,586	3480567	3,588,728
Biomass (wood pellets)		1235	998	638

1 Direct GHG emissions from sources owned or controlled by Air New Zealand. **2** Indirect GHG emissions associated with generation of imported electricity.
Source: Air New Zealand 2018 Sustainability Report

Climate change

Fonterra is beginning to turn

Dairy giant Fonterra is looking at every aspect of its supply chain to reduce its gas emissions and have a material impact on climate change, writes **Graham Skellern**

Wood biomass is now blended with coal to run the boiler at the Brightwater plant near Nelson.

New Zealand's biggest company, Fonterra, has taken its first steps down the long path of converting its coal-fired operating sites and significantly reducing carbon gas emissions.

Fonterra, a founding member of the Climate Leaders Coalition, is committed to helping New Zealand achieve its Paris Climate Agreement and has partnered with the Ministry for the Environment to develop a roadmap to a low emissions future.

The global dairy giant has set new environmental targets for both on-site and on-farm emissions.

It is planning to reach net zero emissions for its global operations by 2050, with a 30 per cent reduction by 2030 from a 2015 baseline. It has vowed to stop installing new coal boilers from 2030.

Energy efficiency programmes over the past 15 years has seen Fonterra save enough to power a city the size of Tauranga for 43 years. But there's more.

With funding support from Energy Efficiency and Conservation Authority, Fonterra is converting the existing boiler at its Nelson Brightwater site to burn wood biomass, as well as coal.

In an industry first, the move will cut carbon dioxide emissions from the factory by 25 per cent or 2400 tonnes a year - the equivalent of taking 530 cars off the road.

"We see the conversion as a pilot to test the supply chain for wood biomass," says Robert Spurway, Fonterra's chief operating officer global operations. "One of the challenges is access to wood biomass. Our sites are built in dairy farming areas and not close to forests — though Nelson does have some good access to forestry. But transporting wood biomass becomes a factor."

Fonterra is replacing coal with electricity to power its Stirling site in South Otago, saving up to 10,000 tonnes of emissions each year. "We are excited about this," says Spurway. "I believe the pathway to a fully renewable future by 2050 is electricity - as well as solar and wind power."

He says the learnings from the Stirling project can be replicated across similar sites.

Fonterra has three out of its 17 North Island manufacturing sites burning coal and 11 in the South Island. With no supply of natural gas in the South Island, Fonterra has used coal to ensure the plants can process its high perishable milk.

Fonterra has surrendered its Mangatangi coal mining permit and divested nearly 50 per cent of land bought for coal mining.

> "We do see emerging technologies around feed regimes and breeding that can make a difference to global emissions."

Robert Spurway, Fonterra's chief operating officer global operations

Spurway says converting all the coal-fired sites to electricity will take several decades and significant investment. "We have a good track record of energy efficiency programmes — and while co-firing with wood biomass has potential, it doesn't solve the problem.

"Moving to fully renewable electricity is the best option, but there needs to be an increase in generation and upgrades of the network to secure supply and achieve economies of scale," he says.

Fonterra has also signed up with

WHAT WE ARE DOING — SPARK

Simon Moutter
Chief Executive

As a technology company, Spark has a relatively low emissions footprint. That said, since we began measuring our emissions in 2006 we have reduced them by 46 per cent.

However, we are committed to pushing ourselves to go even further and look at where we can make changes to how we operate, including by introducing new technologies.

Electricity is our largest source of emissions, driven primarily by our mobile and broadband networks, and our cloud computing business. Although improved technologies mean the energy costs involved in moving a unit of data across our networks are reducing fast, customer demand for our services is growing exponentially and the rapid growth in customers' data consumption puts pressure on our electricity usage.

We have several initiatives under way to become more efficient in our use of power. We are in the process of shutting down our legacy public switched telephone network, replacing it with a far more efficient software-based network.

We are also continually looking to improve network cooling technologies, install more efficient batteries in the network, remove redundant equipment from exchange buildings and rationalise office space. Our office buildings are designed to be sustainable and efficient in their use of electricity. Over the past two years, our core network electricity consumption is down 1.5 per cent.

While our total electricity consumption grew by 5 per cent over the same period, this was due to expansion of our cloud computing business — which has enabled many of our large corporate customers to reduce their electricity consumption by using Spark's data centres.

Other sources of emissions include travel and our vehicle fleet, diesel for back-up generators, natural gas and refrigerant.

We have committed to converting at least a third of our corporate fleet into electric vehicles, and we have reduced our air travel dramatically in the past few years with a policy of using video conferencing unless travel is absolutely necessary and installing high-quality video conferencing facilities in our buildings.

We believe there is a role for us to play in developing technological solutions to help our customers — particularly business customers — reduce their own emissions. This may be encouraging uptake of technology, for example video conferencing, or cloud computing — which allows businesses to shut down bespoke networks and use our data centres, several of which are state of the art when it comes to efficiency.

WHAT WE ARE DOING — PĀMU

Steve Carden
Chief Executive

In our business, extreme weather events — while not uncommon — are becoming more extreme and less predictable.

Like many others in the agriculture sector, at Pāmu we are determined to do what we can to respond to the potential dire consequences of the ongoing heating of the planet.

Pāmu is on record as stating that the societal and environmental tolerance for unfettered and expansionist farming has gone.

Climate change is a big part of why.

We are finalising targets to get to net zero long lived gases. Part of achieving our targets will involve planting up to an additional 6000 hectares of trees, adding to the company's over 10,000 hectare tree portfolio within the next decade.

That's close to an additional five to six million trees, or over 100 trees for every dairy cow we have.

The carbon sequestered from our forestry portfolio will help offset much of the CO2 and NO2 emissions that we are responsible for.

We will achieve this ambitious target while still making appropriate returns to our shareholders, including from the carbon credits the additional forestry will generate for the company.

We also expect to be in a position to soon announce our plans for long-term reductions in Pāmu's methane emissions as well.

We are waiting to see how regulators decide to treat methane as part of an overall approach to agriculture emissions. Pāmu is progressing work alongside this and will set ambitious target sto reduce methane on our farms.

We are going to continue to challenge the land use on our farms and utilise the best technology to reduce methane emissions and other environmental impacts.

We recognise with our size and Crown ownership that we have an obligation to help drive agriculture innovation forward along with many other partners in the agriculture sector.

Innovation will be key as we react to the changing climate.

We do not need to be held back by current practice.

Our deer milk and sheep milk initiatives prove what you can do when you innovate and take some risks.

As we grapple with the impacts of climate change, this innovation will be even more important, as will an open and honest conversation about what agriculture can do to play our part in terms of emissions reductions.

We can no longer as a company, an industry or a country, kick the can down the road.

Climate change

its back on coal

Z Energy to receive biofuel for its milk tankers at several Waikato and Bay of Plenty depots.

The biofuel is blended with diesel and has the potential to reduce emissions from each tanker by 4 per cent in a year.

Of course, Fonterra would like to convert all its 500 tankers, which travel more than 80 million kilometres in New Zealand each year, but like wood biomass and renewable electricity it has to be sure of the long-term supply of biofuel.

"It's unlikely that biofuel will be a full replacement for diesel but every little bit makes a difference," says Spurway. "We are looking at improving efficiency and reducing emissions along every step of the supply chain. From using the more efficient large container ships to changing to electric forklifts in our operating sites and warehouses."

Fonterra followed up an employee's innovative idea and is recycling water at its Pahiatua site, saving half a million litres of water a day, the equivalent of 18 tanker loads. New reverse osmosis technology at its Darfield site will reduce the amount of groundwater drawn by 70 per cent.

Learnings from Pahiatua and Darfield will be applied elsewhere to help reach Fonterra's 2020 target of reducing water use by 20 per cent across 26 manufacturing sites in New Zealand

Fonterra is turning its attention to reducing on-farm emissions. "The New Zealand dairy model is very efficient and we are proud of that but we need to do more," says Spurway. "We can make the most of our position by investing in breakthrough technologies that produce low-emission animals, and then sharing them with the world.

"We do see emerging technologies around feed regimes and breeding that can make a difference to global emissions. Many of them are quite long research projects and as yet there has been no step change."

Fonterra is positioning itself to develop and commercialise mitigation technologies that have a positive impact on global emissions by 2050.

In its first *Sustainability Report*, released at the end of last year, Fonterra says: "Our continued success on the world stage is reliant on a clean, sustainable environment and continuous improvement in the production and transportation of our products."

Fonterra is replacing coal with electricity at its Stirling site in South Otago.

Challenging views

David Cunningham
CEO
Co-operative Bank

I firmly believe that the plummeting price of solar solutions, especially battery technology, will fundamentally change environmental outcomes.

Government support isn't needed either — the mass impact of customer choice and market price signals will fundamentally change the world. The evidence is there — the early runs on the board from the likes of Tesla are now mainstream. Every major car manufacturer is adopting electric technology. Although that is just one "use case" the momentum is gathering. In a decade 20 per cent of New Zealand households will use solar for power.

At Co-op we will not specifically target environmental solutions (though doing what's right is in our DNA); our customers will make the choice and borrow as needs be to fund environmental solutions. We'll fund within our normal lending parameters.

David Mair
CEO
Skellerup

Moving toward a carbon neutral economy ignores a number of natural processes that produce carbon dioxide (e.g. volcanic activity etc).

My main concern is the focus on carbon emissions. This gets translated as burning anything, especially fossil fuels, is bad for the planet. The output of oxidising clean natural gas is water and carbon dioxide — plant food (together with sunlight).

We would be much better off focussing on reducing the use of coal by replacing that use with natural gas. Huntley and Fonterra's power plants would be a good place to start.

Speaking as an individual, I do not understand why NZ companies are lining up to look good when the proper debate is not happening. Genesis energy will need to import coal because of a shortage of gas! Managed properly, we can have a reliable supply of natural gas which is often far better than electricity generated in the South Island. It would be better to convert Huntly completely to natural gas. Not going to happen with the current attitude.

When it comes to global emissions, China and the US represent 40 per cent. Add in India and Russia and you are at 50 per cent. NZ's output is about 0.2 per cent of the global total.

I do not mean to imply we should not minimise emissions and, of course, do what we can to make the world a better place, but changing to electric cars or whatever will not be enough.

In the interim, electricity supply in NZ will become more volatile and there is a serious risk of increasing costs for business that will mean other solutions will be found (moving business offshore).

The Deloitte Top 200 Awards

Purpose in a digital world

It is a mistake to think transformation is just about the tech, says **Thomas Pippos**

Like many business concepts that achieve buzz word status like "disruption" or "agile" — this year's Deloitte Top 200 Awards theme — "the power of purpose" — is not new.

Having a strong sense of purpose and the courage to embrace change has always been a central part of achieving business success. And change, often incremental but compounding over time, has always been necessary and inevitable as a key driver of the adjustments and innovations that can provide companies with competitive advantage.

What's new is the overlay of digital technology, or more broadly what's called the Fourth Industrial Revolution. This is the combination of the digital and physical with the interplay between technology and people.

It is a mistake to think digital transformation is just about the tech. It's even more about the lasting and age-old fundamentals of business — strategy, culture and most importantly people. It's also still about customers and customer expectations which are now increasingly influenced by digital technology.

So digital is transforming business. If an organisation isn't "born digital", it's "becoming digital" with most companies somewhat behind the eight ball on this matter.

Many still focus on the digital instead of the organisation — the technology instead of the company.

Technology might be hard, but culture, people and transformation are even harder.

Digital transformation doesn't happen in a vacuum. It's not a case of implementing technologies and letting them run. Though "there's an app for that", there isn't an app to take care of your business fundamentals.

Becoming digital has profound implications affecting business models, organisational design, talent acquisition and retention, and learning and development.

Many are aware of these concepts that surround digital transformation and understand the importance of them, but many are also not sure where to begin on the journey toward achieving digital maturity.

Herein lie a number of paradoxes with digital transformation. Deloitte research, which has included surveying hundreds of business executives across the globe, shines a light on some of these, in particular around strategy, talent and innovation.

The vast majority of business executives identify digital transformation as a top strategic objective. But just because they appear to understand the strategic importance of it, this doesn't necessarily mean they are fully exploring the strategic possibilities presented by digital transformation. In fact, many fewer (68 per cent) see it as an avenue for profitability. And on average, companies report planning to invest a median of 30 per cent of their operational/information technology budgets, and only 11 per cent of their research and development (R&D) budgets, on digital transformation initiatives.

This defensive mindset — a focus on digital transformation for operational investments, coupled with a relatively smaller emphasis on profitability — suggests that though most leaders associate operational improvements with strategic growth, they do not necessarily associate them with revenue growth resulting from R&D-driven new products or business models.

At the same time, 85 per cent of the executives surveyed indicate they have a workforce with the right skillset to support digital transformation. But when asked what operational and cultural challenges are most commonly faced by their organisations, finding, training and retaining the right talent is cited as the number one challenge by 35 per cent of respondents.

The fact that responses to the survey expose multiple paradoxes suggests that though the will for digital transformation remains strong, organisations of all shapes and sizes are largely still finding a path that balances improving current operations; with the opportunities afforded by digital technologies for innovation and business model transformation feeding into that.

Achieving a clarity of purpose around digital transformation, and embracing change, will go a long way toward resolving these paradoxes. Counterintuitively, focusing on the people aspects of change — for example by providing a clear organisational purpose and supporting adaptive abilities through continuous learning — can bring the best way to support digital transformation.

A crucial element of digital transformation therefore is the continuous loop of action between the physical and digital worlds. Many struggle to complete this loop, especially the last and most important stage. This is how the digital can support the human to make better decisions to drive deliberate action.

People crave purpose. A strong sense of purpose that correlates through a digital lens drives talent engagement and retention, and can be the basis for innovation within an organisation. The right talent, aligned and acting on such a common purpose, more than the technology, will carry an organisation into the future.

Thomas Pippos is chief executive of Deloitte New Zealand

Stellar success for Top 200

continued from D3

commercial acumen. The judges said the chief financial officer at Trade Me "showed an impressive ability to adapt her leadership style to different sectors, including building products and consulting, as well as different parts of the world."

The Deloitte Top 200 list includes publicly-listed and private companies, NZ subsidiaries of multinational companies, co-operatives, societies and state-owned enterprises.

The primary financial figures for the Top 200 as well as New Zealand's Top 30 finance companies have been produced in full toward the back of this *Dynamic Business* 2018 report — showing revenue, profitability, efficiency and more.

These numbers offer an insight into how the biggest companies in New Zealand operate and are accompanied by explanations and insight from the *Herald's* team of business reporters.

The high-level story for the Top 200 this year is growth.

Total revenues rose by 7.7 per cent compared with the 2017 figure, underlying earnings (EBITDA) rose by 6.9 per cent. This indicates that Top 200 companies have done an impressive job of reducing costs by a far greater degree than the fall in revenue.

Fourteen companies made their debut on the Top 200 this year. Most notable was poultry producer Inghams, which debuted at 109th place with revenue of $396 million.

Year-on-year asset growth for the Top 30 finance companies outpaced last year's figures, up 2.5 per cent — but a smaller increase than the 7 per cent seen last year. Cumulative profits also increased by 15.4 per cent.

Of the big four banks, ANZ continues to lead the way with $154.0 billion in assets, outranking its closest competitor Westpac by $58.3b. This year is the first time in several years where there has been a change in rankings between the biggest banks. ASB has beaten BNZ to take third place, increasing total assets by 7.7 per cent.

What enterprise can learn from "born digital" companies

Grant Frear

The number of companies on the Deloitte Top 200 index that were "born digital" can be counted on one hand.

Born digital generally refers to organisations founded from the mid-90s with internet-era information and digital technologies at the heart of their operating models. We can see the impact of these "born digital" companies in our day-to-day lives — the likes of global giants Amazon, Google and, more recently, Uber.

Though the impact of companies born digital is muted in our current Top 200 it's a safe bet we will start to see more appearing on the index, and climbing up the rankings.

Every Top 200 company is grappling with how the so-called Fourth Industrial Revolution will impact their business, and how digital technologies can transform their business models.

We collectively refer to these companies as "becoming digital" noting there are many stages of maturity to mark this journey.

What can companies that are becoming digital learn from those born digital? One key difference between the two is that those becoming digital tend to focus on using digital to improve what already exists. This approach can be seen as defensive, focusing on incremental improvement and lightly challenging the orthodoxies within an industry. Companies that are born digital are the challengers, they have less to lose and fundamentally challenge industry orthodoxies, often ripping up the "rule book" in an attempt to reinvent an industry. These companies tend to focus more on what their industry might look like in 10 to 20 years' time and undertake investments in the present that might accelerate the business toward the long term view.

We refer to this as a "zoom out, zoom in" approach to strategy, which creates the conditions for breakthrough innovations and is something born digital companies do particularly well.

While the case for digital transformation is clear, those companies becoming digital don't necessarily know where to begin or how to choose from the ever-expanding list of critical initiatives. This creates a "strategy paradox" where the lack of a certain view of the future and an overwhelming to-do list leads to strategic paralysis and a reluctance to embrace change and take on risk.

To break the paradox, and move beyond a defensive approach to digital transformation strategy, organisations have plenty of options to apply the approaches of born digital businesses. "Zoom out, zoom in" strategy development, lean startup methodologies, agile operating models and cloud platforms are some of the ways companies can develop the capabilities to break out of a continuous improvement cycle and tackle something bold.

Starting small and expanding allows you to unlock new capabilities, and move an organisation along the path toward meaningful innovation. For executives preparing their companies for a more advanced digital future, developing innovation as a strategic capability is an important component for success.

Leaders embarking on this journey need to deliver across the board including strategy, technology, talent and culture. Both boards and management tackling true transformational change need to tightly hold on to the long term view for their industry while flexing their risk appetite to ensure they can break the "strategy paradox" and tackle meaningful innovation.

Companies on the path to becoming digital can and do eventually succeed at "being digital", even if they weren't born that way. It all begins with a view of the future that compels a business to take a transformational approach and a leap of faith that the journey itself will influence the ultimate destination.

Grant Frear is a Deloitte Digital partner

> "Leaders embarking on this journey need to deliver across the board including strategy, technology, talent and culture."
>
> Grant Frear

The Deloitte Top 200 judges


Dame Alison Paterson


Sandy Maier


Fran O'Sullivan


Jonathan Mason


Neil Paviour-Smith


Cathy Quinn

DAME ALISON PATERSON
Dame Alison Paterson was appointed as a Dame Companion of the New Zealand Order of Merit for services to business in the New Year's Honours 2014 and was previously awarded the QSO for services to the community.
Dame Alison's experience spans a range of industries in both the public and private sector.
She is recognised as being a trailblazer for women in governance roles. She is a chartered accountant who operated a sole farm accounting practice. Her first major board appointment was in 1976. Dame Alison served on the Reserve Bank board from 1996 to 2010 including as chair of the audit committee and Deputy Chair.
Her past appointments include the chair of several organisations including Landcorp Farming, Abano Healthcare, Crown Irrigation Investment, Waitemata Health and as a director of Metrowater. Dame Alison is a Fellow of the University of Auckland, D.Com [Massey], a Distinguished Fellow of the Institute of Directors, and FCA. She was 2010 QBE Chairman of the Year and was inducted into the Business Hall of Fame in 2015.

SANDY (SAMFORD) MAIER
Sandy Maier serves, and has served, as Chairman or Director for numerous organisations in both New Zealand and overseas.
He has a wealth of experience in corporate governance and finance, having spent 15 years working in international commercial and investment banking, including as CEO of Citibank New Zealand.
Sandy has lived and worked in New Zealand since 1986, serving on the board of the Bank of New Zealand and as the statutory manager of DFC New Zealand Limited for which he received a 1990 Commemoration Medal. For the past 25 years, he has had his own international management consulting firm, specialising in strategic, financial and human resource issues and has served as Chairman or Director of several New Zealand companies.

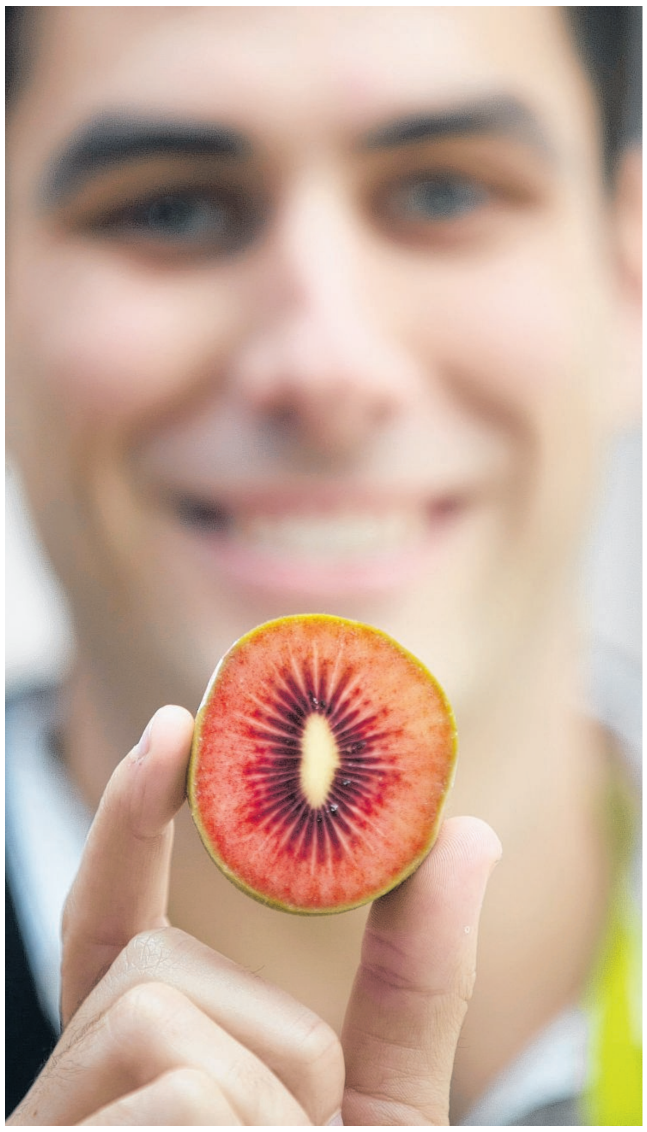
FRAN O'SULLIVAN (Judging Panel Convenor).
Fran O'Sullivan is Editorial Director (Business) for NZME and a high-profile business columnist for the *New Zealand Herald*.
She has a strong interest in New Zealand's international business success and is a frequent television commentator and public speaker. Fran chairs the NZ US Council's Advisory Board, is a member of the NZ China Council's Advisory Board and the Pacific Economic Cooperation Council (NZ) board.
She is a regular participant in NZ's partnership forums with the United States, Australia and China and is a former editor of *National Business Review* and has an award-winning track record in business journalism.

