Dynamic Business

Pictured from left
Visionary Leader
Peter Beck
D&I Leadership
Arihia Bennett *Ngāi Tahu*
Judges' Award
Dame Therese Walsh *Air NZ*
Chief Executive of the Year
David Mair
Skellerup Holdings
Chairperson of the Year
Patrick Strange
Company of the Year
Infratil *(below)*

EXCLUSIVE REPORT **DELOITTE TOP 200 AWARDS**

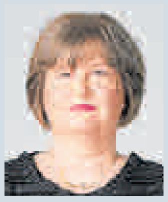
Reimagining Business

Rebuild • Rethink • Recalibrate

Photos / Getty Images, Dean Purcell, Michael Cunningham, Nick Reed, supplied

Bill Bennett looks at the switch to 'next-gen normal' on B6.

Reimagining business in a changing landscape



Fran O'Sullivan

Reimagining Business is not a catchcry.

It is a gift in time when the dislocation caused by a global pandemic, now running into its third year, is catalysing change.

In the *Herald*'s Dynamic Business Report we take a look at how to maintain momentum in challenging times.

Auckland Business Chamber CEO **Michael Barnett** — whose business organisation has been in the thick of assisting its SME membership through the pandemic — talks about how Covid gave business a jolt. But it is time now to change the narrative, says Barnett and identify the essential skills, capabilities and workforce needed to fuel long-term recovery, support our sectors and industries to continue to be successful, and sustain core services. Wellness is a major focus for the chamber.

Business consultant **Tim McCready** examines some key trends that are influencing business in 2022. The most visible changes have been the rapid uptake of digital technologies and the rise of remote and hybrid working. Overshadowing these trends is increased geopolitical uncertainty; particularly now with Russia's invasion of Ukraine.

McCready writes that with geopolitics entering a new era, businesses must walk a geopolitical tightrope and be ready to respond as events occurring elsewhere in the world impact their own operations, relationships, and people.

Technology writer **Bill Bennett** notes when people "moved to working from home", many used advanced technologies like video-conferencing, cloud computing and collaboration software for the first time.

Investment in IT is now a business conversation, not a technology conversation. And New Zealanders' reputation for being early adopters of technology is helping to spur a new wave of investment including in multibillion-dollar data centres and upskilling Kiwis with ICT skills.

ANZ's **Bernadette Shaw** illustrates how the Cook Islands' experience with the pandemic provides lessons for New Zealand business owners and directors across all industries, from tourism operators to fashion designers, to take steps ahead of time to ensure the foundations of their business are strong — and keep their heads held high enough to react quickly to the inevitability of change.

Russell McVeagh's **Jo Avenell** observes, there is a huge amount of talent that is offshore now and wanting to come home. The best you can do is to back your culture, look after your people well and make sure the business is attractive to those who are ready to come home, says the law firm CEO.

Inflation, climate change and coping with work force shortages are also canvassed. Enjoy the report.

Fran O'Sullivan
Editor, Dynamic Business Report

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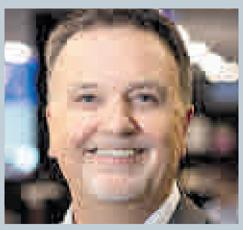

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Dynamic Business

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An unpredictable road ahead

The pandemic exposes NZ's supply chain vulnerability — be ready for more inflation in the year ahead, write academics **Rahul Sen** and **Sadhana Srivastava**.

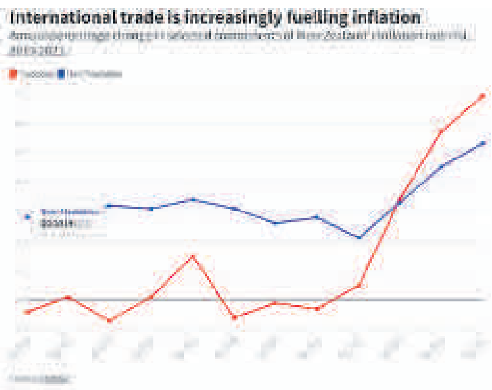
You don't have to be an economist to know New Zealand faces its highest annual inflation rate in 30 years — 5.9 per cent as of December 2021. Visit a supermarket or petrol station and the evidence is right before your eyes.

The average price of petrol per litre is now up by 31 per cent compared to last year. In some places, it has already hit $3 a litre. To take just one grocery example, tomatoes doubled in price during the same period, contributing to the highest annual food price inflation since 2011.

These severe price hikes are a direct reflection of the impact of the global pandemic on tradable inflation — that is, goods and services we either import for our own consumption or as components in our own manufacturing and exporting processes.

Since mid-2021, annual tradable inflation has been outpacing non-tradable inflation (the rising price of goods and services we produce and consume domestically) — 6.9 per cent versus 5.3 per cent at December 2021.

While tradable inflation accounts for about 40 per cent of New Zealand's overall inflation, the pace at which it's growing means external sources are increasingly fuelling inflationary pressure.



Reduced airline capacity and rerouting of cargo have led to delays in unloading cargo at ports and slower turnaround times for ships.

Pandemic pressures

Much of this can be sourced back to the effects of the pandemic on global supply lines. Three key factors are driving the pressures:

Costs of raw materials and other inputs are rising at each stage of the supply chain, with factories closing and reopening due to changing restrictions. The semiconductor industry, for example, has been facing a chip shortage since 2021.

Logistics and transport costs are rising due to massive disruptions at the distribution end of the supply chain. Reduced airline capacity and rerouting of cargo, coupled with lockdowns and isolation requirements, have led to delays in unloading cargo at ports and slower turnaround times for ships. Freight company Mainfreight, for example, expects delays of 20-30 days above normal shipping times for Auckland.

Energy costs are rising, partly due to recovery in global demand in 2021, combined with supply shortages and cartel-controlled production.

These combine to cause disruption at each stage of supply chain — production, transportation and distribution — forcing New Zealand to "import" more inflation on top of what is being generated from within its own economy.

Vehicles, fuel, clothing, processed foods and manufacturing materials have all been affected.

Supply chain vulnerability

The rising cost of house construction provides an illustrative example. Prices go up when, say, imported iron girders cost more to produce in their country of origin, in turn caused by costlier imports of iron and steel.

On top of this there can be delays in shipping the materials due to port closures or workforces affected by the pandemic.

Similarly, the scarcity caused by a worldwide semiconductor shortage means higher costs of production for electronic products and new vehicles, pushing up retail prices for imports.

Above all, rising energy costs are a financial body blow to the transport and logistics sector — the backbone of the local economy.

Geopolitical tensions over Ukraine and Russia — both major oil and gas producers — simply add to the risk of spiking imported energy costs.

The pandemic has exposed New Zealand's ever-present vulnerability to global supply chain disruptions. If the emergence of