JONATHAN MASON
Jonathan Mason has over 30 years of experience in financial management roles in the oil, chemicals, forest products, and dairy industries with an emphasis on emerging markets.
Jonathan was Chief Financial Officer (CFO) of Fonterra Co-operative, CFO of Cabot Corporation (a Boston based chemical company), and CFO of Carter Holt Harvey.
Jonathan also served in senior financial management positions at US based International Paper from 1990-2000.
Jonathan is currently a director of numerous large organisations and an Adjunct Professor of Management at the University of Auckland.

NEIL PAVIOUR-SMITH
Neil Paviour-Smith has over 25 years' experience in various roles in New Zealand capital markets. He is Managing Director of Forsyth Barr Limited, a leading NZX sharebroking firm and investment bank.
Neil is Chancellor of Victoria University of Wellington, chair of the NZ Regulatory Board and past director of Chartered Accountants Australia New Zealand (CAANZ), director of The New Zealand Initiative and former director of NZX Limited. He is a Fellow of the Institute of Finance Professionals NZ (INFINZ) and former chair of the NZ Society of Investment Analysts.
Neil was an inaugural recipient of a Sir Peter Blake Trust Leadership Award in 2005.

CATHY QUINN
Cathy Quinn is a senior partner (and former Chair) of Minter Ellison RuddWatts. Cathy was made an officer of the New Zealand Order of Merit in the Queen's Birthday honours list in 2016 for her contribution to the law and women.
Cathy was the Veuve Clicquot Business Woman Award Winner 2010 (New Zealand), and Cathy is on the Board of Fletcher Building, Tourism Holdings, the NZ Treasury and the NZ China Council.

Company of the Year



Zespri
Bearing fruit

Hamish Fletcher

Zespri's success is a classic New Zealand innovation story.

The kiwifruit marketing body — which represents 2500 New Zealand growers — lifted profits by 38 per cent to $101.8 million in 2018.

And it expects higher returns still in 2019, forecasting earnings of up to $180m and a dividend per share of up to $1.40, compared to 76 cents per share last season.

Growers have every reason to smile at that sort of performance and it's one reason why Zespri snared the Deloitte Digital/Marsh Company of the Year Award.

But the judges were also quick to point out that those returns aren't a one-off. They also represent the culmination of Zespri's long-term strategy and dedication to innovation.

"When you look at the volumes, the tray returns, the growth in China, the share price — all of those measures — the company looks very successful," said Forsyth Barr managing director and Top 200 judge Neil Paviour-Smith

Zespri also managed the transition to chief executive of Dan Mathieson (who took over from long-standing chief Lain Jager last November) without losing any of its financial momentum.

The Mount Maunganui-based company will have to grapple with another change at the top next February, when chairman Peter McBride steps down.

McBride, chair since 2013, oversaw a premium brand-led strategy at Zespri and the expansion of the SunGold variety to meet burgeoning demand in the markets.

SunGold, developed in response to the Psa outbreak in 2010, has played a key part in the company's turnaround since the bacteria ravaged the industry.

That fruit is increasingly popular in the important Chinese and Japanese markets and is forecasted to become even more lucrative for growers.

SunGold is expected to return $10.28 per tray in the 2018/19 season, up from $10.07 a tray, with the average return per hectare for growers rising to $138,973 from $114,345.

Chief executive Dan Mathieson

That compares to expected returns of $5.47 per tray and $64,455 per hectare for green kiwifruit.

Zespri has now committed to planting 700 more hectares of SunGold fruit every year for the next five years, compared to 400 hectares a year previously.

Paviour-Smith said the kiwifruit industry was an example of how to add value to primary sector exports.

"A lot of politicians and commentators and experts often criticise New Zealand as being poor at adding value to commodity production [saying things like] 'why do we export raw logs' for example," he said.

"Now Zespri is still exporting fruit but it's based around innovation and our expertise as a country in creating this different type of kiwifruit that are commanding these high premiums," he said.

"There's a really good story in there around innovation and a long-term strategy response from the industry.

"The growers who went through the process of evolving their vines or crops to gold are now getting the returns on that."

The financial success of the gold variety is also driving further innovation among growers, with red fruit varieties in the pipeline.

The sweet fruit is two years into a five-year pre-commercial trial stage. When it is commercialised, the red fruit will be able to be grown in all New Zealand kiwifruit areas except for the South Island and Whangārei; areas that escaped the Psa scourge and no new plant material can be taken into them.

The red fruit's promise is not just in its colour and taste but in the fact it can be harvested as early as late February.

This will help Zespri's goal of being able to provide high-quality kiwifruit all year round from both New Zealand and non-New Zealand-based Zespri orchards.

"With the red fruit, Zespri is obviously looking further ahead, so when the world catches up with gold fruit and starts copying and so on they're thinking about 'how can we continue to command a premium for New Zealand kiwifruit'," Paviour-Smith said.

Zespri's success also provided inspiration for others in New Zealand's horticulture sector. The Miro partnership — owned by more than 20 Māori trusts and iwi from the Far North to the top of the South Island - and state-owned science company Plant and Food Research revealed its plans to "do a Zespri" with blueberries and similar crops.

Horticulture, led by a continuing kiwifruit sales bonanza, is expected to be New Zealand's fastest-growing primary export sector in the year ahead, according to Government forecasts.

Ministry for Primary Industies' latest situation and outlook report says horticulture exports are forecast to rise by 13.1 per cent to $6.1 billion in the year ending June 2019, with kiwifruit export revenue expected to increase by 23 per cent after a large harvest in March/April and due to rising kiwifruit prices.

Apple and pear export volumes for the 2018 calendar year are expected to top the 20 million carton milestone — 360,000 tonnes — last achieved 14 years ago, due to strong European and Asian market demand.

Overall, primary export revenues are forecast to lift by 2.5 per cent to nudge $44b in the period.

Company of the year

sponsored by Deloitte Digital/Marsh

Finalist: Tatua Dairy Company

Tatua Co-operative Dairy Company proves good things come in small packages.

The Morrinsville-based dairy co-operative, which has an estimated 1 per cent of the country's milk collection, notched record revenue of $357m and earnings of $127m over the last season. That saw it confirm a cash payout of $8.10 per kg of milksolids to its shareholder-farmers.

A long-time niche producer with 370 staff, Tatua has delivered much better returns to its owners than its competitors and the Deloitte Top 200 judges noted it had consistently delivered $1-2 more per kg of milk solids than its rivals each season.

A previous winner in these awards for its corporate strategy, selecting it as a Company of the Year finalist the judges praised Tatua's focus on containing its supply area as well as its value-add production line: "They have done this for decades, even before the creation of Fonterra, Tatua was always a high-value producer.

"And they have posted a superior co-operative return compared to the rest of the industry."

The judges noted the well-targeted specialty strategy Tatua has played out in the Chinese and Japanese markets.

Headed by Brendhan Greaney, its performance has impressed industry analysts who see it as the country's "benchmark value-added processor".

"Tatua's financial performance has been outstanding. Its revenue per unit of milk is the highest in the industry. This has translated into high returns on its $238m of assets" consultancy TBD advisory said earlier this year.

Finalist: Restaurant Brands

Restaurant Brands has developed a tasty recipe for returns — so much so that a giant Mexican fast food investor wants a bite.

The company's ability to grow domestically while expanding overseas through new acquisitions has seen its value steadily increase in 2018.

It attracted the attention of Mexico's Finaccess Capital, which last month made a $881.5 million bid, or $9.45 a share, for three-quarters of dual NZX/ASX-listed firm.

The bid values Restaurant Brands — which owns KFC, Pizza Hut and Carl's Jr. in New Zealand — at $1.18b, a healthy premium to its $1.06b market capitalisation at the start of November.

Headed by Russel Creedy, Restaurant Brands' successful overseas expansion impressed the Deloitte Top 200 judges with its skilful execution and sustained momentum.

A large part of Restaurant Brands' success has been its ballooning overseas portfolio. Its 61 KFC stores across the Tasman boosted earnings 43 per cent in the 28 weeks to September by 43 per cent.

Australia sales made up 20 per cent of the group's $69.2m of earnings before interest, tax, depreciation and amortisation (EBITDA) over that period.

Restaurant Brands' Hawaiian portfolio — which includes 36 Taco Bell stores and 45 Pizza Hut outlets — recorded EBITDA of $12.8m over that time.

But it's the firm's 94 KFC restaurants in New Zealand delivering the fattest chunk of the company's earnings. Same-store sales were up 6.2 per cent in the 2018 financial year, with EBITDA up 7.4 per cent over the period.

Chief Executive Officer of the Year

Russel Creedy — You've got to manage detail

Liam Dann

"There's no silver bullet or magic formula for doing this kind of business well," says Restaurant Brands chief executive Russel Creedy when I ask him the secret to his successful turnaround of the fast food franchisor.

"It's a very competitive, well-established business and it can be a bit of a grind at times."

Creedy — this year's Deloitte/Service Now CEO of the Year — has certainly delivered great returns for investors.

In fact shares in the company are worth around 900 per cent more now than they were when he took over as chief executive in 2007.

"It's been a combination of having a very good management team in place and managing the business well. That's the most obvious side," he says. "This is a business where you've got to manage detail; you've got to move it inch by inch over time."

Creedy says he has changed his leadership style a bit over the years and that has allowed him to take a more strategic view — something that has enabled Restaurant Brands to make expansive — and thus far highly lucrative — moves in Australia and Hawaii.

"That's absolutely accelerated the growth. We finished last year with around $740m sales and it's really going to be into that mid-$800 million level this year — $830-$840m or so by the time we've finished."

In fact Restaurant Brands — franchise holder for KFC, Pizza Hut, Carl's Jr. and Taco Bell — has been so successful it has attracted the attention of Mexico's Finaccess Capital, which had offered $881.5 million to buy 75 per cent stake.

The $9.45 a share offer represents 24 per cent premium on the share price of $7.60 when the market closed on October 17 — it values Restaurant Brands at $1.18 billion.

Creedy says that's not something he can comment on at this point.

The ongoing expansion into Australia and Hawaii has been the highlight for Creedy over the past year.

It's gone well — something that hasn't always been the case when New Zealand companies venture offshore.

"Certainly there was a bit of risk, but we took a very much measured approach. The Australian expansion was just looking for growth corridors and taking the opportunities as they arose... and just planning to be ready for them when they came up.

"Hawaii was the real stretch of our imagination: to get offshore and get into another currency... which has frankly worked out pretty darn well with the depreciation of the NZ dollar."

Creedy says with the evolution of his leadership style over the years, a strong team in place and local operations going well he's been able to spend more time on strategic thinking.

"I look at it as sitting on the edge of the pond as opposed to being inside the pond," he says. "It's something I read a long time ago. You're on the edge of the pond so you can see the ripples and where they are travelling to, as opposed to being in it where the ripple happens to you."

That kind of approach is more crucial than ever as technology accelerates the pace of change.

"In the old days, when I did the MBA and the way most people learned at school, it was that the leader always set direction, aligned the people and resources and the business provided motivation. I think that is a pretty static view nowadays," he says.

"Its not applicable to the way business moves so quickly. Being very nimble and being able to visualise what change could look like in the future is a style I've brought to the business."

Creedy says Restaurant Brands, like most businesses now, is facing constant disruptive change:

"Our industry is no different," he says.

He draws on the US military term VUCA world:

"Its volatile, uncertain, complex and ambiguous," he says. "Workforces are changing all the time; technology is changing all the time."

He cites Uber Eats and Menulog as examples of businesses "eating our lunch with deliveries".

"Food all over the place," he says. "It's a fast-moving world that we're living in, and we just have to cope with that level of change."

Creedy is South African by birth; he and his family have been in New Zealand for almost 25 years. Leaving to escape the violence and political unrest they witnessed, he and his wife Linda arrived with two young children, no jobs or local contacts. They were industrial chemists and it was tough finding jobs.

Creedy ended up working as the distribution operations manager for Linfox Logistics for seven years before being hired by Restaurant Brands as the supply chain manager in 2001.

Restaurant Brands underperformed in those years, struggling with the Eagle Boys pizza chain in Australia, a lack of local interest in the Starbucks coffee franchise and negative perceptions around the KFC brand.

Creedy says when he looks back on his arrival in New Zealand he feels "absolutely blessed, lucky, fortunate".

"You've got to pinch yourself now and again to say it's been a fantastic journey and a wonderful country," he says. "It was certainly the right decision to have made"

Restaurant Brands shareholders would surely agree.

Chief Executive Officer of the Year

sponsored by Deloitte/Service Now

Restaurant Brands

> There's no silver bullet or magic formula for doing this kind of business well. It's a very competitive well-established business and it can be a bit of a grind at times.
>
> Russel Creedy

Finalist: Xavier Simonet, Kathmandu

French-born Xavier Simonet has delivered strong sharemarket returns at Kathmandu since taking on the chief executive role just over three years ago.

The retail sector is a tough one with many traditional players facing structural challenges as the shift to online shopping powers on at pace.

Kathmandu has been recognised as an example of a traditional retailer doing it well.

"Kathmandu has been the most successful at creating a good omnichannel experience," Forsyth Barr analyst Jeremy Simpson told the *Herald* last month.

Online sales now account for 9.4 per cent of total sales versus 7.5 per cent last year. A 22 per cent rise in website traffic has driven a 36 per cent lift in online sales.

The outdoor equipment and clothing retailer posted a net profit after tax of $50.5 million for the 12 months ended July 21, up 32.9 per cent, or $12.5m, from the previous year.

At the time of that announcement Simonet indicated that the company was eyeing further expansion into the Northern Hemisphere following the record year and successful acquisition of US firm Oboz Footwear.

Simonet has a strong 23-year history in the apparel business.

He studied political science at the Paris Institute of Political Studies, or Sciences Po, before winding up at luxury group Louis Vuitton Moet Hennessy.

He was there for 12 years between 1995 and 2006, in various roles and locations including Hong Kong, Singapore, Sydney, London, Paris and Scandinavia.

He also completed a certificate in marketing at Harvard and has a diploma from international business school HEC Paris.

Before taking the reins at Kathmandu, Simonet worked in London as chief executive of luxury leather handbag and accessory company Radley & Co. where he was instrumental in trebling profits over his two and a half year stint with the company.

Simonet told the *Herald* in April this year on his reasons for joining Kathmandu.

"There were two key reasons why I joined Kathmandu. One was because this business is around travel, and this is my life, so . . . the alignment on that value of travel, and the second one, is sustainability.

"My life's always been around travel and so I've always been eager to take opportunities that are related to travel."

And of sustainability and environmental consciousness, Simonet says "Sustainability is really in the DNA of the company, it's not just something we've just started.

"Our sustainability work covers a variety of prioritisation across materiality, human rights, right down to our materials and products and our operational footprint."

He is excited by the new direction the company is looking to take under his lead.

"[We are] starting to diversify the risk profile of the company by having a stronger presence internationally, by having a stronger presence in another channel — not just retail — and this other channel is wholesale as Oboz operates through wholesale customers in the States".

Finalist: Fraser Whineray, Mercury Energy

Leading Mercury since September 2014, Deloitte Top 200 CEO of the Year finalist Fraser Whineray has overseen a complete rebranding of the company — formally known as Mighty River Power.

The rebrand was recognised in FY2018 with both of New Zealand's premier brand/advertising awards (the Grand Effie at the Effies and the Supreme Award at the TVNZ New Zealand Marketing Awards).

Mercury was also named as the best workplace in New Zealand (IBM Best Workplace Awards — assessed from its FY2017 employee survey results). FY2018 saw record earnings (EBITDAF), and operating costs have been held flat for five consecutive years.

Meanwhile it has delivered dividend growth and is showing strong momentum early in FY2019.

All of the company's electricity generation is renewable and Whineray has demonstrated a personal passion for renewables — famously getting around in both electric cars and on an electric bike which he's said is a big part of surviving due to Auckland's increase in vehicle traffic.

He established a commitment among 30 business leaders to transitioning at least 30 per cent of their vehicle fleets to electric vehicles (EVs) in a three-year period.

Mercury has exceeded its target of transitioning all viable vehicles in its fleet to EVs.

Whineray studied chemical

engineering at Canterbury University. Besides other senior roles in the dairy industry, he was also an investment banker with Credit Suisse First Boston, in Wellington and Sydney.

Whineray joined Mercury back in 2008 as GM Generation and appointed chief executive a little over 4 years ago in September 2014.

On his applying for the job, Mercury chair Joan Withers said that the board were blown away with his vision for the company's strategies, people leadership as well as the way he approached challenges in the industry.

With vast experience working with chief executives, she has said that those who succeed are those who surround themselves with the best and brightest without feeling intimidated by them or viewing them as a threat to their position. She told the *Herald* back in 2017 that "Fraser exemplifies that.

He's got an enormous amount of energy and is a delight to work with. The great thing about him is that he does take counsel."

Chief Financial Officer of the Year

Jon Raby — ASB
Stands his ground

Tamsyn Parker

Jon Raby knows how to make every dollar work hard and says his strong work ethic comes from growing up in a family where his parents made a lot of sacrifices so their children could get ahead.

The chief financial officer at ASB bank was born and raised in South Africa's Cape Town: "I grew up in a family of three kids which didn't have a lot of money. My parents sacrificed a lot to give their kids a good education. That gave me a strong work ethic."

Raby has now spent more of his life in New Zealand than South Africa and calls New Zealand home with a large part of his career spent in the banking sector.

He went to university and became a chartered accountant. "I always did have a knack for numbers."

But he also spent more than 10 years outside of accounting, being involved in securitisation of assets and liabilities and online banking.

Raby fell back into the CFO role because the managing director asked him to do it.

"I have been doing CFO roles ever since."

Raby says he loves the job because it involves strategy formulation and execution.

"You get involved in a lot of different areas. It has huge intellectual stimulation."

Raby joined ASB in 1999 as a finance manager and has held various roles within the Commonwealth Bank of Australia group including CFO and acting CEO of Sovereign, as well as CFO, retail banking and enterprise services at CBA.

Six and a half years ago he moved back from the CBA role to be ASB's chief financial officer and the bank's financial results have gone from strength to strength during that time.

In 2012 the bank had a net profit of $685 million while this year it declared a net profit of $1.177b — the second year in a row the bank has made more than a billion dollars.

It was that strong performance which drew the attention of the judges.

"Jon is an integral part of the management team at ASB that has posted very strong absolute and relative results over the past five years," Deloitte Top 200 judge Jonathan Mason said.

"Jon thoroughly understands ASB financials and is especially good at reviewing margin management which is the most important profit driver at banks."

However, it's not the profits that Raby points to as his proudest moment at the bank but helping others develop their careers. He always sets himself a target when he starts a new role — a primary success measure — and this time it has been centred around the overall quality of talent pool.

And he is pleased he has seen a high proportion of good leaders that have gone on to do more.

"I now have former members of the senior leadership team who are now on the executive [team]."

He is also involved in reverse mentoring, where younger team members work with managers to understand the challenges of today.

One of the biggest challenges of the job is getting the balance right between investment and profit.

"I think getting the balance right between investing in the business and driving the right financial result is something you have got to be careful about. Are you investing enough for the future?"

There are also the challenges around the pace of change around customer expectation and the regulatory programme and agenda.

Banks have been subject to a range of legislative changes this year including anti-money laundering, the Financial Services Legislation Amendment bill as well as changes to the Financial Advisers Act and the Reserve Bank Act.

And because of that, says Raby, another challenge is not spreading yourself too thin.

"We don't think of these things as compliance overheads but it's about trying to contribute to the financial success for all New Zealanders."

On top of that there has been increased scrutiny from the regulators in the wake of Australia's Royal Commission into misconduct in the financial services industry.

The Financial Markets Authority and Reserve Bank have been inside all the major banks asking questions.

But even before that the bank had been making changes.

"We have been working on a programme of change since 2015," says Raby.

On top of that the CBA group sold Sovereign to AIA this year and Raby played a critical part in the transaction and demerging the New Zealand life insurer from its sister company ASB.

The Top 200 judges said Raby is highly respected by all the stakeholders he interacts with including investment banks, other lead team colleagues, board members, and multiple CEOs.

"He is the type of CFO who will stand his ground with the board and management."

They commended him for being reliable and dependable as well as being tough and analytical.

Finalist
Mark Royle,
Chief Financial Officer,
Freightways

Freightways chief financial officer Mark Royle is seen as an integral part of the success of the business and has helped the company to steadily build shareholder value over time.

Royle has been a chartered accountant for more than 30 years and has been part of the senior executive team at the courier business for 18 years.

His role includes strategy and direction as well as group financial performance and all reporting responsibilities as a New Zealand share market-listed entity.

Royle has been CFO at Freightways for more than 10 years over which time the company's net profit has more than doubled.

In its June 30 2010 financial year the business reported a consolidated net profit after tax of $28.9 million. This year its net profit hit $62m. Its revenue has also risen during that time from $328.5m to $580.9m this year and shareholders have reaped the rewards with higher payouts.

The judges said Royle was highly respected by key stake holders in the banking and governance community as a CFO who thoroughly understands the business.

Freightway's financial performance is seen as transparent on key accounting judgements and the judges said Royle knew the value drivers of the business inside out.

"Mark is the ideal, highly competent CFO who allows the CEO and directors to not have to worry about financial surprises," Mason said.

At the same time he doesn't feel the need to shout about his achievements.

"Mark does not promote himself within the business community, instead being a quiet, consistent high performer."

Finalist
Nigel Greenwood,
Chief Financial Officer,
Synlait Milk

Nigel Greenwood has helped Synlait weather both its ups and downs over the last eight years and has a reputation as a hard worker who gets the job done.

Greenwood trained as an accountant and began his career as a junior auditor at an accountancy firm in Christchurch.

He got his first chance to stretch himself by working in the firm's Cape Town office in South Africa where he found himself taking on bigger and bigger audit jobs.

Greenwood returned to Christchurch only to find he needed a new challenge and jumped at the chance to join the Lyttelton Port as CFO after working with the port board to help set up a corporate structure.

He spent eight years with the port which included helping it to list on the share market where he gained experience working with investment bankers and shareholders.

Greenwood then moved on to take up roles with Gough Group and Crane Distribution before joining Synlait eight years ago.

But it has been no smooth ride for the dairy company.

It went through tough times during the global financial crisis and had a failed share market listing attempt and investment from Chinese firm Bright Dairy.

In 2013 the company finally went public and it has grown in strength since then with its market capitalisation rising from $322 million to over $1.5 billion.

Greenwood has helped oversee subsequent capital raisings and Synlait's investment in new plants at sites in Dunsandel and Pokeno.

The judges said Greenwood was a key part of the Synlait team contributing to the successful execution of its strategy.

"Nigel is well regarded by banks and those he works with both at Synlait and across the business community."

Mason said he had built excellent relationships with Synlait's bankers and sought to innovate in the finance space appropriately. "Nigel has attracted great people to work with him and mentored his team."

Chairperson of the Year sponsored by the New Zealand Herald

Peter McBride — Zespri

Consultative chairman

Tim McCready

Peter McBride, Chair of the national kiwifruit export marketer Zespri, has presided over what is expected to be New Zealand's fastest-growing primary export sector in the year ahead, according to Government forecasts.

"Unlike other countries, co-operatives in New Zealand are more influential in the economy," says Deloitte Top 200 judge Dame Alison Paterson. "The primary sector — of which co-operatives are so influential — is a huge driver of the economy."

McBride has been a director of the grower-owned company since 2002, and chairman since 2013. In his time as chair, he has presided over a CEO change, addressed compliance issues, seen the Serious Fraud Office investigation conclude satisfactorily and pushed through greater transparency in the way Zespri allocates fruit.

The Top 200 judges say the management of these matters has generated significant value for Zespri and its owners, and helped contribute to a steady share price rise over the past five years, record grower returns for 2018 and 2019, and significant wealth created for the grower families that depend on Zespri for their income. It is for all these reasons they chose to name McBride New Zealand Herald Chairperson of the Year.

McBride says the empathy he has with stakeholders has formed a defining aspect of his governance style.

"We make massive decisions that impact on ordinary New Zealand farming families, and that is a profound responsibility and something quite different to normal corporate governance," he says.

McBride is described by judges as being a consultative chair, running a highly cohesive, functional board.

"He lets the board fully participate in decisions to an extent that a lot of other chairs do not," says Dame Alison.

McBride puts that down to his governance style, where he aims to empower people and trust them. "I trust my directors deeply — you have to bring out the best in people," he says.

Over the past three years, Zespri has undertaken a change in its capital structure and an affirmation of its single desk status that has gained the support of over 90 per cent of its growers.

Part of this capital structure included a share issue and buyback, which required constitutional changes and for some shareholders to vote in favour of changes that they may not have benefited them individually, but were considered by the board to be in the best interests of Zespri long-term. These include a cap on shareholding and the dividends of dry shareholders to cease after a period.

The judges believe these changes that McBride shepherded through will provide long-term sustainability for Zespri, and are a testament to how strong the co-operative is.

At the time of McBride's announcement as chairman-elect in 2012, the kiwifruit industry was in the middle of the Psa crisis.

"While the industry has had a very tough time from Psa, and its impacts will continue to be felt for a number of years yet, I believe we will overcome the disease," said McBride at the time.

"As Zespri chairman, I will be committed to doing all I can to navigate the industry through these current tough times and returning it to its long-term growth path."

Psa had the potential to gut the New Zealand kiwifruit industry, wiping out the high value Hort16A gold variety in the Bay of Plenty and eroding grower returns.

Dame Alison says at the time of the crisis, McBride had to front up as a leading grower director.

"The whole industry was shut down, and innovative growers were hit the hardest," she says. "Families lost their whole income, and when a company is in crisis, it falls on the chair."

Now, eight years on from when the bacterial disease first appeared in orchards and six years under McBride's leadership, the industry has rebounded after developing new varieties resistant to Pseudomonas syringae pv actinadiae — better known as Psa — and export volumes are thriving.

McBride recently announced his intention to step down as Zespri chair in February 2019, but the judges say he leaves the co-operative — and the industry — in great shape.

"Under McBride's chairmanship, Zespri has demonstrated its ability to innovate, produce gold, sell it with massive returns and do wonders for its various stakeholders into the future."

Finalist: Liz Coutts

Seasoned director and chairperson, Liz Coutts has an impressive resume. She is currently chair of Ports of Auckland, Oceania Healthcare, and Skellerup Holdings — as well as holding a number of directorships. Last year, she also became the Institute of Directors' first female president.

Coutts says each of the diverse companies she chairs are rewarding in their own way, as they are all growing, and all making progress.

"That doesn't mean to say that we don't have road bumps along the way — but they are all making progress. Keeping them in that calm, steady state — and quietly getting on — I find that very satisfying."

The Deloitte Top 200 judges credit Coutts' ability to empower companies to perform for their successful results and wise strategic directions.

Coutts, who was made an Officer of the New Zealand Order of Merit in 2016 for her services to governance, became the first chairwoman of Ports of Auckland in 2015, and has presided over a shift towards a more open and transparent, sustainable, and innovative port.

As chair of Oceania Healthcare, Coutts saw the residential aged care provider through its initial public offering in 2017. Just a year since its dual-listing on the Australian and New Zealand stock markets it has delivered a strong net profit after tax result, increasing 71.5 per cent to $77m and exceeding IPO forecasts.

The aged care industry is set for a bright future, as the baby boomer generation approaches an age where they are turning their minds to residential care. Coutts says delivering on this need is one of the most rewarding aspects in her position at Oceania.

"People want to know there will be places for them to live and people to care for them. We are a care company, for which there is very much a need in society," she says.

"It's very rewarding to be involved in providing for that need."

Skellerup has seen similar positive results, with the rubber-goods maker delivering a record profit this year — rising 23 per cent to $27.3 million and revenue up 14 per cent to $240.4m — driven by strong sales growth both in New Zealand and internationally.

In her nearly 20 years as a full-time director, Coutts' has seen a remarkable change in women in leadership — but she says we have more progress to make.

As President of the Institute of Directors, Coutts hopes to create awareness of the benefits of diversity:

"To be successful, it's a matter of people wanting to do it.

"We need to have the discussion, create awareness, and demonstrate that diverse views and being inclusive helps you to reach long-term, sustainable goals."

Finalist: David Pilkington

David Pilkington is described by the Top 200 judges as a high-quality independent director who has been influential in a series of successful companies.

But Pilkington says if he had it his way, he wouldn't be a finalist for this category: "I don't really like these things. I like to just fly along under the radar."

He describes his style of governance as helping people get the best out of themselves.

"For me, it has been about really understanding what is the critical competitive advantage of a business, and how to enhance that — while ensuring we have a team at management and the governance level that can provide the ultimate support to deliver and continue to deliver year after year."

Pilkington is the chair of Port of Tauranga, Douglas Pharmaceuticals, and Rangatira. Under his chairmanship, Port of Tauranga has exceeded market expectations, achieving a profit increase this year of 13 per cent to $94.3 million and record annual earnings.

Pilkington attributes the success of the Port of Tauranga to having a clear strategy around its $350 million capital investment programme, which has been very closely linked to its ability to grow the business.

"We completed our capacity expansion programme in 2016 and the effects were almost immediate," he says.

"We are seeing larger container vessels as well as larger bulk cargo and passenger ships."

It is this foresight that the Deloitte Top 200 judges say has seen the companies Pilkington is involved in do incredibly well.

Pilkington was commended by the judges for being influential in his work with Douglas Pharmaceuticals.

He has also been a director of diversified investment firm Rangatira since 2006, and chair since 2013.

Rangatira — whose investments include Hellers, Polynesian Sail, Rainbow's End Theme Park, and Mrs Higgins — operates a flexible investment management strategy that allows it to work alongside owners to maintain what it is that has made the company successful.

He sits on the remuneration committee and is chair of portfolio company Hellers — another success story that he puts down to "the flexibility and willingness to shape what we do around the needs of a very successful business owner".

Excellence in Governance *sponsored by MinterEllisonRuddWatts*

Sanford Board (from left): Peter Kean, Robert McLeod, Paul Norling, Abby Foote, Peter Goodfellow, Bruce Goodfellow.

Sanford
Keeping it fresh

Tim McCready

Sanford — a finalist for the category in last year's awards — has taken the MinterEllisonRuddWatts Excellence in Governance award in 2018, in recognition of the company's strong focus on being a good corporate citizen, with broader considerations beyond its commercial activity.

Sanford, New Zealand's biggest and oldest seafood company, has been using the internationally recognised "Integrated Reporting" framework since 2014. This has been recognised by the market, for providing a balanced picture of their economic, environmental, and social performance, facilitating comparability, benchmarking and assessing performance; and addressing issues of concern to stakeholders.

The Deloitte Top 200 judges recognise the hard work that has gone into Sanford's impressive integrative reporting, and say the effort being made to be a good corporate citizen stands out in terms of their overall governance.

The Sanford board chaired by independent director Paul Norling, includes Abby Foote, Bruce Goodfellow, Peter Goodfellow, Peter Kean and Rob McLeod.

Sanford embarked on a significant culture change a few years ago.

As part of this, Sanford has placed a strong emphasis on offering meaningful opportunities for continual learning and development, setting a goal to maximise the prospects of all its people.

In line with this, Sanford introduced its 'Keeping it Fresh' numeracy and literacy initiative three years ago, a programme that puts participants together into groups of around eight people for a 10-week course which takes them out of their regular roles for four hours a week. Participants are given a group project to work on, and many have produced a result that has helped them and the business.

Recent examples include work on reducing plastic in Sanford's day to day operations, a project on how to respectfully demonstrate the company's values across a multi-cultural work environment and one on how to impart technical knowledge to new staff through storytelling and mentoring.

In the last year, Sanford has run Keeping it Fresh across four sites and graduated 88 of its employees. The company says participation in the programme has extended beyond the workplace, with one of the standout changes being in people's confidence to manage their money through numeracy skills training.

"We are delighted with the results we are seeing from our Keeping it Fresh programme, for us as a business and for the Sanford people who are taking part," says Sanford's chairman Paul Norling. "It has become clear that they are deriving real benefits in both their working lives and their personal lives, which is excellent."

In Sanford's sustainability policy, the company acknowledges that sustainability sits at the heart of its business: "It is fundamental to our connection with New Zealand and the growth of our business. We understand our environment, economic and social choices have an impact, now and in the future."

Sanford recognises that climate change is a key risk for its business, with the potential to change the distribution and abundance of fish stocks, increase the number of biosecurity incursions, and increase the ocean's acidity, affecting marine ecosystems and causing a loss of income to the industry.

"We believe that the right to fish our precious marine resources under New Zealand's Quota Management System and the right to utilise New Zealand's beautiful marine space for farming has to be fundamentally and continuously acknowledged through the commitment by Sanford to doing the right thing," says Norling.

"This goes well beyond fishing and farming in a sustainable and environmentally responsible fashion and includes activities ranging from community involvement to reducing plastic waste. Our business sets high standards for itself in this regard and many of those are laid out in our annual report."

The Deloitte Top 200 judges commended the leadership role Sanford has taken alongside other organisations to initiate climate change and carbon emission discussions, and actively engage in collaborative, multi-stakeholder initiatives to support climate change action.

In 2016, Sanford was a signatory on an open letter to the New Zealand Government, calling for ambitious targets to reduce emissions, a long-term plan to achieve them, the implementation of strong policies, and the necessary information to be provided to empower New Zealanders to make low carbon choices.

Sanford's vision is to be the best seafood company in the world through the sustainable growth of its business, and is embracing the contribution it will make towards achieving the United Nations Sustainable Development Goals (UN SDGs).

"The Sanford board's commitment to transforming the company towards rigorous management of environmental performance and sustainability across all areas of the business will help generate outcomes that will bring Sanford closer to its vision to become the best seafood company in the world," the judges said.

Sanford has also formed relationships with community organisations including Paralympics New Zealand and the Graeme Dingle Foundation. Sanford's staff across New Zealand have been able to partner with these groups to work on community projects such as beach clean ups, and produce and give presentations for schools on sustainable fishing and caring for the marine environment.

Says Norling: "Sanford management have been focused on weaving those relationships into the fabric of what we do. For example, this year we worked with Paralympics New Zealand to produce a Sanford health and safety video, presented by Paralympian Cameron Leslie. This was a daring and eye-catching way to share the message that we want our people to think safe, be safe and get home safe.

"We have shared this video around the company and it has had a profound impact on our staff, stirring real emotion and provoking some serious thought about how we can all do more to ensure we have a safety-focused workplace."

Finalist: Trade Me

Trade Me continued to grow over the past year, with net operating profit up 39 per cent on last year to $96.6 million, and revenue up 6.6 per cent to a record $250.4m. Trade Me's Classified businesses continued to grow strongly, with all three verticals — Trade Me Property, Trade Me Motors, and Trade Me Jobs — delivering double-digit revenue growth in the 2018 financial year.

But it was the responsible approach in how Trade Me works with the community to build trust in its platform that the Deloitte Top 200 judges were particularly impressed with when selecting Trade Me as a finalist for the Excellence in Governance category.

"Maintaining trust is critical to the success of Trade Me — without it no one is going to use the platform," says judge Jonathan Mason.

"They have to be transparent, and to do that, they must show excellence in governance."

Trade Me's board is led by independent chairman David Kirk, alongside directors Joanna Perry, Paul McCarney, Katrina Johnson, and Simon West.

The popular buy-and-sell platform releases a transparency report each year, which details how and why New Zealanders data has been shared.

The transparency report notes that "we want to make sure our customers' personal information is only released to government agencies and the New Zealand Police when it's legally requested of us and we're satisfied it's appropriate".

This year's report shows data was requested by police and other Government agencies 1795 times in the past year — for reasons that include stolen goods, drugs, non-delivery of goods, and even homicide or missing persons.

Trade Me chairman David Kirk says: "We think Kiwis have a right to know when, how often and for what reasons government agencies are requesting their information from companies like Trade Me. The Trust & Safety team's keenness to be open to members inspired the production of the inaugural Trade Me Transparency Report in 2013, and the board has wholeheartedly supported the initiative ever since.

"Telling our members how their data is used helps them feel confident that we do the right thing by them, and that we take our responsibility for protecting their data very seriously. In New Zealand, regular transparency reporting by public companies is still unique to Trade Me, despite calls from the Privacy Commissioner and Internet NZ for others to report the same way."

Trade Me was one of two inaugural recipients of the Privacy Trust Mark this year, a new initiative released by the Office of the Privacy Commissioner to recognise excellence in privacy-friendly products or services, and in this instance acknowledged the work of the company in its transparency reporting.

Trade Me was named the eighth most influential brand in NZ by Ipsos in July 2017, and the sixth most trusted NZ brand by Colmar Brunton in September 2017.

The judges say it is a testament to the actions of the board and the company's focus on trust that have helped cement Trade Me as a strong, trusted, well-known and much-loved brand.

Finalist: Ports of Auckland

Ports of Auckland received high praise from the Top 200 judges for its shift towards transparency, and the subsequent improvement in its public profile — acknowledging the challenges that come with the management of such a publicly visible council-owned entity.

The Ports of Auckland board is led by Liz Coutts, who became the first woman to chair Ports of Auckland in 2015, and oversaw a strong result over the past year with revenue and profit both up.

Coutts is joined on the board by Rodger Fisher (deputy chair), Andrew Bonner, Patrick Snedden, Sarah Haydon, Karl Smith, Bill Osborne and Jonathan Mayson.

Last year, Ports released a 30-year master plan, in response to community concerns about ongoing port expansion into the Waitematā Harbour.

This was the first time Ports developed such a detailed plan, including all projects that will be needed in the next 30 years in order to keep up with Auckland's growing freight demand. The master plan was endorsed by Auckland Council earlier this year, and Ports of Auckland has now begun to implement it with a mandate for the next three decades.

Coutts says providing this high level of detail to the public is in line with a commitment to be more open and transparent.

Coutts recognises in her most recent chair's statement that "businesses — even lifeline utilities like ports — can't take their positions in the community for granted. We have to earn our place in the city, something we haven't always done well in the past."

The judges credit the board for its progress in moving toward the International Integrated Reporting Framework. This extends beyond financial reporting to include social and environmental performance, and reflects Ports' integrated thinking culture and goal to become a zero-emission port by 2040.

The board say this ambitious goal for emissions has helped to spark conversations with manufacturers, and is acting as a catalyst for innovation and new thinking for the industry.

Ports of Auckland is progressing towards becoming New Zealand's first automated container terminal, due to go live in the second half of the 2019 calendar year. While this automation will provide a significant capacity and productivity boost — and help them work towards sustainability goals — it will also mean the loss of around 50 straddle-driving roles.

To mitigate against these losses, the board has helped put in place a comprehensive "Future of Work" programme of education and retraining, helping people through changes, and preparing them for the radically different world of the future, which impressed the judges.

Best Growth Strategy

sponsored by 2Degrees

Fulton Hogan

A quiet operator with heavy workload

Graham Skellern

Fulton Hogan describes itself as "a pretty humble business" and keeps its head down, getting on and completing large infrastructure construction and road maintenance in New Zealand, Australia and Fiji.

But having grown its diversified business for the sixth successive year, Fulton Hogan has been cast in the spotlight. The Christchurch-based contractor won the 2Degrees Best Growth Strategy category in the Deloitte Top 200 awards.

"It was a surprise that we were actually nominated," said Fulton Hogan's chief executive, Cos Bruyn. "We wouldn't normally put ourselves out there. The business has been set up for success and we have taken advantage of market opportunities on both sides of the Tasman — that's a reflection of hard work by our team."

Bruyn said Fulton Hogan has made sound strategic investments and runs a portfolio of activities. "The current market conditions have allowed us to grow across the board. All parts of the business have contributed to the growth story and secured additional work."

The Deloitte Top 200 judges said Fulton Hogan had a standout growth strategy and was a great performer in an industry where others had not succeeded — including in Australia.

Fulton Hogan has successfully moved into Australia, diversified its business without losing sight of core capabilities, and has a strong focus on health and safety, said the judges.

The Fulton Hogan group, which employs 7787 people, enjoyed a 28 per cent increase in revenue to $4.7 billion for the 2018 financial year — with the Australia business contributing the majority of the rise. Net profit increased slightly to $180.1 million, from $179.6m in 2017.

The company's annual report said all business streams, with the exception of Australian Construction, delivered sound financial results. The New Zealand business, which now incorporates Fiji, was a standout, followed by the newly formed Australian Infrastructure Services, Australian Utilities, and Land Development businesses.

Infrastructure Services continues to surge, with Fulton Hogan being awarded a nine-year contract with Sydney Airport for grounds maintenance, and securing the VicRoads South Central maintenance contract that takes in more than 3600km of roads and nearly 600 bridges.

Fulton Hogan delivered four major dam projects in Australia — Arraw, Cooloolabin, Wappa and the Boondooma spillway upgrade. Australian Utilities is performing well in the National Broadband Network project.

Fulton Hogan successfully tendered for the 9.6km Albion Park Rail Bypass project on the New South Wales South coast, and the Inland Rail works for the Parkes to Narromine section in New South Wales as part of a joint venture.

Bruyn said Australia now makes up more than 50 per cent of the business and it's a buoyant market. There's more infrastructure development in Australia in all states but particularly New South Wales and Victoria.

Of New Zealand, he said "we are finding a bit of slowdown in upper South Island — around Christchurch, and in Nelson and Marlborough.

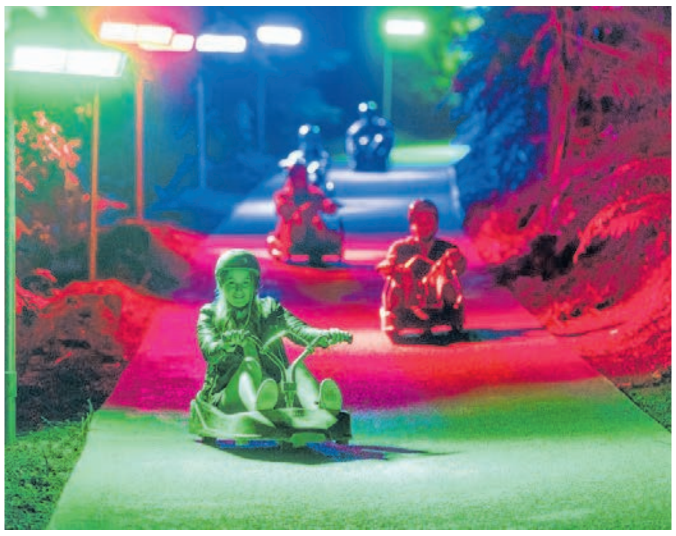
"We've broken the back of the work following the North Canterbury earthquake and this will get worked out within the next two years.

"We don't rely on doing the same thing. We have a number of strings to our bow and if there is a slowdown in one area, other parts of the business will continue to perform. The diversity of our offer has been beneficial to business performance."

Fulton Hogan this month took control of Stevenson Construction Materials, which has quarries and concrete plants, transport, laboratory services and associated plant and equipment.

Stevenson provides Fulton Hogan with a long-term supply of quality aggregates in two of the country's largest markets, Auckland and the Waikato.

"We are focused on long-term returns and Stevenson has similar family values and is a natural fit," said Bruyn.



Fulton Hogan projects the Queenstown Eastern Access Road; Delegat's wine and Skyline Enterprises' luge. Top left, Cos Bruyn.

Finalist: Delegat Group

Spurred by growth opportunities in North America, Delegat is well on the way to becoming one of the world's leading suppliers of super-premium wine.

Delegat, which has just completed a record financial year, is still the number one premium wine company in Australia on sales (800,000 cases) through the Oyster Bay and Barossa Valley varieties.

Sales are also growing in the other mature markets of Canada, Britain and New Zealand, but Delegat sees exciting potential in the largest market of the United States.

"Consumers there are increasingly drinking premium wine and we are seeing a broadening of the consumer base," said Delegat managing director, John Freeman. Sales volume in North America increased 10 per cent to a record 1.25 million cases in the year ending June 30, 2018.

Delegat has 50 of its 150-strong sales and marketing team based in the United States working alongside its distributors and wholesalers.

The Top 200 judges said Delegat had managed to create sufficient scale as a New Zealand wine maker to control distribution, meaning it is positioned to deliver greater margins.

Freeman said the growth strategy was based on having the right supply and quantities, having quality and not disappointing the consumer, having brand connection such as Oyster Bay and Barossa, and having a strong distribution network.

Over the past year Delegat invested $47m in New Zealand and Barossa Valley buying more land and developing its wineries and vineyards.

Freeman said an additional $33m will be invested next year to provide future earnings growth.

Delegat's sales reached a record 2.74m cases in the last financial year, up 3 per cent, and it is planning to hit 3.38m cases by 2021, representing a 23 per cent increase over the next three years. Delegat's operating revenue was $272m, up 8 per cent, and its net profit after tax $45m. It has strong cash flows from operations of $58m.

Finalist: Skyline Enterprises

Adventure tourism company Skyline Enterprises is flying high with the growth of its luge operations overseas, particularly in South Korea and Singapore.

Thrill-seeking Asians of all ages have taken to the luge rides and the patronage has exceeded Skyline's expectations. During 2017-18 Koreans travelled from all parts of the country to the Tongyeong operation and amassed 1.9 million night or day rides.

Skyline is planning to open another luge ride in Busan next year, and the Sentosa operation in Singapore has been expanded, including adding an Alpine Coaster, to cater for record patronage.

The Top 200 judges said Skyline had taken an iconic New Zealand business overseas and developed an amazing niche and best practice internationally.

"Adventure tourism is being exported, the judges said. "It is a great New Zealand story."

Skyline also operates two seasonal luge operations in Canada (Calgary and Quebec) which produced improved performances. It is opening two new operations in Sheffield and Swansea in the UK, and in total Skyline achieved 7.2m luge rides including Rotorua and Queenstown during the last financial year.

Chief executive Geoff McDonald said "we are getting lots of inquiries for our luge operations — it's amazing how they have developed. In New Zealand there were only so many luge tracks we could put in (Rotorua and Queenstown) and we've had the opportunity to export them.

"We will keep improving the operations and make the tracks interesting and fun but safe."

Skyline is developing its Queenstown operation over the next four to five years, increasing the gondolas from four to ten seats, expanding the restaurant and conference centre, and adding night luge rides on the shoulder seasons of winter.

"We want to future proof Queenstown for 10 to 20 years," said McDonald.

"We've seen the tourism sector steadily increase over the past two years and we definitely think there will be continued growth."

Skyline had operating revenue of $224.4 million for the year ending March 31, 2018 compared with $198.3m in the previous year. Net profit was $40.8m, down from $68.1m but this reflected reduced revaluation of commercial properties and Christchurch Casino goodwill impairment.

The trading profit increased 12 per cent.

Skyline's market capitalisation recently tipped over $1 billion for the first time.

Most Improved Performance

sponsored by OneRoof.co.nz

Skellerup Holdings

Making sure business is future-proof

Graham Skellern

Skellerup, an iconic brand in New Zealand, may have been around the scene for more than 100 years but it continues to re-focus and grow strongly.

Famous for its Red Band gumboot, which is celebrating 60 years in 2018, Skellerup now supplies a wide range of engineered solutions for customers here and overseas in dairy rubberware, water and related infrastructure, roofing, plumbing, automotive, mining and other industrial applications.

It is a world leader in the design and development of polymer components for systems that transport water from the reservoir to the tap or shower, milk from the cowshed to vat, and form part of vehicle hydraulics.

Skellerup, which employs 750 people, earns 80 per cent of its revenue from sales overseas and it has manufacturing/distribution facilities and partners in Australia, China, Vietnam, Britain, Italy and the United States, as well as in New Zealand.

Skellerup has just completed a record financial year and is looking to grow its international markets.

For the year ending June 2018, Skellerup's revenue increased $30 million to $240m, from $210m in the previous 12 months. The industrial division earned $151m, up 15 per cent, and Agri division $89m, up 12 per cent. Net profit rose 23 per cent to $27.3m. Debt has fallen from $118m to $31m. Over the past five years Skellerup's revenue has risen from $197m to $240m, primarily from growth in its overseas markets with North America becoming the biggest source of income at 30 per cent, followed by Australia at 22 per cent, New Zealand 21 per cent and Europe 14 per cent.

The results impressed the Deloitte Top 200 judges who described Skellerup as "a healthy story" and so named Skellerup winner of the OneRoof.co.nz Most Improved Performance category in the Deloitte Top 200 awards.

Skellerup chief executive David Mair said the team has worked hard and developed the game plan over the past three years. "The way I look at it is that if we get our processes right, the numbers will get better. The numbers are an outcome of process, and I'm pleased for the recognition the team is getting."

He said the Christchurch-based company is now quite a diversified business and it has a good hedge in turbulent markets.

"We have simplified our systems, made our reporting faster, and remained locked in and relevant to our customers. Our ethos is to develop strong, deep relationships with key partners, original equipment manufacturers (OEMs) and major distributors.

"Our customers see us as a key part of their R&D team and our branded products carry a strong and reliable reputation," Mair said.

"We work with the OEMs to solve a problem and they are willing to commit cash up front to pay for tooling and development.

"We know then they are locked in and committed."

Skellerup's $64m investment in a new development and manufacturing plant at Wigram following the earthquakes is now very productive. "We changed from a broken-down site of 20 buildings to one that has advantages of a modern layout and fresh equipment, and maintenance costs are down," said Mair. "We dug the machines out and refurbished every one of them, and we genuinely have a new facility for future growth and to attract the talent we want. We've just had one clear year with the facility without any hitches and that's given the Agri division another 50 years."

In July Skellerup bought a 35 per cent stake in the United States-based Sim Lim Technic to meet existing and new customer requirement for liquid silicone rubber products.

Mair said both the industrial and agri divisions have opportunities to grow. The industrial division is less dependent on oil and iron ore and more focused on water infrastructure.

"Population growth and ageing infrastructure requires investment and Skellerup is well-placed to supply high-value components that are a small but critical part in a finished system and application.

"Strong growth prospects in the agri division are driven by a growing Asian middle class and global demand for milk protein. Our products safeguard milk quality and animal health and welfare.

"We are doing a good job, but we are not complete yet," said Mair. "We still have a lot more to do."

Finalist: Kathmandu

Kathmandu, which enjoyed its most successful year in 2018, has set itself up for new international growth after buying United States footwear retailer Oboz.

"Oboz is an authentic outdoors brand from the mountains of Montana — just as we are from New Zealand," said Kathmandu chief executive Xavier Simonet.

"There is a great cultural alignment and this will provide a platform to grow in the future."

Simonet said Kathmandu would bring the Oboz footwear to Australia and New Zealand, while it will use the Oboz network to increase its own outdoors clothing and equipment sales in the United States.

"We have engaged strongly with customers over the last few years on values and sustainability, through social media and digital marketing. We have seen huge growth in younger customers (from 18 to 35 years), and we are excited by the opportunity to develop international wholesale channels for both Kathmandu and Oboz."

Kathmandu has increased its Summit Club membership to nearly 2 million, which covers New Zealand and Australia. "We are selling a story about our brand and products and offering our customers a better experience — whether it's buying online or through our stores," said Simonet.

"Everybody at Kathmandu can contribute to the success of the company by having a say in future strategy," said Simonet.

The Top 200 judges said it was a "good year for Kathmandu — both the metrics and the market response."

After the last financial year, Kathmandu paid a $1000 bonus for 1700 staff, a pay-out of nearly $2 million.

The other 300 staff members had already received bonuses. Kathmandu has 165 stores in New Zealand and Australia. In the past financial year it increased its revenue by $52m or 12 per cent to $497m compared with $445m in the previous year — its growth coming from same-stores sales and the additional income from Oboz.

Online sales grew 36 per cent. Kathmandu's net profit was $50.5m, up 33 per cent.

Finalist: Kordia

State-owned enterprise Kordia, which delivered the first television and radio signals, has gone through many changes because of technological disruption, but it's still feeling on top of the world.

After more than 60 years of operating, Kordia's turning point came in 2012 when analogue television was switched to digital.

Kordia reassessed the situation, and developed its own "mission-control" technology to deliver innovative digital solutions for customers.

Kordia bought Aura Information Security and moved into the field of cyber security and Internet of Things. It used its high-frequency radio communications to deliver a life-saving maritime system, and also provides digital network telecommunications for customers such as Vodafone New Zealand, Sky Television, TVNZ, Mediaworks, Radio New Zealand, Spark, Freeview and The Radio Network.

In Australia Kordia provides contracting and consulting services to Telstra, Optus, Vodafone and Hutchison.

"We had a network to make TV work, and we made sure we delivered innovative digital solutions and highly reliable services for business," said Kordia chief executive, Scott Bartlett.

"We are good at working on the hard stuff and that's what propelled our turnaround. It's been a hard journey for the last five years but the new Kordia is feeling far more sustainable."

The Top 200 judges said Kordia was now performing strongly in a very competitive market off the back of strong innovation.

As part of its service, Kordia is constantly monitoring maritime safety through its Automated Identification System. "Our people in Wellington and Canberra are always listening out for mariners who need help at sea."

Bartlett said close to 50 per cent of Kordia's business is conducted in Australia. The SOE employs 800 people — 350 in New Zealand and 450 in Australia — and its turnover is now approaching $250 million.

For the year ending June 2018, Kordia recorded revenue of $217m compared with $200m (2017) and it went from a loss-making position to $5.6m net profit.

Young Executive of the Year

sponsored by Eagle Technology

Caroline Rawlinson — Trade Me

Aimee Shaw

Caroline Rawlinson learnt a lot from China in the three years she was based in Shanghai as chief financial officer at Formica Asia.

Now CFO of online marketplace Trade Me, Rawlinson can appreciate the difference in cultures, management styles and the need for diversity.

Rawlinson was last night named the Eagle Technology Young Executive of the Year.

The Young Executive of the Year judges were impressed with her humility, self-awareness and strong commercial acumen.

"Caroline showed an impressive ability to adapt her leadership style to working in different sectors, including building products and consulting, as well as in different parts of the world," they acknowledged.

"Knowing that 'the ripple is more important than the splash' has enabled Caroline to lead others, quietly influence a wide variety of stakeholders, balance her demanding work and family schedule, and, champion diversity and inclusion throughout Trade Me."

At 35, Rawlinson has held six jobs at four different companies and recruited more than a dozen staff in various teams.

This year she has fronted a number of large projects at the NZX-listed company, including "Trade Me in 10 years", a three-month long look at global disruption and how Trade Me is positioned to combat the effect off global tech giants.

"We went through a strategic review with our board looking at large global trends that have the potential to disrupt our business and model — everything from what the Google's, Facebook's and Amazon's of the world are doing and how they could impact here," Rawlinson says.

"We work in a really interesting part of the sector where technology is moving so rapidly," she says.

"It was a big look at macro trends and bringing that back to what we need to be doing today as an organisation to equip ourselves for that."

Trade Me is moving to cloud-based technologies such as image recognition in its apps to streamline the listing process and using artificial intelligence in its property business to produce estimates of home values.

Rawlinson has eight direct reports and says her management style is collaborative. She started in the role of Trade Me CFO in August 2016.

Clockwise from top: Caroline Rawlinson, Kayn Miler and Tasha Impey.

Before that she was CFO for Formica Asia, a division of Fletcher Building based in Shanghai, China.

Rawlinson says living and working in China was a personal development journey.

"It was amazing. I'd go back in a heartbeat," she says. "China is just so incredibly different when you're leading and working within the Asian culture. They are incredibly hierarchical and so the idea of having collaborative working relationships with them is a lot more challenging."

That was her first role leading a large culturally-diverse team of 55 people. "If you're the boss they will do what you tell them to and they're far less likely — until you've built really deep walls of trust which takes a long period of time — to challenge or offer their ideas," Rawlinson says.

"I'm a much more empathetic person now than I was going in, way more understanding and culturally aware.

"The big thing I've taken away is making sure we're tailoring leadership and company culture, and the way we do business, to ensure it's not just the loudest and most outgoing or confident person who gets promoted or whose voice gets heard."

Judge Liam Dann said: "Caroline showed an impressive ability to adapt her leadership style between two very different listed companies. She displayed a strong sense of balance between self-confidence and self-awareness."

Rawlinson started her career at PwC after she graduated from the University of Auckland with a Bachelor of Commerce. From there she went into a strategy manager role at Sealord Group and on to Fletcher Building.

She worked in several roles at Fletcher over six years including head of strategy and corporate development before she was asked to take on the role of CFO at Formica Asia.

At Trade Me, Rawlinson is now focused on providing stability to the leadership and board as long-time CEO Jon MacDonald departs next month after 10 years in the role. A replacement is yet to be announced.

Trade Me takes diversity seriously, Rawlinson says, a topic she is passionate about.

The company reviews all of its pay data annually to foster pay equity, runs educational workshops to curb workplace bias and has flexible working policies.

"We have an ambition to have 50 per cent gender diversity at all levels within the organisation, right from the board down to developers cutting code."

Earlier in the year Rawlinson ran the company's unconscious bias training and was the driving influence behind Trade Me sponsoring Alexia Hilbertidou's Girl Boss Awards, an organisation which encourages women to get into STEM subjects.

Finalist: Tasha Impey, TVNZ

The Young Executive of the Year judges said Tasha Impey, head of Re: a youth video news brand operating as a start-up under the umbrella of Television New Zealand, was a disruptive thinker with an entrepreneurial streak on a mission to change the way 18 to 30 year olds engage with the media.

"Learning quickly that sharing a problem doesn't take anything away from her or her own team's successes, Tasha's fearless approach to doing things quite differently inside a Crown Entity has seen her draw upon her own experiences to continuously experiment and learn and create a new way of doing things for her tight team of multi-taskers," the judges said.

"An executive with an infectious passion combined with a focus on the future, it was exciting to see how Tasha's energy and drive has taken Re: to the edge of media innovation and positioned it to create new commercial options at TVNZ."

Impey, 32, is responsible for a team of nine and manages an operating budget of $1.1 million.

Just 14 months after launch, Re: has made more than 800 videos and amassed around 34 million views.

Impey says Re: is driving positive change within TVNZ.

"The way we drive Re: — fast, lean, decisively and bravely, has meant that not only can we achieve things for our brand and audience, but we can also change minds at TVNZ.

"Maybe heaps of meetings aren't necessary.

Maybe you can actually follow through with your idea and make it an actual thing. Just say yes and do it."

Finalist: Kayn Miller, Chorus

Kayn Miller, head of fibre connect workstream at telecommunications company Chorus, believes connecting Kiwis to better broadband will improve their overall quality of life.

"I firmly believe that the growing importance of broadband to every New Zealanders' life, makes it an essential service," he says. "Connecting all New Zealanders to good fibre, especially those who struggle to afford access to good broadband is an important social purpose."

The Young Executive judges said though the customer experience with Chorus wasn't always seen as great, a strong improvement in recent times could be attributed in part to what they described as Miller's "very clear and purposeful thinking."

"Kayn considers he is still only part way through his piece of the company's service transformation.

But the results of his 'fibre in a day' initiative impressed the judges with strong improvements in the 'one visit' metric, and a "commensurate lift in customer satisfaction," the judges said.

"Quick to share his achievements and successes with others in the wider team at Chorus, he is a young executive with a calm eye on the future and an understanding of the benefits that potential disruption and innovation may bring."

Miller leads a team of four.

The Young Executive judges

Liam Dann

Barbara Chapman

Christopher Moller

Liam Dann is the *NZ Herald*'s Business Editor-at-Large and host of the influential The Economy Hub. He is a former *Herald* Business Editor and an award-winning journalist.

Barbara Chapman chairs Genesis Energy and is an independent director of companies such as NZME, and, Fletcher Building.

Chapman was formerly CEO of ASB and a leading executive with Commonwealth Bank.

Christopher Moller chairs Meridian Energy, and formerly chaired SKYCITY Entertainment and NZ Cricket. Moller was a former CEO of the New Zealand Rugby Union and inaugural deputy CEO at Fonterra.

Diversity and Inclusion Leadership

SKYCITY – accelerating leadership

Graduates, tutors and managers of Tahuna Te Ahi at Te Puea Memorial Marae

Diversity initiatives are changing the corporate landscape reports **Natalia Rimell**

Tahuna te Ahi is the diversity and inclusion strategy put in place by this year's Ministry of Business, Innovation and Employment Diversity and Inclusion Leadership award winner SKYCITY Entertainment which focuses on women in leadership and Māori, Pacific & Asian leaders.

With a group-wide policy stating that "Each year SKYCITY's Board of Directors will set measurable objectives to promote diversity, including gender diversity and inclusion", there is a clear aim of using diversity within the workplace to better meet their "changing customer experience needs".

Claire Walker, Head of HR said of Tahuna te Ahi: "We wanted to combine both elements of the traditional leadership programmes but deliver it in an authentic Māori way".

While 9 per cent of the casino gaming company's workforce identify as Māori, none are represented within the senior leadership team.

Their aim is to change this by accelerating leadership development for Māori employees, in addition to "implementing initiatives which elevate the standing of Māori at SKYCITY more broadly". The company recognises that many of their Māori employees might have a leadership role within their own communities and whānau and wanted the programme to enable those employees to also have the "opportunity for leadership development in a less traditional way (at work) in a more holistic sense", says Walker.

SKYCITY partnered with Indigenous Growth Limited which "helps organisations develop the leadership capability of their existing staff using Indigenous values" to devise and implement a strategy.

The programme was promoted to all Māori employees, with 25 nominations received for the 16 available spaces.

Running over six months, the programme occurs over six wānanga of two days each, with two of these being overnight stays at Te Puea Memorial Marae and includes traditional practices such as mihi whakatau, karakia and waiata as well as a haka composed specifically for SKYCITY. On completion every participant receives individual coaching with fully accredited business coaches from the facilitation team.

Once completed, the participants then apply their learnings practically, across four projects:

The first aims for recognition and inclusion of Māori values as part of the company's value statements; the second aims to unlock the hidden potential of Māori through mentoring; the third advocates in-house advice on effective engagement of Māori and use of Māori culture, and the fourth proposes a series of authentic Māori experiences for customers.

Claire Walker, Head of HR for SKYCITY

The programme has encouraged participants to connect indigenous values with business in a practical way.

Examples of the projects include opportunities to guide the opening protocols for the New Zealand International Convention Centre and Horizon Hotel and the implementation of an augmented reality app showcasing the cultural and historical significance of different places in Auckland for use in the Sky Tower.

Since the initiative began, managers report that engagement, productivity and positive energy among this group are at an all-time high.

Reflecting on the impact the programme has had on those individuals, Walker says "one of the most powerful bits of evidence of its success was at the graduation day where the graduates each gave a speech and it was clear that the programme had made a significant difference on a personal level, as well as business" and says that the "graduates say that the programme has encouraged them to connect indigenous values with business in a practical way."

SKYCITY report a finding of three key insights through the initiative;

1. Indigenous values, perspectives and models can be applied successfully as practical leadership behaviours in a commercial context;

2. That hierarchy and status need not be the only organising basis for developmental activity;

3. That the importance of visible support from senior leaders can't be overstated.

As the first targeted initiative at SKYCITY, initial scepticism gave way to positivity, optimism, and success.

The initiative has seen strong support from the board and the chief executive, Graeme Stephens, with many direct management attending the Te Puea Memorial Marae and graduation day alongside the candidate's whānau and friends.

Off the back of the programme, the senior leadership team are in the middle of a Cultural Capital for Executives programme themselves and have found the graduates inspiring. One of the graduates, Lenny Andrews, performed a karakia at the start of the company's annual meeting which Walker described as "really powerful".

Andrews has since been promoted to Community Investment and Development Co-ordinator following his graduation from the programme.

The judges collectively felt that the Tahuna Ta Ahi programme "demonstrates the long-game approach, and shows scalability, sustainability, innovation and most importantly that the people they serve are at the heart of their decision making process" and were unanimous in their decision to crown SKYCITY the winner of this year's award.

On hearing that they had been named finalist in the awards, Walker said it's "wonderful recognition for a programme that has achieved powerful results".

Diversity and Inclusion Leadership judges

Bev Cassidy-Mackenzie

Agnes Naera

Stephen Town

Bev Cassidy-Mackenzie is Change Champion for Diversity and Inclusion in Aotearoa and the Director of Diversity Consulting Ltd and previously worked as the CEO for Diversity Works NZ.

Agnes Naera is Director of Business, Student & Community Partnerships at AUT University and is heavily present in her belief of inclusion for Māori and Pacific people as well emerging female leaders and young people.

Stephen Town is responsible for leading Auckland Council, ensuring that they build partnerships with a positive culture and began his career in education at the Wanganui Education Board.

Diversity and Inclusion Leadership

sponsored by the Ministry of Business, Innovation and Employment

FINALIST: DOWNER

Infrastructure and integrated facilities services group Downer understands the importance of diversity and inclusion within the workplace and has set a goal to "be an employer of choice with a reputation for promoting diversity and inclusion with a workplace environment that facilitates and celebrates this".

The company partnered with Te Puni Kokiri to realise their goal and create Te Ara Whanake, their Māori Leadership programme, in order to strengthen the diversity within the leadership team.

The programme has proven a success across the workforce, with some 112 graduates since 2014 and another 75 nominations for the 2018 programme.

Nine of the first 13 participants received a promotion within three months of completing the programme.

Downer are proud of the fact that Māori already make up 23 per cent of their workforce, but identified that very few of these employees were in leadership roles so they created the programme to change this and widen diversity throughout all levels of the company.

Mihi are now used to open meetings. Te Reo is becoming more widely utilised and Māori blessings of land and other cultural practices have been introduced via the programme and are "becoming part of Downer's DNA". The company reports a cultural change starting in the workplace and spreading out into the wider community.

A promotional video for the programme, which hears from some of the participants, supports this: "From day one, I started taking a more positive attitude for being recognised in the workplace and trying to uphold myself as a Māori in the workplace" one candidate says.

"This is the first time I've been in a Māori programme — I've never, ever learnt how to be a Māori in a business sense, so it's been quite an eye-opener", says another.

There has been active engagement from the leadership teams says Downer New Zealand chief executive Steve Killeen. "We have had some really significant events that truly celebrate how amazing our people are."

And on his personal involvement after a morning spent at Hongoeka Marae in Plimmerton sharing his own leadership journey with participants in the Te Ara Whanake: "It was an inspirational morning as we reflected on our pepeha, a way to explore our heritage together."

They have since started looking at continued post-programme support with an alumni group for graduates of the initiative.

As for the future of the company's diversity and inclusion initiatives, it continues to work towards gender balance with a target of 20 per cent of women (currently standing at 16 per cent) into the business by 2021 and hopes to extend the fundamentals of the Te Ara Whanake programme across to its Australian counterparts to engage Aboriginal and Torres Strait Islander employees.

The judges commended Downer's leadership team on the aspiration to share the programme more broadly with the industry, mainstreaming Māori culture and language within the business and furthering a meaningful relationship with iwi.

FINALIST: VODAFONE

The purpose of Vodafone's Employee Networks initiatives are to "foster positive and meaningful connections between Vodafone colleagues, their whānau, and the community", which the company says aligns directly to its "overarching company purpose" to "connect for a better future."

Working on a "people-centric, bottom-up approach" has allowed for employee and brand engagement within the community, it says.

The information media and telecommunications giant's Employee Networks is a company-wide term that houses a variety of diversity and inclusion structures and programmes.

"We believe strongly that everyone needs to bring their own selves to work and to know that they are welcome," says Meera Kaushik, External Communications Advisor, emphasising how "very proud" the organisation is of its diversity and inclusion initiatives.

In New Zealand, specific programmes include a rebranding of a Cultural Group to Te Hā Whero, Vodafone's Kapa Haka team in order to align with the company's Māori Network, Te Pū Whero. It says the alignment strengthened the 40-strong team's sense of identity and purpose, while reinforcing Vodafone's commitment to te ao Māori.

Other programmes under the Employee Networks umbrella include Women in Technology, Vodafone New Zealand Women's Network and Vodafone NZ Rainbow Whānau.

The company set four key diversity and inclusion targets for the 2018/19 financial year: 1. Women: target of 40 per cent vs. actual of 39 per cent; 2. Māori: target of 7 per cent vs. actual of 6 per cent; 3. Youth: target of 16 per cent vs. actual of 13 per cent; 4. Rainbow Whānau members: target of 300 people vs. approximately 500 unique members this year.

"Critical to the sustainability of our networks is an enduring business willingness to ensuring our people from all across the business have a voice in shaping the future of Vodafone New Zealand," they say in relation to the importance of diversity and inclusion.

With this comes a confidence that having platforms that showcase employees' own sense of identity empowers them to "be themselves and know that they belong at Vodafone".

The hope is that they will begin to see a redistribution of the power more equally towards minority groups within the organisation.

The programmes had the firm backing of departing CEO Russell Stanners and the executive team as well as incoming CEO Jason Paris who said on his third day his personal purpose was to "give every New Zealander an equal opportunity to succeed."

The Employee Networks framework has been shared with organisations such as Fonterra, The Warehouse Group and Lion Nathan.

The judges were impressed by the overall value of diversity and inclusion within Vodafone which shows a provision of clear and strong processes enabling employees to "self-organise and engage in activities that are important to them".

Visionary Leader

Marilyn Waring —

Graham Skellern

Many people remember Marilyn Waring as the feisty young National Member of Parliament who got under Prime Minister Rob Muldoon's skin and provoked the 1984 Snap Election.

When Labour's David Lange and Rogernomics swept into power that year, Waring turned her back on Parliament and headed into academia, earning a Doctor of Philosophy in Political Economy from Waikato University.

While Rogernomics was changing the landscape of business and trade in New Zealand, Waring created her own brand — feminist economics. She argued strongly that gender equality, sustainable development and women's human rights must be valued, cared for and included in economic modelling and performance — and soon became internationally known.

After leaving Parliament — she was MP for Raglan and then Waipa for nine years — Waring became involved with the Association for Women's Rights in Development and travelled to the Pacific Islands and Asia, encouraging local women to become more politically active and to have their voices heard.

Waring wanted women, all over, to be more economically empowered — and her crusade continues to this day.

She is an acclaimed author, development consultant and United Nations expert — and supervises 30 PhD and Master's students at the Auckland University of Technology's North Campus in Northcote as Professor of Public Policy.

Waring has held Fellowships at Harvard and Rutgers universities in the United States, Queen's University in Canada and at the Hawke Institute in Australia, and was a Visiting Professor at Southwest Jiaotong University in China.

She was a member of the Reserve Bank of New Zealand Board from 2005-09. She worked as a consultant, mainly in Asia and the Pacific, for the Commonwealth Secretariat, the Secretariat of the Pacific Community, United Nations Development Programme, the Food and Agriculture Organisation of the United Nations, the Regional Assistance Mission to Solomon Islands, and the International Development Research Centre in Ottawa, Canada.

Visionary Leadership

Waring's work, tenacity and insights were recognised at the Deloitte Top 200 awards dinner last night when she was celebrated as the 2018 recipient of the Sheffield award for Visionary Leader.

Top 200 judge Dame Alison Paterson says the award not only recognises a person important in New Zealand's political history but also someone who has shown original, visionary thinking and application that has been inadequately recognised in New Zealand.

"Marilyn is not just a university academic, she is a leader in her field of governance and public policy, political economy, gender analysis and human rights."

Dame Alison says Waring's academic research has been influential in establishing the field of feminist economics.

"One of her most famous works, *If Women Counted: A New Feminist Economics,* argued for the economic importance of women's unpaid work and the environment, revealing the serious policy consequences caused by ignoring these when calculating national economic measures such as gross domestic product (GDP).

"The work persuaded the United Nations to redefine GDP, inspired new accounting methods in dozens of countries, and became the founding document of the discipline of feminist economics," says Dame Alison.

"More recently, Marilyn's work has focused on the inequalities of globalisation and the importance of acknowledging women's work as an international human rights issue. She has undertaken a range of projects for the United Nations and a number of high-level international agencies."

Dame Alison says Waring is a pioneer visionary and acknowledgement of her now, decades after her seminal work, is fitting, as the Labour-led Government recasts the form of next year's budget to a Wellbeing Budget. It is also suitable recognition as New Zealand celebrates 125 years since women gained the right to vote.

Political career

Waring, then 23, became the country's youngest MP in modern times when she was elected to represent Raglan in 1975, succeeding Douglas Carter.

She had earlier joined the National Party while studying political science and international politics at Victoria University and was motivated, even incensed, at a statement by the then Labour Prime Minister Norman Kirk that he wouldn't support the homosexual law reform bill.

As her parliamentary leader Rob Muldoon soon found out, Waring stayed strong and resolute in her well-articulated views on feminism and environmental issues. She would not be intimidated by Cabinet Ministers or senior officials. One of her first moves was to have marital rape criminalised.

After the 1978 election — she was then the MP for Raglan — Waring was the only woman representing National in Parliament.

She "fell off her chair" when Muldoon, without prior consultation, made her chairperson of the influential Public Expenditure Committee — a position she held through to 1984.

Waring had the intellectual capacity and drive to cope with complex investigation and analysis — qualities that showed up in her later research, writings and presentations.

The New Zealand Institute of Economics Research, which recognised her with its annual award in 2014, said she chaired the committee at a time when New Zealand's National Income and Expenditure Accounts were being reformed, using standards set by the UN System of National Accounts. "She took a strong interest in these standards, particularly in the way in which their production boundary excluded, and still excludes, work performed within a household, mostly by women, for its own consumption."

As an MP, Waring was the New Zealand Observer at the United Nations Commission on the Status of Women and chaired the New Zealand delegation to the 1978 OECD conference on the Role of Women in the Economy.

June 14, 1984 is recorded as one of the most memorable days in New Zealand political history.

Waring informed Muldoon that she would cross the floor and vote for the Labour Opposition's nuclear-free New Zealand legislation. National held a one-seat majority in government.

Later that evening Muldoon called a snap election, saying Waring's feminist anti-nuclear stance threatened his ability to govern. Ill-judged or not — since Waring was still supporting the Muldoon Government on confidence and supply — it was a catastrophic decision for National in its third term of governing.

David Lange and his team romped in with 56 seats to National's 37 to form the fourth Labour Government. Waring didn't seek re-election in 1984. An autobiography based on her tumultuous parliamentary years will be published in the New Year.

Waring told the *Listener* that she was totally shattered at the time of the July 1984 election. "I think there were a large number of people in the National Party caucus struggling from 1982 onwards with principle and conscience. It was just a bloody nightmare. I'm not the only one who would have said they were spent at the end of that period."

New Directions

Waring, who grew up in Taupiri, Waikato, refreshed herself by turning to lecturing, research and writing. She soon attracted attention again — this time in the form of her book *If Women Counted: A New Feminist Economics*, published in 1988, reprinted as a second edition in 1999, translated into several languages, and still cited by researchers, policymakers and economists throughout the world. She wrote the book while a visiting fellow at the John F Kennedy School of Government at Harvard.

If Women Counted was a groundbreaking, systematic critique of the system of national accounts that measures economic growth, and the ways in which women's unpaid (care) work and the value of Nature (environment) were excluded from what counts as productive in the economy.

Achievements

- MP for Raglan 1975-78, MP for Waipa 1978-84. Youngest MP at the time and sole female government MP from 1978-81
- Chair of the parliamentary Public Expenditure Committee 1978-84, Senior Government Member of the Foreign Affairs Committee, and on the Disarmament and Arms Control Committee
- Board Member of the New Zealand Reserve Bank 2005-09
- Technical expert on Gender and Poverty for UN Development programme
- Member of CIW Founding Board on Canadian Index of Wellbeing (one of two international board members)
- Treasurer and Board Member of the Association for Women's Rights in Development (AWID)
- In 1988 published *If Women Counted*, which sold internationally; second edition was printed in 1999
- Wrote *Three Masquerades: Essays on Equality, Work and Hu(man) Rights* — includes references to her years in Parliament which she describes as "an experience of counterfeit equality"
- National Film Board of Canada produced video documentary on her work called *Who's Counting: Sex, lies and Global Economics* in 1995
- Published *In the lifetime of a Goat: Writings 1984-2000*, on farming angora goats and drystock, international questions, NZ politics, feminist issues and women of influence
- In 2007 one of 16 prominent intellectuals invited to contribute to French publication on human rights
- Included on the 2012 Wired Magazine Smart List of "50 people who will change the world"
- Chosen by BBC World Service as one of 40 visionaries for its hour-long millennium interviews, and one of 1000 women nominated for Nobel Peace prize in 2005
- An anthology named *Counting on Marilyn Waring: New Advances in Feminist Economics* published in 2014 and edited by Margunn Bjornholt and Alisa McKay
- Companion of the New Zealand Order of Merit in 2008 for services to women and economics, and Doctor of Letters from Glasgow Caledonian University for "outstanding international contribution towards the understanding of feminism and human rights"
- In 2014 won NZIER Economist of the Year, recognising her work in applied economics, economic dissemination and economic policymaking affecting New Zealand
- Awarded Suffrage Centenary, Commemorative and Queen Elizabeth II Silver Jubilee medals, and Hiroshima Day: Special award of NZ Foundation for Peace for her peace work
- Professor at AUT's Institute of Public Policy since 2006
- BA (Hons) in political science and international politics from Victoria University, and Doctor of Philosophy in political economy from Waikato University with thesis on the United Nations System of National Accounts

a pioneer visionary

Waring argued in the book that the system for measuring GDP was designed by men to keep women "in their place." Women contributed the bulk of care around the world and unpaid care should be included in GDP because "the production" of well-cared-for children was just as important as that of cars or crops.

Fellow feminist economist and Professor of Economics at Boston's Massachusetts University, Julie A. Nelson said: "Marilyn Waring's work woke people up. She showed exactly how the unpaid work traditionally done by women has been made invisible within national accounting systems, and the damage this causes. Her book encouraged and influenced a wide range of work on ways of valuing, preserving, and rewarding the work of care that sustains our lives.

"By pointing to a similar neglect of the natural environment, she issued a wake-up call to issues of ecological sustainability that have only grown more pressing over time. In recent decades, the field of feminist economics has broadened and widened to encompass these topics and more."

In another book *Three Masquerades*, published in 1996, Waring explored the interconnections between equality, work, and human rights. "Until the whole is exposed to question," Waring said, "nothing alters in the power dynamics of who chooses, who judges, who defines, who rules, who imposes . . . and lies masquerade as truths."

In 2012 she was named by *Wired* Magazine as one of 50 people who would change the world. *Wired* said Waring was an extremely clear thinker about the disastrous consequences of using measures such as GDP as a surrogate for "progress" or "wellbeing" in a country.

"We must realise that we can't tackle the problems in health care, environmental issues, food security, democracy and women's rights in isolation. They must be seen as a set of interrelated issues and anyone who wants to make a difference in the human condition must look at all of these factors," *Wired* said.

Academia

Colleague and friend Peggy Fairbairn-Dunlop, Foundation Professor Pacific Studies at AUT's Institute of Public Policy, met Waring in Samoa in the 1990s when she promoted women's rights and gender equality as part of the AWID movement.

"Marilyn raised the awareness of women in politics in the Pacific," says Fairbairn-Dunlop. "Her message was a way for us to move Pacific women forward in a culturally hierarchical society. Marilyn was a rabble-rouser on women's equality and the Pacific women were ready for the message. We just needed an outsider to come in and say what we can do, and we went for it."

Waring sent her students to Samoa to complete gender-related research and Fairbairn-Dunlop, who then worked at the University of South Pacific's School of Agriculture and Food Technology, supported them in their field work.

Fairbairn-Dunlop says Waring was the voice of those who didn't feature in [economic] policy-making or programme processes. She argued that the data collected for policy-making was not representative of everyone and she cared for the marginalised and vulnerable whose views were seldom heard.

"Marilyn challenged [traditional] economic growth models and I go back to her UN Human Development report that argued economic and social growth — including education and health — go hand in hand.

National MP Marilyn Waring with former National Prime Minister Sir Keith Holyoake (top); Waring strides the Wellington waterfront with fellow National MPs John Banks, the late Jonathan Elworthy, Warren Cooper and Philip Burdon.

> Marilyn has changed the way we think about the economy by challenging orthodoxy and putting the role of women and unpaid work sharply into focus. She's changed the game.

Grant Robertson, Minister of Finance

> It is great to hear that Marilyn is nominated for the Visionary Leader Award. Is there anyone else who has strode across the world's of politics, economics and goat farming like her? She was a disruptor before it was fashionable. I have heard people around the world quoting "Counting for Nothing" in the most unlikely places. And on the Reserve Bank Board she could quote monetary policy with the best of them.

Alan Bollard, former Governor, Reserve Bank

"She has no tolerance for things that are not right.

"She left the FAO because she felt their budgeting was unethical and wasteful — she saw them paying big bucks for programmes that were not well-thought through and not tracked."

Fairbairn-Dunlop says Waring has an incisive mind and has a meticulous understanding of policy-making and how things can be done and should be done. She doesn't miss anything. "Marilyn reads and keeps up to date with all the little legal things happening and she challenges and critiques them.

"There are very few like her continually battling for gender equality. Marilyn is a ray of hope — and she's definitely a visionary. I value her friendship as a colleague and her professionalism in supporting Pacific women. If she is on your side, then you don't need anyone else to support you. Marilyn is brutally honest in everything she does," says Fairbairn-Dunlop.

She says Waring hasn't been as vocal as she used to be but that will change when her parliamentary autobiography comes out. "She's busy supervising 30 students, that's a heavy load, and most of them are interrogating global and national policies — doing the research and critiquing them.

"Marilyn has boxes and boxes of papers — she keeps everything — and her [new] book will be meticulously researched and cross-referenced.

"This is going to be quite a revelation on political manoeuvring and strategising, and it will describe how she was actually treated as a woman — she was a minority in a largely male environment," says Fairbairn-Dunlop.

The power of purpose

To be truly successful, companies need to have a corporate mission that is bigger than making a profit.

Marc Benioff, Salesforce

Make meaning not money.

Brian Scudamore, O2E Brands

The blind pursuit of profit at all costs is untenable. It is essential that we make money the right way. After all, if communities suffer as a result of a company's actions, those returns are not sustainable.

Indra K. Nooyi, Pepsico

I think if the people who work for a business are proud of the business they work for, they'll work that much harder, and therefore, I think turning your business into a real force for good is good business sense as well.

Richard Branson, Virgin

We have to bring this world back to sanity and put the greater good ahead of self-interest.

Paul Polman, Unilever

When you're surrounded by people who share a passionate commitment around a common purpose, anything is possible.

Howard Schultz, Starbucks

In this ever-changing society, the most powerful and enduring brands are built from the heart. They are real and sustainable. Their foundations are stronger because they are built with the strength of the human spirit, not an ad campaign. The companies that are lasting are those that are authentic.

Howard Schultz, CEO of Starbucks

Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart.

Steve Jobs, CEO of Apple

What is success? I think it is a mixture of having a flair for the thing that you are doing; knowing that it is not enough, that you have got to have hard work and a certain sense of purpose.

Margaret Thatcher

If you're changing the world, you're working on important things. You're excited to get up in the morning.

Larry Page, CEO of Google

Moving the line upwards

New Zealand's Top 200 companies have seen increases in revenue, profits, and total assets this year writes **Tim McCready**

The high-level view of the 2018 Deloitte Top 200 Index shows total revenues for Top 200 companies increasing from $177.4b in 2017 to $191.1b in 2018 — a jump of 7.7 per cent, and up from the 4.3 per cent increase seen in the 2017 Index.

The increase in total revenues has also driven an increase in underlying earnings (EBITDA), from $24.4b in 2017 to $26.1b in 2018. This is an increase of 6.9 per cent, compared to a 2.9 per cent increase in the 2017 Index.

The EBITDA margin, an assessment of operating profitability as a percentage of total revenue (total EBITDA/total revenue), remained relatively constant between 2017 (13.8 per cent) and 2018 (13.7 per cent).

Total profits after tax have increased from $8.6b in 2017 to $9.3b in 2018. This is an 8.8 per cent increase year-on-year (compared to a 6.4 per cent decrease seen from 2016 to 2017 in last year's Index).

Net profit margin (profit after tax/total revenue) stayed relatively constant between 2017 (4.8 per cent) and 2018 (4.7 per cent).

Fonterra, the top ranked entity on the Top 200 in 2018, has revenue of $20.4b compared to 2017 where it had revenue of $19.2b — a 6.3 per cent increase, due to continued growth in the China market.

The 200th ranked entity on the Top 200 Index in 2018 is now NZ Investment Holdings, with revenue of $191m. Last year's 200th ranked company, Honda (now 196th) had revenue of $177m. This is a 12 per cent increase in revenue between 200th ranked companies year on year.

Total Assets have increased from $218.5b in 2017 to $231.1b in 2018, a 5.8 per cent increase.

Fonterra (1st) and Fletcher Building (2nd) have held the top two spots in the Deloitte Top 200 for the past three years. However, these companies come in ranked 198th and 197th respectively in terms of profit after tax - Fonterra made a loss this year of $196m and Fletcher Building made a loss of $179m.

Fonterra's losses have largely been a result of a $439m write down on its investment in Chinese infant formula company Beingmate, and a payment made to Danone due to a legal claim. Fletcher's losses are driven by the deteriorating performance of its buildings and interiors business within Fletcher's construction division.

The gap between these two companies in terms of revenue has also widened, as Fonterra has increased revenue by 6.3 per cent while Fletcher Building has only increased revenue by 0.8 per cent.

Foodstuffs NI has moved to 4th place overall, trading places with Woolworths (now 5th) since the 2017 rankings. In 2018 these companies reported revenue of $6.6b and $6.4b respectively.

The top 10 has remained fairly consistent, with BP the only new entrant who has now claimed the 10th spot, replacing The Warehouse Group (which has moved to 12th). BP has reported revenue of $3.2b in the current year while The Warehouse Group has reported revenue of $3.0b. The rise in BP's revenue is primarily from increase in global oil prices.

The overall increase in revenue this year has been reflected in the Government's tax take from the companies that comprise the Top 200.

Tax paid jumped 9.8 per cent on last year's figure, from $3.3b to $3.6b — contributing to the Coalition Government's strong surplus.

DELOITTE TOP 200

TOP 200 INDEX

Category	2018 $m	2017 $m	% change
Revenue	191,142	177,395	7.7
EBITDA	26,121	24,430	6.9
Tax paid	3,606	3,283	9.8
Profit after tax	9,322	8,568	8.8
Total assets	231,143	218,488	5.8
Total equity	105,850	98,772	7.2

TOP 30 FINANCIAL INSTITUTIONS INDEX

Category	2018 $m	2017 $m	% change
Revenue	26,208	25,743	1.8
EBITDA	8,774	7,810	12.3
Tax paid	2,370	2,038	16.3
Profit after tax	6,020	5,217	15.4
Total assets	535,183	522,044	2.5
Total equity	46,277	44,723	3.5

Māori entities continue to grow their putea

The Māori asset base continues to grow year on year says **Leon Wijohn**

TOP 10 MAORI BUSINESS INDEX

2018	2017	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
1	1	Ngai Tahu	1,924	14.8	15.2	1,653	18.1	273	Jun-18
2	2	Waikato Tainui	1,369	10.1	8.1	1,172	9.5	106	Mar-18
3	3	Ngati Whatua ki Orakei	1,086	15.6	13.7	855	17.6	138	Jun-17
4	4	Moana NZ	542	0.4	3.6	436	4.5	19	Sep-17
5	6	Tuhoe Te Uru Taumatua	348	5.7	5.2	345	5.2	18	Mar-17
6	7	Parininihi ki Waitotara (PKW)	317	0.1	1.5	243	2.0	5	Jun-18
7	8	Ngati Porou	232	3.9	4.4	211	4.9	10	Jun-17
8	9	Pukeroa Oruawhata	227	11.2	6.4	130	11.1	14	Mar-17
9	10	Te Wananga o Aotearoa	196	2.3	1.6	179	1.8	3	Dec-17
10	-	Toa Rangatira	185	5.2	4.5	184	4.5	8	Jun-17

Protecting and growing the putea for future generations is a key ethos in Māori business. The Māori asset base continues to grow year on year as illustrated by this year's Deloitte Top 10 Māori Business Index.

The Deloitte Top 200 celebrates the results of New Zealand's largest organisations and, as a part of this, we recognise 10 prominent Māori organisations.

Our Top 10 Māori Business Index is based on total assets as this is more reliable from publically available sources. Some large Māori organisations did not have figures publically available in time to make this year's index. These include Tauhara North No2 Trust, Wakatu and Tuaropaki. Interestingly, Ngati Whatua, with an asset base of $1b, would show an even larger group asset base if their Orakei, Kaipara and Runanga entities were added together. Some iwi, such as Kahungunu, would also make the index, based on total assets, if their organisations reported consolidated results.

When the main Deloitte Top 200 Index is resorted based on asset size (rather than revenue), the lowest asset base of a corporate on the main index is $32m. It is noteworthy that all our Top 10 Māori entities would make it onto the main index if the criteria were asset size. Ngai Tahu tops the Māori index again with $1.9b in assets. And at current growth rates, they will surpass $2 billion in assets next year. Waikato Tainui and Orakei also report total assets over the $1b mark.

We are seeing a marked increase in joint venture activity in the Māori sector. Although a number of opportunities are still centred around property and hotels, more continue to explore other sectors such as tourism, water and a range of agribusinesses. Even small iwi are expected to top $32m in assets over the next 5 years as they enter into joint ventures. This further illustrates the positive point that the Maori asset base is large and continues to get larger.

However, despite the large asset bases of Māori organisations, none of them made the main Deloitte Top 200 Index this year, which had a cut-off at $191m in revenue.

Step one for most Māori trusts and incorporations has been to regain assets lost, and then look at ways of utilising those assets better. Hence, their initial focus for many years has been on growing their asset base. Māori organisations in recent years have begun altering their strategies to include performance indicators around revenue and free cash flow. This is so they have more cash available in the future to support iwi and whanau wellbeing initiatives in particular — an example over the last year being Orākei's free health insurance for its people.

As new strategies bed in we are hopeful we will see more Māori organisations break through to the main Top 200 Index based on revenue.

Leon Wijohn is a Deloitte New Zealand partner and member of the national Māori business sector team

DELOITTE TOP 200

2018	2017	Name	Revenue $m	Revenue % change	EBITDA $m	EBIT $m	#
1	1	Fonterra	20,438	6.3	802	285	198
2	2	Fletcher Building	9,471	0.8	181	(150)	197
3	3	EBOS Group	7,609	(0.2)	272	238	20
4	5	Foodstuffs NI	6,640	3.9	n/a	71	106
5	4	Woolworths	6,440	0.2	413	285	18
6	6	Air NZ	5,485	7.4	1,117	573	3
7	8	Fulton Hogan	4,666	28.1	377	264	16
8	7	Z Energy	4,570	18.1	512	410	8
9	9	Spark	3,639	1.3	1,009	569	5
10	12	BP	3,159	16.5	384	350	9
11	11	Foodstuffs SI	3,072	3.4	n/a	18	136
12	10	Warehouse Group	2,995	0.5	143	57	79
13	14	Meridian Energy	2,762	19.1	647	377	13
14	16	ExxonMobil	2,676	21.6	203	188	22
15	13	Mainfreight	2,618	12.2	212	160	28
16	15	Zespri	2,418	5.7	153	139	29
17	17	Farmlands	2,392	10.7	20	7	155
18	21	Genesis Energy	2,305	18.1	302	96	103
19	18	Silver Fern Farms	2,160	0.6	20	(1)	179
20	19	Contact Energy	2,153	10.6	452	232	27
21	24	Downer Group	2,128	40.2	87	56	61
22	20	Vodafone	2,030	0.3	403	92	64
23	23	Mercury	1,756	13.1	612	415	12
24	22	Infratil	1,730	(3.2)	531	330	23
25	28	Alliance Group	1,533	13.0	41	23	118
26	26	Brit. American Tobacco	1,462	3.3	26	25	116
27	25	ANZCO Foods	1,460	0.9	22	12	175
28	30	Toyota	1,403	19.2	44	35	95
29	34	Methanex	1,372	21.2	184	124	39
30	29	Vector	1,328	8.3	539	313	21
31	31	Datacom	1,265	9.4	66	34	87
32	33	PGG Wrightson	1,188	5.2	49	35	111
33	35	Oji Fibre Solutions	1,176	3.9	65	(36)	191
34	39	Bunnings	1,118	10.9	64	44	78
35	32	Haier	1,118	(1.5)	112	49	160
36	46	T&G Global	1,106	27.0	66	30	94
37	50	Open Country Dairy	1,100	34.4	61	35	90
38	38	Bidfood	1,100	9.1	78	65	55
39	36	Transpower	1,084	2.2	837	530	10
40	42	Skycity	995	7.3	339	244	19
41	37	Chorus	990	(4.8)	647	260	35
42	48	F&P Healthcare	981	12.8	315	270	15
43	53	Shell	970	26.4	928	629	6
44	43	Harvey Norman	953	6.4	n/a	50	68
45	47	Goodman Fielder	953	9.5	149	73	51
46	41	Trustpower	947	4.9	239	190	26
47	74	A2 Milk	922	67.9	283	281	14
48	49	Colonial Motor	902	5.8	46	42	83
49	54	Synlait Milk	879	15.8	137	112	38
50	45	NZ Post	877	(1.5)	40	2	120

Top Profits

#	Name	$m
59	Auckland Airport	650
79	Kaingaroa T'lands	563
6	Air NZ	390
116	Ryman Healthcare	388
9	Spark	385
43	Shell	374
73	Taumata Plantations	290
8	Z Energy	263
10	BP	243
39	Transpower	239
76	Matariki Forestry	237
23	Mercury	234
13	Meridian Energy	201
47	A2 Milk	196
42	F&P Healthcare	190
7	Fulton Hogan	180
177	Nelson Forests	175
5	Woolworths	172
40	Skycity	170
3	EBOS Group	152

Auckland Airport reported the top profit for 2018 at $650m (ranked 59th in the Top 200), with its profit after tax increasing by 95.4 per cent from $333m in FY17.

The top profit figure of $650m compares to the 2017 top profit of $745m achieved by Fonterra — a reduction of 12.7 per cent year-on-year.

The past few years has seen Fonterra top of the table for profit, but earlier this year the dairy giant reported its first ever net loss after tax, which saw it removed from the top profits table entirely.

Despite this reduction, the average profit across all 200 companies has increased from $43.6m in FY17 to $46.6m in FY18 — a 6.9 per cent increase.

Kaingaroa Timberlands jumped from fifth place in 2017 to second place in 2018.

The major log supplier saw its profit after tax increase by 68 per cent, from $335m in 2017 to $563m in 2018.

Air New Zealand delivered its second highest profit in the airline's history and retained its third-place ranking for profit in 2018, with a 2.1 per cent increase in profit after tax from $382m to $390m.

Ryman Healthcare, the country's largest retirement village developer and operator, also retained its ranking as fourth highest profit, delivering its 16th consecutive record after-tax profit, up 8.8 per cent from $357m in 2017 to $388m in 2018.

Shell jumped from 58th to sixth place in 2018, with profit after tax increasing 753 per cent from $44m in 2017 to $374m in 2018.

Forestry firm Taumata Plantations also climbed the rankings, up from 14th to seventh place in 2018 with profit increasing 75 per cent from $166m in 2017 to $290m in 2018.

Biggest Losses

#	Name	$m
53	Sky Network TV	(241)
71	Kiwirail	(197)
1	Fonterra	(196)
2	Fletcher Building	(179)
161	Millstream Equities	(136)
93	Opus Intl	(53)
86	Steel & Tube	(32)
180	Juken	(32)
105	Xero	(28)
33	Oji Fibre Solutions	(28)
171	JB Hi-Fi	(27)
158	McConnell Dowell	(21)
77	Market Gardeners	(20)
56	Pacific Aluminium	(18)
63	Ingram Micro	(17)
129	OfficeMax	(16)
85	Broadspectrum	(16)
193	PMP	(16)
142	Oceania Dairy	(13)
135	Mondelez	(10)

The biggest loss for 2018 was reported by Sky Network TV (53rd in the Top 200), with a loss of $241m.

The company's loss, a result of Sky TV reviewing the value of their business and deciding to write off $360m, is a 307 per cent drop from the 2017 $116m profit.

This compares to the biggest loss of $506m in 2017 by Tasman Steel, primarily as a result of an impairment of $392.3m.

KiwiRail is the second biggest loss maker this year, recording a loss of $197m.

The state-owned rail and freight operator was the second biggest loss maker in 2017, where they reported a net loss of $194m. KiwiRail's loss is due to continuing expenses to recover from the Kaikoura earthquake, and writing down some of its assets.

Fonterra and Fletcher Building respectively hold the third and fourth biggest losses. Fonterra reported a loss of $196m while Fletcher reported a loss of $179m. Both Fonterra and Fletcher Building are new entrants to the biggest losses Index.

The fifth biggest loss was by Millstream Equities, reporting a loss of $136m in 2018, due to a $150m goodwill write-down in the current year.

Accounting software company Xero and infrastructure firm Broadspectrum no longer hold spots in the top five biggest losses Index. In the current year, Xero reported a loss of $28m while Broadspectrum reported a loss of $16m.

While Xero's loss is characteristic of the nature of its business — a tech company reinvesting earnings into future growth — it is now on the brink of achieving profitability, having narrowed its full-year losses by 60 per cent and continuing to grow sales.

Profit after tax			Total assets				Total equity				
$m	%	% change	#	$m	% change	Return on assets	#	$m	Return on equity	Debt to equity	Balance date
(196)	(1.0)	(126.3)	1	18,015	1.0	(1.1)	2	6,349	(2.9)	1.8	Jul-18
(179)	(1.9)	(270.5)	4	8,532	11.2	(2.2)	5	4,142	(4.6)	1.1	Jun-18
152	2.0	14.2	18	3,263	1.8	4.7	21	1,216	12.8	1.7	Jun-18
19	0.3	14.1	21	2,750	3.0	0.7	31	786	2.5	2.5	Apr-18
172	2.7	10.2	16	3,996	2.2	4.3	13	1,990	9.0	1.0	Jun-18
390	7.1	2.1	6	7,846	9.4	5.2	10	2,176	18.7	2.6	Jun-18
180	3.9	0.2	23	2,515	9.1	7.5	28	958	19.9	1.6	Jun-18
263	5.8	8.2	20	2,805	13.4	10.0	29	857	33.7	2.3	Mar-18
385	10.6	(7.9)	17	3,419	2.6	11.4	17	1,541	24.1	1.2	Jun-18
243	7.7	64.7	29	1,825	22.0	14.6	41	663	44.9	1.8	Dec-17
9	0.3	(0.9)	43	1,198	7.7	0.8	67	384	2.3	2.1	Feb-18
28	0.9	32.7	48	1,050	(5.8)	2.5	55	480	5.7	1.2	Jul-18
201	7.3	2.0	3	8,632	(0.4)	2.3	4	4,823	4.1	0.8	Jun-18
143	5.4	57.2	50	998	(24.3)	12.4	78	288	66.8	2.5	Dec-17
108	4.1	6.3	35	1,376	7.1	8.1	38	712	15.9	0.9	Mar-18
102	4.2	38.2	93	528	(4.7)	18.8	108	168	59.9	2.1	Mar-18
5	0.2	55.6	98	461	11.2	1.1	120	129	3.7	2.6	Jun-18
20	0.9	(83.3)	14	4,235	0.4	0.5	14	1,962	1.0	1.2	Jun-18
(6)	(0.3)	81.3	63	780	44.2	(0.9)	50	507	(1.4)	0.5	Sep-17
112	5.2	(13.2)	12	5,311	(2.6)	2.1	8	2,727	4.1	0.9	Jun-18
41	1.9	13.1	59	800	16.6	5.5	71	336	12.8	1.4	Jun-18
40	2.0	(16.2)	28	2,042	1.2	2.0	48	554	7.5	2.7	Mar-18
234	13.3	27.2	8	6,091	1.6	3.9	6	3,286	7.1	0.9	Jun-18
124	7.2	10.1	7	6,622	(2.6)	1.8	7	3,133	3.9	1.1	Mar-18
14	0.9	14,043.1	100	455	6.4	3.3	73	321	4.6	0.4	Sep-17
16	1.1	(29.5)	69	742	5.7	2.2	119	129	6.3	4.7	Dec-17
0	0.0	(99.4)	66	757	16.3	0.0	90	228	0.0	2.3	Dec-17
22	1.6	0.7	87	585	34.7	4.3	152	65	32.3	8.0	Mar-18
71	5.2	180.6	68	744	(18.9)	8.5	150	69	72.9	9.8	Dec-17
150	11.3	(11.3)	9	5,808	4.2	2.6	9	2,458	6.1	1.4	Jun-18
24	1.9	(46.2)	94	521	3.1	4.6	97	206	11.4	1.5	Mar-18
18	1.5	(60.3)	65	759	8.0	2.5	79	287	6.4	1.6	Jun-18
(28)	(2.4)	46.1	45	1,172	(0.9)	(2.4)	37	733	(3.7)	0.6	Dec-17
28	2.5	2.6	90	574	8.6	5.1	127	112	28.5	4.1	Jun-17
4	0.3	(95.4)	40	1,279	6.3	0.3	89	231	1.8	4.5	Dec-17
22	2.0	(32.0)	60	799	22.8	3.0	59	426	5.7	0.9	Dec-17
23	2.1	(62.8)	74	702	14.5	3.5	64	404	5.9	0.7	Sep-17
47	4.3	13.4	114	357	10.7	13.9	96	206	24.7	0.7	Jun-18
239	22.1	(10.0)	11	5,749	2.7	4.2	16	1,556	15.8	2.7	Jun-18
170	17.0	277.9	22	2,545	11.7	7.0	22	1,158	15.2	1.2	Jun-18
85	8.6	(24.8)	13	4,926	11.0	1.8	26	1,022	8.6	3.8	Jun-18
190	19.4	12.4	49	1,025	16.7	20.0	34	761	26.7	0.3	Mar-18
374	38.6	753.1	27	2,105	(2.3)	17.6	32	769	68.4	1.7	Dec-17
36	3.8	15.6	133	271	5.9	13.8	143	82	40.4	2.3	Jun-17
52	5.5	77.3	51	996	(12.5)	4.9	53	484	11.3	1.1	Dec-17
114	12.0	49.9	24	2,329	(7.2)	4.7	19	1,435	8.0	0.6	Mar-18
196	21.2	115.9	72	723	110.1	36.7	47	556	49.1	0.3	Jun-18
27	3.0	15.2	110	389	22.9	7.6	99	200	14.0	0.9	Jun-18
75	8.5	88.6	62	794	8.5	9.8	60	425	18.6	0.9	Jul-18
13	1.5	(51.9)	31	1,801	(0.9)	0.7	20	1,289	1.0	0.4	Jun-18

DELOITTE TOP 200

Most Improved Profit

#	Name	%
25	Alliance Group	14,043.1
138	Visionstream	1,698.7
43	Shell	753.1
183	Kordia	590.6
115	Vocus	585.2
136	C B Norwood	465.1
54	Ballance Agri-Nutrients	429.1
150	Sumitomo Forestry	366.4
172	Landcorp	351.3
170	Dairy Goat Co-op	284.5
40	Skycity	277.9
149	URC Holdings	269.8
61	Ravensdown	259.7
121	Tatua Co-op Dairy	247.2
173	Treasury Wine	242.7
113	CDC Pharma	219.5
55	Apple	199.7
29	Methanex	180.6
101	Oregon Group	178.5
92	HEB Construction	149.2

Alliance Group, an exporter of meat and co-products, recorded the biggest increase in profit of all the entities on the Top 200 Index, with a 14,043 per cent increase from $102k in 2017 to $14m in 2018. This is due to a successful restructuring strategy that started two years ago and is now leading to Alliance capturing more value from the market and increasing operational efficiency.

Several other agricultural companies appear on the most improved profit list, including Landcorp (sheep and cattle farming), Dairy Goat Co-op and Tatua Co-op Dairy (both specialise in dairy products).

Telecommunications and ICT services provider Visionstream has the second most improved profit this year, increasing 1699 per cent from $531k in 2017 to $10m in 2018.

Shell holds the third place for most improved profit, increasing 753.1 per cent. In the current year, Shell recorded a profit of $374m, compared to 2017 where a $44m loss was recorded. This is due to stronger oil prices and production being taken advantage of by the Shell group.

Methanol manufacturer Methanex is the only company that appears in the most improved profit tables for 2017 and 2018. In 2017, Methanex held the third-place position with an increase in profit of 1,752 per cent. This year, Methanex holds 18th place with a 180.6 per cent increase in profit.

Most Improved Revenue

#	Name	%
115	Vocus	435.8
94	CPB Contractors	69.9
142	Oceania Dairy	69.9
47	A2 Milk	67.9
165	Tetra Pak	51.1
57	Restaurant Brands	48.1
21	Downer Group	40.2
186	China Merchants	39.9
92	HEB Construction	38.6
105	Xero	37.6
193	PMP	37.0
141	Glencore Ag	35.7
37	Open Country Dairy	34.4
76	Matariki Forestry	33.0
132	China Forestry	31.5
139	Turners Auto	28.5
7	Fulton Hogan	28.1
36	T&G Global	27.0
136	C B Norwood	26.7
43	Shell	26.4

Telecommunications company Vocus has seen its revenue increase 435.8 per cent to $342m in the current year compared to $64m in 2017, which puts it top of the table this year for most improved revenue. This increase is due to an increased focus on growing Vocus' customer base.

Construction and infrastructure firm CPB contractors is ranked second equal for most improved revenue, with a 69.9 per cent increase on last year's result from $256m to $435m in 2018.

On par with the revenue improvement of CPB is Oceania Dairy, which also reported an increase in revenue of 69.9 per cent. Oceania Dairy's revenue has increased from $164m in 2017 to $278m in 2018, due to Oceania Dairy obtaining a higher amount of market share in the dairy industry.

All of the companies mentioned above are new entrants to the Deloitte Top 200 Index in 2018.

A2 Milk, Xero, Restaurant Brands and Turners are the only companies to be included on the most improved revenue list two years in a row. Last year's company of the year winner, A2 Milk, held the third-place spot in 2017 (55.8 per cent), and now holds the fourth-place spot (67.9 per cent) in 2018.

A2 has experienced increased revenue over the last few years due to the increasing demand in the Australian and Chinese markets for its infant formula products.

Shell and farm machinery and equipment firm CB Norwood are the only two companies to be included in both the most improved profit and most improved revenue Index in 2018.

2018	2017	Name	Revenue $m	Revenue % change	EBITDA $m	EBIT $m	#
51	40	Tasman Steel	863	(14.1)	148	101	50
52	51	Mitre 10	862	5.4	15	6	157
53	44	Sky Network TV	840	(6.0)	285	(178)	200
54	52	Ballance Agri-Nutrients	825	2.6	47	14	135
55	55	Apple	811	9.1	29	29	105
56	59	Pacific Aluminium	795	16.2	(33)	(42)	187
57	76	Restaurant Brands	766	48.1	94	58	70
58	56	Two Degrees	733	4.3	116	37	108
59	65	Auckland Airport	682	8.7	970	881	1
60	57	Heinz	680	(2.3)	150	124	30
61	66	Ravensdown	678	8.2	33	11	141
62	64	Westland Co-Op Dairy	672	10.7	40	13	170
63	67	Ingram Micro	661	7.7	14	(3)	186
64	62	Coca-Cola	639	1.0	141	107	40
65	60	Ford	637	(0.6)	9	9	137
66	68	Tegel	615	0.2	62	42	85
67	61	Sime Darby Motor	610	(4.2)	33	28	113
68	72	Lion New Zealand	606	8.0	114	85	47
69	70	Holden	606	5.7	24	24	112
70	69	Briscoe Group	603	3.5	89	83	46
71	58	Kiwirail	595	(14.3)	187	(186)	199
72	75	Freightways	581	6.5	110	94	45
73	84	Taumata Plantations	566	19.1	504	497	7
74	73	Imperial Tobacco	563	1.5	67	61	63
75	77	Beca	542	5.1	72	65	58
76	100	Matariki Forestry	530	33.0	344	332	11
77	71	Market Gardeners	525	(8.0)	23	(16)	188
78	82	Green Cross Health	523	7.2	39	32	98
79	94	Kaingaroa Timberlands	523	24.6	746	743	2
80	91	Kmart	515	17.5	62	55	62
81	81	DB Breweries	513	2.7	53	39	75
82	63	Watercare	509	5.1	397	175	48
83	78	Oceana Gold	500	(3.0)	217	58	72
84	90	Kathmandu	497	11.7	90	75	53
85	79	Broadspectrum	497	(2.9)	(5)	(12)	184
86	80	Steel & Tube	496	(3.0)	(8)	(36)	194
87	93	Samsung	489	13.5	14	13	132
88	88	Waste Management	482	5.9	141	88	86
89	87	Sanford	478	3.1	81	60	67
90	97	Pan Pac Forest	467	13.4	142	124	33
91	92	LWC Ltd	465	6.3	12	11	149
92	112	HEB Construction	462	38.6	31	16	126
93	85	Opus Intl	460	(2.4)	21	(41)	195
94	-	CPB Contractors	435	69.9	10	7	146
95	96	Frucor Beverages	432	3.3	23	4	161
96	95	Spotless	431	3.0	27	9	171
97	101	Mitsubishi Motors	431	10.3	13	12	139
98	86	Powerco	427	(7.1)	251	168	34
99	107	Mazda	426	20.3	18	13	129
100	111	Tourism Holdings	426	25.0	133	86	44

Profit after tax			Total assets				Total equity				
$m	%	% change	#	$m-	% change	Return on assets	#	$m	Return on equity	Debt to equity	Balance date
53	6.2	110.5	56	832	(4.9)	6.2	200	(38)	53.9	23.0	Jun-17
4	0.5	(1.1)	140	251	3.7	1.8	135	100	4.8	1.5	Jun-18
(241)	(28.7)	(306.9)	34	1,503	(20.4)	(14.2)	24	1,027	(20.4)	0.5	Jun-18
9	1.1	429.1	89	575	8.0	1.7	57	437	2.2	0.3	May-18
19	2.4	199.7	184	112	(4.0)	17.1	184	22	127.8	4.0	Sep-17
(18)	(2.3)	(127.2)	79	635	(1.0)	(2.9)	74	301	(5.9)	1.1	Dec-17
35	4.6	36.6	104	452	49.6	9.4	98	202	18.0	1.2	Feb-18
19	2.6	42.4	86	585	2.1	3.3	114	153	14.3	2.8	Dec-17
650	95.4	95.3	5	8,197	26.0	8.8	3	5,682	13.4	0.4	Jun-18
101	14.9	14.4	58	805	19.7	13.7	43	588	18.7	0.4	Dec-17
8	1.1	259.7	83	605	9.2	1.3	58	429	1.9	0.4	May-18
1	0.1	(62.8)	85	588	3.4	0.1	123	123	0.4	3.8	Jul-18
(17)	(2.6)	(408.9)	138	254	4.7	(6.9)	198	(6)	(622.4)	44.7	Dec-17
71	11.0	(0.5)	64	770	0.6	9.2	75	296	23.6	1.6	Dec-17
8	1.3	(4.9)	168	157	(0.6)	5.3	163	48	18.6	2.3	Dec-17
26	4.2	(23.8)	67	751	8.3	3.6	54	483	5.4	0.6	Apr-18
17	2.9	8.7	131	273	4.7	6.5	149	69	28.4	2.9	Jun-17
61	10.0	56.2	37	1,366	5.8	4.6	40	667	9.6	1.0	Dec-17
18	3.0	20.8	147	220	4.1	8.4	144	78	24.9	1.8	Dec-17
61	10.2	3.2	119	339	13.5	19.3	86	248	27.0	0.4	Jan-18
(197)	(33.2)	(1.7)	46	1,114	12.0	(18.7)	42	592	(34.4)	0.9	Jun-17
62	10.7	2.1	91	561	3.9	11.3	82	258	25.1	1.2	Jun-18
290	51.3	74.6	26	2,263	13.1	13.6	69	364	133.8	5.2	Jun-18
40	7.1	31.0	150	208	2.2	19.4	158	60	74.6	2.5	Sep-17
45	8.3	1.2	151	203	3.4	22.6	130	104	44.9	1.0	Mar-18
237	44.7	97.0	42	1,220	25.6	21.6	27	997	27.1	0.2	Dec-17
(20)	(3.7)	(268.0)	136	263	(5.2)	(7.2)	128	107	(16.5)	1.5	Jun-18
21	4.1	(12.5)	137	255	4.0	8.5	122	128	17.7	1.0	Mar-18
563	107.7	67.9	15	4,025	11.9	14.8	11	2,102	29.7	0.9	Jun-17
40	7.8	(9.6)	134	266	(13.9)	14.0	110	159	21.8	0.7	Jun-18
30	5.9	12.4	113	366	13.7	8.8	126	113	27.5	2.3	Dec-17
54	10.7	(56.3)	2	10,087	12.8	0.6	1	6,749	0.9	0.5	Jun-18
32	6.5	20.9	95	519	0.5	6.2	193	8	374.2	66.9	Dec-17
51	10.2	32.8	82	615	40.0	9.6	62	420	13.5	0.5	Jul-18
(16)	(3.2)	78.5	109	400	(7.8)	(3.9)	156	61	(23.3)	5.5	Dec-17
(32)	(6.5)	(259.9)	116	346	(16.3)	(8.5)	104	173	(16.7)	1.0	Jun-18
9	1.9	28.7	181	114	5.4	8.5	174	36	29.8	2.1	Dec-17
25	5.1	115.7	39	1,284	9.4	2.0	80	278	9.2	3.6	Dec-17
37	7.8	7.9	57	820	2.8	4.6	45	576	6.6	0.4	Sep-17
91	19.6	36.1	52	995	13.5	9.8	33	765	12.8	0.3	Mar-18
6	1.3	(6.5)	182	114	10.0	5.7	182	24	30.0	3.8	Jun-17
12	2.5	149.2	178	132	21.9	9.6	194	5	1,372.0	25.7	Aug-17
(53)	(11.5)	(77.6)	163	170	(34.0)	(24.8)	178	33	(75.4)	4.2	Dec-17
7	1.5	(7.3)	155	198	121.1	4.6	176	35	36.4	4.7	Dec-17
3	0.6	(89.6)	76	654	0.9	0.4	51	493	0.5	0.3	Dec-17
0	0.1	(96.3)	123	309	(5.9)	0.2	199	(9)	21.6	34.5	Jun-17
8	1.9	7.6	179	124	29.5	7.3	146	77	10.8	0.6	Mar-18
87	20.3	48.1	25	2,278	2.5	3.9	46	571	15.6	3.0	Mar-18
10	2.4	(1.0)	162	170	46.0	7.0	154	63	16.7	1.7	Mar-18
62	14.6	106.6	88	578	23.0	11.9	85	250	28.1	1.3	Jun-18

DELOITTE TOP 200

Top Return On Assets

Return on Assets (ROA) provides an indication of how efficiently a company manages its assets in order to generate earnings. It is calculated by measuring profit against total assets reported.

As a measure, this number tends to be heavily influenced by the requirements of the industry in which the business operates.

Agriculture and manufacturing businesses, for example, requiring significant amounts of property, plant and equipment, will typically have a much lower return on assets percentage than a software company.

A2 Milk once again holds the top spot for return on assets, increasing its ROA to 36.7 per cent from 32.7 per cent last year. This is driven by an increase in profit from $91m to $196m. Total assets increased from $344m in 2017 to $723m in 2018, driven by a $219m increase in cash and cash equivalents and a $125m increase in the fair value of financial assets.

Holding the second spot for ROA is Hallenstein Glassons, with an ROA of 30.9 per cent. Hallenstein had been ranked fourth in 2017, with an ROA of 21.1 per cent. The increase in ROA is due to Hallenstein's increasing their profit after tax by $10m (from $17m to $27m) but only increasing total assets by $7m ($85m to 92m).

Nestlé rose from fourth place in 2017 to third place this year, with ROA increasing from 22.2 per cent in 2017 to 23.9 per cent in 2018. This is due to net profit increasing from $34m to $38m, but total assets decreasing from $160m to $156m.

Beca has dropped two places to fourth for ROA. Beca has an ROA of 22.6 per cent in 2018, compared to 23.9 per cent in 2017. ROA has decreased as total assets have increased from $197m to $203m but net profit has only increased by $500k.

#	Name	Ratio
47	A2 Milk	*36.7*
143	Hallenstein Glasson	*30.9*
102	Nestle	*23.9*
75	Beca	*22.6*
76	Matariki Forestry	*21.6*
42	F&P Healthcare	*20.0*
74	Imperial Tobacco	*19.4*
70	Briscoe Group	*19.3*
16	Zespri	*18.8*
164	Mars NZ	*18.8*
152	McDonald's	*18.7*
177	Nelson Forests	*18.4*
43	Shell	*17.6*
55	Apple	*17.1*
187	OTPP NZ Forest	*16.1*
79	Kaingaroa Timberlands	*14.8*
10	BP	*14.6*
80	Kmart	*14.0*
126	Wesfarmers Industrial	*14.0*
38	Bidfood	*13.9*

Top Return on Equity

Return on Equity measures how effectively a company can generate income relative to the amount of money shareholders have invested in the firm.

It's a useful tool for investors, particularly when comparing firms within the same industry and is calculated by measuring the revenue earned against the average equity held over the past two years to prevent changes in shareholder contributions skewing the results.

Civil construction company HEB Construction has taken the top spot for return on equity, with a return on equity percentage of 1,372 per cent. HEB Construction is a new entrant to the top return on equity Index in 2018.

Mining company Oceana Gold, which last year was ranked first in terms of return on equity, has slipped to second place, with a return on equity of 374.2 per cent – down from 512.5 per cent.

Nestlé also fell one ranking on the return on equity table from last year – from second to third – with a return on equity of 296.6 per cent, a decrease from 331 per cent in 2017.

Forestry business Taumata Plantations now holds the fourth-place spot, with a return on equity of 133.8 per cent. Similar to HEB Construction, Taumata is also a new entrant to the top ranked return on equity Index.

#	Name	Ratio
92	HEB Construction	*1,372.0*
83	Oceana Gold	*374.2*
102	Nestle	*296.6*
73	Taumata Plantations	*133.8*
55	Apple	*127.8*
152	McDonald's	*90.3*
165	Tetra Pak	*83.9*
104	Independent Liquor	*82.9*
74	Imperial Tobacco	*74.6*
106	OMV	*74.0*
29	Methanex	*72.9*
126	Wesfarmers Ind.	*71.2*
43	Shell	*68.4*
14	ExxonMobil	*66.8*
16	Zespri	*59.9*
149	URC Holdings	*55.7*
51	Tasman Steel	*53.9*
47	A2 Milk	*49.1*
117	Pact Group	*46.1*
75	Beca	*44.9*

2018	2017	Name	Revenue $m	Revenue % change	EBITDA $m	EBIT $m	#
101	83	Oregon Group	425	*(11.3)*	185	179	24
102	99	Nestle	422	*4.0*	62	54	66
103	108	Refining NZ	412	*16.4*	219	124	36
104	109	Independent Liquor	409	*16.1*	56	43	88
105	123	Xero	407	*37.6*	25	(29)	192
106	105	OMV	404	*9.9*	226	100	43
107	102	Toll	401	*4.1*	11	5	156
108	104	Scales Corp	399	*6.7*	61	47	73
109	-	Inghams	396	*2.8*	35	28	102
110	98	NZME	391	*(4.2)*	59	34	100
111	103	Orora	363	*(3.1)*	54	44	92
112	-	HealthCare NZ	361	*19.1*	12	7	158
113	114	CDC Pharma	350	*7.3*	2	1	172
114	113	Bupa	345	*5.5*	85	62	59
115	-	Vocus	342	*435.8*	57	34	121
116	127	Ryman Healthcare	341	*18.1*	423	402	4
117	110	Pact Group	338	*(1.8)*	85	71	57
118	-	Rangatira	336	*16.2*	44	33	97
119	125	Mercedes-Benz	332	*12.5*	7	7	151
120	106	Stuff	329	*(6.5)*	39	27	115
121	128	Tatua Co-op Dairy	328	*13.4*	23	11	152
122	89	Kura	326	*(28.3)*	52	37	96
123	126	Northpower	325	*11.9*	49	33	99
124	119	Orion	322	*3.9*	140	84	49
125	116	DHL	319	*(0.7)*	11	7	165
126	117	Wesfarmers Industrial	319	*(0.0)*	32	29	93
127	115	TVNZ	317	*(2.5)*	205	1	164
128	120	City Care	313	*3.0*	10	(0)	176
129	118	OfficeMax	309	*(2.7)*	(11)	(15)	185
130	131	GPC Asia Pacific	308	*11.2*	25	21	117
131	122	Mediaworks	300	*0.7*	10	(8)	178
132	-	China Forestry	299	*31.5*	26	25	125
133	-	Bapcor	298	*16.1*	112	12	144
134	124	IBM	297	*0.8*	50	36	84
135	121	Mondelez	297	*(1.9)*	29	(9)	181
136	155	C B Norwood	288	*26.7*	12	9	153
137	136	Port of Tauranga	284	*10.9*	170	144	32
138	147	Visionstream	282	*17.7*	17	16	131
139	166	Turners Automotive	280	*28.5*	4	0	89
140	135	AWF Madison	279	*8.9*	12	8	154
141	176	Glencore Agriculture	279	*35.7*	17	16	127
142	-	Oceania Dairy	278	*69.9*	(0)	(15)	182
143	148	Hallenstein Glasson	278	*16.2*	46	38	80
144	129	Nissan	277	*(3.3)*	11	10	133
145	156	CablePrice	276	*21.7*	20	14	142
146	132	Allied Foods	273	*0.5*	24	14	128
147	137	Delegat	271	*8.6*	92	77	56
148	143	Metro Perf. Glass	268	*9.8*	40	28	114
149	-	URC Holdings	267	*(0.3)*	40	22	159
150	151	Sumitomo Forestry	266	*12.5*	81	68	54

Profit after tax			Total assets				Total equity				
$m	%	% change	#	$m	% change	Return on assets	#	$m	Return on equity	Debt to equity	Balance date
122	28.6	178.5	33	1,600	13.7	8.1	25	1,025	12.3	0.6	Jun-18
38	9.0	12.2	169	156	(2.6)	23.9	192	10	296.6	14.3	Dec-17
79	19.1	65.4	38	1,333	3.3	6.0	30	793	10.2	0.7	Dec-17
23	5.7	53.1	121	321	25.0	8.1	168	40	82.9	7.0	Dec-17
(28)	(6.8)	59.7	130	289	(1.4)	(9.6)	92	223	(12.5)	0.3	Mar-18
67	16.7	(9.0)	84	605	(0.4)	11.1	155	63	74.0	8.6	Dec-17
4	1.1	131.4	172	155	45.8	3.4	164	47	10.1	2.3	Mar-18
32	8.0	(16.8)	117	343	3.8	9.4	93	222	14.6	0.5	Dec-17
20	5.1	(14.5)	156	185	9.6	11.3	131	103	21.5	0.8	Jul-17
21	5.3	(72.0)	97	468	(3.2)	4.4	77	289	7.3	0.6	Dec-17
23	6.3	19.4	126	300	0.3	7.6	157	60	39.0	4.0	Jun-17
4	1.2	(54.5)	171	155	65.0	3.4	169	40	9.8	2.9	Oct-17
0	0.1	219.5	196	75	7.9	0.5	188	14	2.6	4.4	Mar-18
45	13.0	(18.1)	36	1,373	9.7	3.4	56	451	10.8	2.0	Dec-17
13	3.8	585.2	96	480	(1.1)	2.7	115	153	9.0	2.1	Jun-17
388	114.0	8.8	10	5,797	17.2	7.2	15	1,941	21.6	2.0	Mar-18
46	13.7	13.1	99	457	14.7	10.8	132	103	46.1	3.4	Jun-17
22	6.5	(18.8)	107	407	4.8	5.5	88	240	9.4	0.7	Mar-18
6	1.7	(34.3)	177	135	(25.2)	3.6	175	35	17.7	2.9	Dec-17
16	4.9	121.4	132	272	(2.0)	5.8	102	191	8.1	0.4	Jun-17
6	1.7	247.2	141	250	4.7	2.3	162	54	11.7	3.6	Jul-17
22	6.7	(5.0)	70	738	(1.6)	2.9	61	423	5.3	0.7	Sep-17
21	6.4	10.9	103	453	(0.3)	4.6	81	266	8.1	0.7	Mar-18
53	16.6	3.0	44	1,180	2.0	4.6	39	671	7.9	0.8	Mar-18
1	0.4	129.0	174	143	0.7	0.9	183	23	5.9	5.2	Dec-17
22	7.0	83.4	165	161	1.9	14.0	167	42	71.2	2.8	Jun-17
1	0.4	(89.0)	128	296	9.8	0.5	91	227	0.6	0.3	Jun-17
(0)	(0.1)	(112.6)	183	113	10.1	(0.4)	161	55	(0.8)	1.1	Jun-18
(16)	(5.2)	54.5	159	171	(8.6)	(9.0)	117	136	(11.2)	0.3	Dec-17
15	4.8	9.1	135	265	9.8	5.8	101	191	8.1	0.4	Dec-17
(6)	(1.9)	61.5	115	357	0.8	(1.6)	94	218	(2.6)	0.6	Dec-17
12	3.9	39.8	143	236	23.4	5.4	153	64	20.4	2.7	Dec-17
7	2.3	(41.3)	111	369	(19.2)	1.6	113	155	3.7	1.4	Jun-17
27	9.0	11.0	106	432	11.0	6.5	84	251	11.2	0.7	Dec-17
(10)	(3.3)	(230.2)	154	201	(10.9)	(4.7)	196	(3)	(696.2)	58.3	Dec-17
5	1.8	465.1	166	159	15.5	3.5	148	70	7.5	1.3	Dec-17
94	33.2	13.0	32	1,657	16.5	6.1	23	1,122	9.2	0.5	Jun-18
10	3.4	1,698.7	185	108	13.9	9.4	177	33	32.7	2.2	Dec-17
23	8.3	32.9	77	652	17.1	3.9	95	214	12.1	2.0	Mar-18
5	1.8	(14.0)	186	105	(1.6)	4.8	173	37	13.7	1.9	Mar-18
11	4.0	22.7	157	180	34.6	7.1	137	98	12.0	0.8	Dec-17
(13)	(4.8)	(99.3)	108	402	(3.2)	(3.3)	68	367	(3.6)	0.1	Dec-17
27	9.9	58.4	188	92	8.2	30.9	151	68	43.2	0.3	Aug-18
9	3.4	29.2	142	238	7.0	4.1	105	173	5.6	0.4	Mar-18
8	2.8	12.8	161	170	22.8	5.0	160	56	14.0	2.0	Mar-18
10	3.7	8.1	175	141	0.4	7.2	136	99	10.4	0.4	Sep-17
47	17.3	15.2	73	709	7.6	6.8	70	343	14.4	1.1	Jun-18
16	6.1	(15.9)	125	301	2.4	5.5	109	160	10.3	0.9	Mar-18
4	1.6	269.8	55	836	1.3	0.5	197	(6)	55.7	148.9	Dec-17
49	18.4	366.4	81	620	10.8	8.3	44	582	8.8	0.1	Dec-17

DELOITTE TOP 200

Newcomers

As usual, there are a number of companies making their debut on the Deloitte Top 200 Index, with 14 companies added in 2018.

Of the newcomers, CPB Contractors had the highest rank (94th), with revenue of $435m.

The rest were spread evenly between 101st and 200th places.

Poultry producer Inghams came in ranked 109th, with revenue of $396m.

Following Ingham was community health provider HealthCare NZ, telecommunications company Vocus, and investment firm Rangatira, ranked 112th, 115th and 118th respectively.

The rest of the new entries were China Forestry (132th), Bapcor (133th), Oceania Dairy (142th), URC holdings (149th), Tetra Pak (165th), TR Group (175th), Freshmax (181st), China Merchants Properties (186th) and PMP (193th).

Two of the newcomers operate in the forestry industry, two in the construction industry, three in the food industry, and three in manufacturing. The remaining operate in the healthcare, telecommunication, financial and rental industries.

#	Name	$m
94	CPB Contractors	435
109	Inghams	396
112	HealthCare NZ	361
115	Vocus	342
118	Rangatira	336
132	China Forestry	299
133	Bapcor	298
142	Oceania Dairy	278
149	URC Holdings	267
165	Tetra Pak	243
175	TR Group	227
181	Freshmax	220
186	China Merch. Prop	208
193	PMP	201

Missed the cut

The 200th place in the 2018 Deloitte Top 200 is NZ Investment Holdings, which recorded $191m in revenue. This compares to Honda, who was last year's 200th-ranked company on the Index, with $176.5m in revenue achieved in 2017.

Just missing the cut – by just $1 million – was Sumitomo Chemical (201st), recording a revenue of $190m.

Burger King (202nd), CDL Hotels (203rd) and Seeka (204th) were also close to breaking into the Top 200 Index in the current year, all achieving revenue around the $187m mark. Burger King has fallen out of the Top 200 in 2018, previously holding the 189th place in 2017.

Other narrow misses include Rexel (205th), Kia Motors (206th) and Horizon Energy (207th) – all with revenue around the $186m mark.

BMW now holds the 209th position, with revenue of $185m – also just missing the cut in 2017 where the automotive company was ranked in 201st position with revenue of $176m.

#	Name	$m
1	Sumitomo Chemical	190
2	Burger King	187
3	CDL Hotels	187
4	Seeka	187
5	Rexel	186
6	Kia Motors	186
7	Horizon Energy	186
8	Baxter Healthcare	185
9	BMW	185
10	Westcon	184
11	Dimension Data	184
12	Avis Rent A Car	183
13	Christchurch Airport	183
14	Amcor Flexibles	181
15	AsureQuality	180
16	Dulux	180
17	Oceania Healthcare	180
18	Suzuki	179
19	Comvita	178
20	Avon Pacific	178

			Revenue				
2018	2017	Name	$m	% change	EBITDA $m	EBIT $m	#
151	141	EnviroWaste	262	6.8	66	40	130
152	134	McDonald's	260	0.1	117	104	42
153	154	Abano Healthcare	259	11.1	36	24	122
154	140	Linde Holdings	257	3.2	85	57	65
155	142	APHG NZ Investments	256	4.9	58	44	74
156	157	Electrix	256	13.2	17	12	138
157	144	Nobilo	255	5.0	72	59	76
158	130	McConnell Dowell	251	(9.9)	(25)	(30)	189
159	152	Trade Me	250	6.6	164	138	31
160	149	Kiwi Property	249	4.7	n/a	190	25
161	145	Millstream Equities	248	3.0	40	(126)	196
162	158	Unison Networks	248	10.6	93	64	69
163	150	Martin-Brower Hlds	246	3.9	2	2	168
164	162	Mars NZ	244	10.3	46	44	71
165	-	Tetra Pak	243	51.1	13	12	140
166	167	Compass Group	242	12.6	13	9	148
167	173	Skellerup	240	14.3	47	39	81
168	160	Ports of Auckland	237	10.3	121	98	37
169	182	LIC	236	18.7	43	15	134
170	193	Dairy Goat Co-op	235	24.8	20	12	143
171	153	JB Hi-Fi	234	(0.3)	1	(32)	190
172	187	Landcorp	234	19.6	81	64	52
173	139	Treasury Wine	233	(6.4)	42	33	91
174	161	NZ Sugar	231	4.1	36	29	101
175	-	TR Group	227	10.9	117	56	77
176	185	Skyline Enterprises	224	13.1	92	61	60
177	181	Nelson Forests	224	12.6	251	250	17
178	159	O-I Operations	224	(0.2)	52	37	107
179	172	Bridgestone	222	5.2	20	16	124
180	163	Juken	222	0.6	42	(43)	193
181	-	Freshmax	220	0.5	10	6	163
182	164	Asaleo Care	220	0.2	39	30	109
183	146	Kordia	217	8.1	26	8	150
184	177	Airways	214	4.6	59	36	82
185	178	NZPM Group	213	6.1	7	5	162
186	-	China Merc. Properties	208	39.9	28	28	104
187	184	OTPP NZ Forest	208	4.6	105	105	41
188	165	Smiths City Group	208	(4.7)	(12)	(15)	180
189	175	Unilever	208	0.8	10	9	145
190	168	Weyville Holdings	208	(3.5)	28	21	123
191	188	Kerbside Papers	207	6.8	14	5	174
192	194	C 3 Limited	203	9.7	26	11	147
193	-	PMP	201	37.0	12	(14)	183
194	186	Philip Morris	199	1.0	2	1	169
195	170	Ashburton Trad Society	198	10.8	1	0	173
196	200	Honda	198	11.9	11	4	167
197	198	Tasman Liquor	194	9.5	2	2	166
198	195	Wellington Electricity	193	7.3	84	52	177
199	174	Sealed Air	192	(7.6)	22	18	119
200	197	NZ Investment Hlds	191	6.1	35	30	110

Profit after tax			Total assets				Total equity				
$m	%	% change	#	$m	% change	Return on assets	#	$m	Return on equity	Debt to equity	Balance date
10	3.8	(11.4)	71	723	2.7	1.4	103	187	5.4	2.9	Dec-17
68	26.0	28.2	112	367	3.1	18.7	147	76	90.3	3.8	Dec-17
13	4.9	15.4	124	307	12.0	4.4	111	159	9.3	0.9	May-18
38	14.9	9.0	78	651	0.1	5.9	66	389	9.9	0.7	Dec-17
31	12.1	14.2	127	298	7.5	10.8	83	255	12.9	0.2	Jun-17
8	3.2	(9.4)	187	98	12.9	8.7	172	39	20.7	1.5	Dec-17
30	11.9	(15.7)	80	631	3.5	4.9	72	323	9.4	1.0	Feb-18
(21)	(8.2)	(567.4)	192	82	(13.1)	(23.4)	186	18	(73.8)	3.6	Jun-17
97	38.6	2.3	53	924	2.5	10.6	36	747	13.1	0.2	Jun-18
120	48.2	(16.0)	19	3,085	2.9	3.9	12	1,994	6.3	0.5	Mar-18
(136)	(54.9)	(1,944.5)	75	695	(17.7)	(17.7)	49	551	(22.0)	0.3	Jun-17
36	14.3	(12.6)	61	794	1.3	4.5	63	416	8.8	0.9	Mar-18
1	0.3	(15.0)	198	52	19.2	1.7	191	11	7.4	3.7	Dec-17
34	13.8	15.7	153	201	27.0	18.8	125	113	34.9	0.8	Dec-17
8	3.3	139.7	189	90	1.1	8.9	189	14	83.9	5.7	Dec-17
6	2.6	37.5	191	83	7.2	7.8	170	40	16.9	1.1	Sep-17
27	11.3	23.4	139	252	5.9	11.1	106	172	16.5	0.5	Jun-18
77	32.5	27.4	41	1,273	15.2	6.5	35	758	10.7	0.7	Jun-17
9	3.9	(55.5)	118	342	0.1	2.7	87	242	3.9	0.4	May-18
7	3.1	284.5	146	230	(5.8)	3.1	112	156	4.8	0.5	May-18
(27)	(11.6)	(3,695.6)	197	54	(32.0)	(41.0)	179	31	(61.2)	0.7	Jun-17
52	22.2	351.3	30	1,814	1.6	2.9	18	1,466	3.6	0.2	Jun-17
23	9.9	242.7	152	201	4.1	11.7	129	105	24.6	0.9	Jun-17
21	9.0	8.7	158	172	0.1	12.1	116	148	14.3	0.2	Dec-17
28	12.5	39.9	92	560	25.4	5.6	121	128	24.5	3.4	Mar-18
41	18.2	(40.0)	101	455	2.3	9.1	65	392	10.7	0.2	Mar-18
175	78.1	107.5	47	1,058	24.0	18.4	52	486	39.3	1.2	Dec-17
19	8.6	24.2	122	319	8.9	6.3	140	91	23.6	2.5	Dec-17
12	5.5	12.7	173	149	13.8	8.7	133	102	12.7	0.5	Dec-17
(32)	(14.3)	(202.0)	105	446	(8.9)	(6.8)	76	292	(10.4)	0.5	Mar-18
2	0.8	(21.0)	180	117	3.1	1.5	181	25	7.7	3.7	Sep-17
19	8.6	8.2	144	235	5.9	8.3	141	83	23.5	1.8	Dec-17
6	2.6	590.6	164	166	(1.1)	3.4	139	92	6.3	0.8	Jun-18
27	12.7	14.7	145	231	11.0	12.4	118	132	21.9	0.7	Jun-18
2	1.0	(11.3)	193	79	1.6	2.6	185	18	12.3	3.5	Mar-18
20	9.4	47.7	129	294	80.5	8.5	134	102	21.1	1.9	Dec-17
70	33.5	145.3	102	453	9.9	16.1	100	193	41.2	1.3	Dec-17
(7)	(3.5)	(400.0)	176	136	1.8	(5.4)	165	44	(14.7)	2.1	Apr-18
7	3.2	(22.6)	194	79	(1.5)	8.3	159	57	11.4	0.4	Dec-17
12	6.0	(18.0)	148	215	(2.0)	5.7	124	120	10.1	0.8	Jun-17
0	0.1	104.3	120	337	92.9	0.1	180	25	0.9	12.5	Jun-17
6	3.1	(48.2)	160	170	5.6	3.8	145	77	8.6	1.2	Dec-17
(16)	(7.8)	(397.0)	195	75	(22.1)	(18.4)	171	40	(29.4)	0.9	Jun-17
1	0.3	(74.0)	190	87	74.0	0.8	195	1	36.4	106.6	Dec-17
0	0.1	13.9	200	32	3.3	0.9	187	15	1.8	1.1	Jun-18
1	0.6	(62.7)	170	156	(0.1)	0.7	138	97	1.2	0.6	Mar-18
1	0.7	(14.5)	199	45	21.8	3.1	190	13	10.1	2.4	Apr-18
(1)	(0.4)	55.6	54	910	(1.1)	(0.1)	142	83	(1.0)	10.0	Dec-17
14	7.3	20.6	149	209	(6.2)	6.5	107	171	7.9	0.2	Dec-17
19	9.8	9.4	167	158	0.3	11.9	166	44	43.4	2.6	Dec-17

Deloitte Top 200 Index

The Deloitte Top 200 Index consists of New Zealand's largest entities ranked by revenue.

These entities include publicly-listed companies, large unlisted entities, New Zealand subsidiaries and branches of overseas companies and the commercial operations of Māori entities. It also includes producer boards, co-operatives, local authority trading enterprises and state-owned enterprises.

All figures are the latest available, verified and audited by Deloitte. We recognise that various entities evaluate their own performance using measures specific to their business. For comparability and simplicity we have adopted a relatively simple calculation methodology focusing on understood financial measures.

- Revenue: as disclosed in the entity's Statement of Comprehensive Income (excludes gross commission sales).
- EBITDA: earnings before net interest income/expense, tax, depreciation and amortisation and impairments of property, plant and equipment or intangible assets.
- EBIT: earnings before net interest income/expense and tax. Not shown for the financial institutions.
- Profit after tax: as disclosed in the Statement of Comprehensive Income.
- Profit after tax %: calculated as profit after tax divided by revenue.
- Total assets: as disclosed in the entity's Statement of Financial Position. Includes current and non-current assets, investments, tangible and intangible assets, deferred tax assets and goodwill.
- Return on assets (ROA): calculated as profit after tax divided by average total assets over the period. Average total assets are calculated by adding the total assets at the beginning of a period to the total assets at the period's end and dividing the result by two. For an entity that has operated for only one year the first year total assets figure is used as an approximate.
- Total equity: as disclosed in the entity's Statement of Financial Position including non-controlling (minority) interests. For New Zealand branches of overseas companies, the amount shown as owing to head office is deemed equity.
- Return on equity (ROE): calculated as profit after tax divided by average shareholder's equity over the period. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at the period's end and dividing the result by two. For an entity that has operated for only one year the first year total equity figure is used as an approximate.
- Debt to equity ratio: calculated as total liabilities divided by shareholder's equity as disclosed in the entity's Statement of Financial Position.

General criteria

To be included in the Deloitte Top 200 Index and the Deloitte Top 30 Financial Institutions Index, entities must operate for a commercially determined profit.

The following general points apply to all the Deloitte Top 200 indices.

- The audited financial statements submitted must be prepared as a going concern.
- The entities will generally but not always be liable for tax on earnings.
- Entities that have operated for less than 12 months are not included.
- Entities fully owned by another New Zealand entity are excluded if they are reported as a consolidated group.
- In some instances where it is believed that the separate results are more meaningful because the entity in question is competing with other similar New Zealand entities, and where separate figures are available, these have been used and the holding entity results excluded.
- N/A is used where figures were either not disclosed by the entity or could not be calculated from the disclosed information.
- An "-" indicates the entity was not ranked last year.

2018 data changes

The results have been presented in millions to improve readability. Deloitte percentage change calculations are shown in italics to distinguish them from reported numbers (presented in non-italics).

Deloitte Top 30 Financial Institutions Index

The Deloitte Top 30 Financial Institutions Index consists of New Zealand's largest banks, finance and insurance companies ranked by total assets.

These results are based on these entity's legal set of accounts and not those accounts which include funds under management (i.e. accounts which include assets that are not legally owned by that entity but administered by it).

Deloitte Top 10 Māori Business Index

The Deloitte Top 10 Māori Business Index consists of New Zealand's largest Māori entities ranked by total assets.

These results are for the ultimate holding entity, including both commercial and non-commercial operations and could be prepared under either "for profit" or "public benefit entity (PBE)" reporting regimes.

For an entity to qualify for the Deloitte Top 10 Māori Business Index, first the entity needs to identify themselves as Māori. Then we look more closely at four attributes; stakeholders, kaupapa, ownership and results — what we call the Māori business SKOR.

What proportion of the entity's stakeholders are Māori? How does the entity demonstrate it follows Māori kaupapa? How much of the business is owned by Māori individuals, iwi and other Māori groups or entities? And are the results — the purpose and profits — of the entity predominantly to benefit or promote Māori initiatives? The answers to these questions collectively inform the extent to which a business is defined as Māori.

Top 200 team

Top 200 project partner: Andrew Hirst; Head of Clients and Marketing: Cassandra Worrall; Senior Marketing Advisor: Sara Muggeridge; Data project leads: Silvio Bruinsma, Adil Maqbool; Data gathering: Vivienne Alistoun, Prayas Bhutani, Esther Chow and Sonia Barlett; Maori list: Leon Wijohn, Wiremu Stone.

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Cassandra Worrall

Silvio Bruinsma

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TOP 30 FINANCIAL INSTITUTIONS INDEX

This year's Top 30 Financial Institutions Index sees the addition of four new financial entities: Bank of China, Partner Life, Pastel Holdings and Nelson Building Society. Last year there were eight new additions to the Index.

The Top 30 have once again grown their total asset bases, this year by $13.1b, from $522.0b in 2017 to $535.2b in 2018. This is a 2.5 per cent increase, compared to the 7 per cent increase seen from 2016 to 2017.

Once again, the top bank in the rankings is ANZ, holding assets of $154.0b and outpacing all other banks in terms of profit and equity. ANZ has had a 4.3 per cent decrease in total assets from $161.0b in 2017, but still far outranks its closest competitor Westpac by $58.3b.

The second-place spot has been retained by Westpac, with total assets of $95.7b. ASB and BNZ have been ranked behind Westpac for many years now, but are now only just behind — with $95.4b and $95.3b of total assets respectively.

It is the first time in several years where there has been a change in rankings between the big four banks — ASB has beaten BNZ bank to take the third-place spot in 2018.

Of the big four banks, only ANZ has suffered a decrease in total assets of 4.3 per cent.

Westpac increased their total asset base by 2.5 per cent, ASB increased their total assets held by 7.7 per cent, and BNZ increased their assets by 3 per cent.

Of the big four banks, ASB has the highest return on assets and return on equity ratios, boasting an ROA of 1.3 per cent and an ROE of 15.4 per cent.

Kiwibank retained its fifth-place spot in the Top 30 with total assets of $20.7b. Kiwibank's assets have remained stable year on year, with just a 0.5 per cent increase.

Cumulative profits for the Top 30 financial institutions have increased by 15.4 per cent, from $5.2b in 2017 to $6.0b in 2018. Profit has increased for all big four banks.

ANZ has increased profit from $1.5b to $1.8b (15 per cent), Westpac has increased profit from $963m to $1.1b (10 per cent), ASB has increased profit from $1.1b to $1.2b (10.1 per cent) and BNZ has increased profit from $913m to $937m (2.6 per cent).

Cumulative equity has increased by 3.5 per cent from $44.7b in 2017 to $46.3b in 2018.

AMP Life has jumped from 13th place in 2017 to 9th place in 2018 due to a 69.5 per cent increase in assets from $3.5b to $5.9b. AMP Life is the only financial institution to be a new entrant to the top 10 financial institutions in 2018.

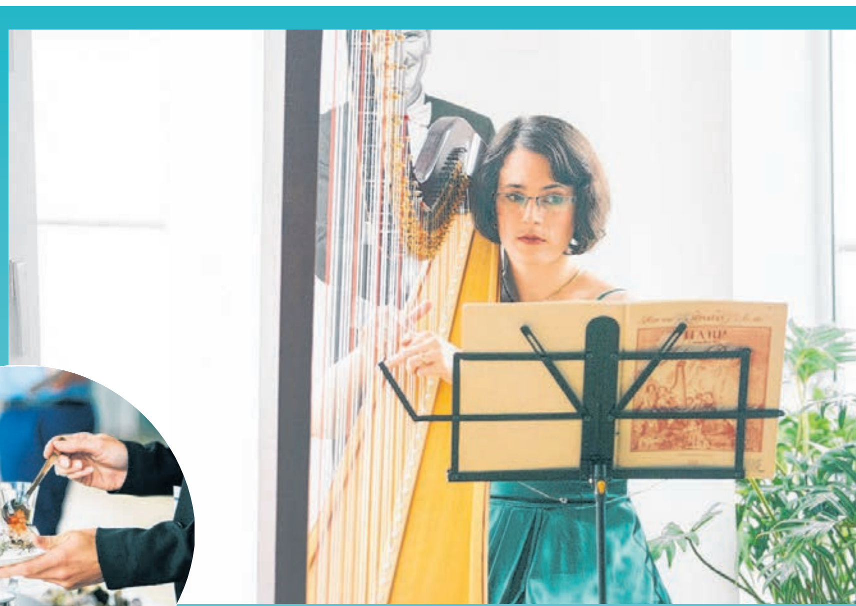
HSBC has increased total assets by 25.9 per cent to $6.4b from $5.1b in 2018, allowing the institution to claim the 8th place spot after coming in 9th in 2017.

IAG has fallen to 10th place after coming in 8th in 2017, due to a 13.9 per cent decrease in total assets. IAG's total assets have decreased from $6.2b in 2017 to $5.4b in 2018.

After holding the 10th place position for several years, Heartland Bank has fallen to 11th place despite increasing total assets by 11.4 per cent to $4.5b.

2018	2017	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax	Balance date
1	1	ANZ	153,973	(4.3)	1.1	12,781	13.8	1,765	Sep-17
2	2	Westpac	95,666	2.5	1.1	7,831	14.2	1,059	Sep-17
3	4	ASB	95,413	7.7	1.3	7,872	15.4	1,177	Jun-18
4	3	BNZ	95,315	3.0	1.0	6,941	13.4	937	Sep-17
5	5	Kiwibank	20,715	0.5	0.6	1,487	8.0	115	Jun-18
6	6	Rabobank	11,321	0.1	1.0	1,476	7.6	108	Dec-17
7	7	TSB Bank	7,416	9.0	0.7	613	8.6	52	Mar-18
8	9	HSBC	6,405	25.9	0.8	25	186.8	47	Dec-17
9	13	AMP Life	5,867	69.5	3.2	948	18.7	149	Dec-17
10	8	IAG	5,380	(13.9)	0.4	734	2.2	23	Jun-17
11	10	Heartland Bank	4,496	11.4	1.6	664	10.9	68	Jun-18
12	11	Southland Building Society	4,455	11.5	0.6	297	9.3	27	Mar-18
13	12	MUFG Bank	4,057	13.9	0.6	164	14.1	22	Mar-18
14	14	Suncorp Group Holdings	2,824	(9.5)	3.6	531	19.5	108	Jun-18
15	15	AIA Sovereign	2,670	(2.8)	4.0	1,251	8.5	107	Jun-18
16	16	Co-operative Bank	2,629	11.2	0.4	182	6.0	10	Mar-18
17	17	Citibank	2,048	(0.8)	0.9	184	9.6	18	Dec-17
18	24	China Construction Bank	1,826	105.7	0.8	206	5.2	10	Dec-17
19	-	Bank of China	1,666	223.7	(0.1)	214	(0.5)	(1)	Dec-17
20	23	ICBC	1,662	83.9	(0.1)	139	(0.9)	(1)	Dec-17
21	20	Toyota Finance	1,406	21.3	1.3	147	11.8	17	Mar-18
22	19	FlexiGroup	1,184	(1.0)	3.4	214	20.8	40	Jun-17
23	21	QBE Insurance	1,065	(6.4)	2.9	243	14.3	32	Dec-17
24	-	Pastel Holdings	1,047	4.9	1.6	157	11.4	17	Dec-17
25	22	Deutsche Bank	916	(5.7)	0.1	36	1.4	1	Dec-17
26	25	Foundation Life	794	(8.6)	(0.0)	13	(0.9)	(0)	Sep-17
27	27	Aon	773	5.0	4.2	107	35.2	32	Dec-17
28	-	Partners Life	736	34.4	5.9	337	13.5	38	Mar-18
29	28	Suncorp Group Services	735	0.8	5.3	434	8.9	39	Jun-18
30	-	Nelson Building Society	723	13.2	0.6	49	8.7	4	Mar-18

Judges Neil Paviour-Smith (left) and Jonathan Mason confer.



A harpist provided background music.

Glamorous lunch celebrates finalists

The Deloitte Top 200 sponsors and finalists got together at the Hilton's FISH Restaurant, hosted by NZME, to celebrate excellence in business ahead of the big night on November 21.

MinterEllison's Silvana Schenone with finalist Fraser Whineray (Mercury).

Dean Buchanan of NZME welcomes guests.

Judge Dame Alison Paterson talks with finalist Jon Raby (ASB).

Hosts Andrew Hirst (Deloitte, top) and Shayne Currie (NZME, above).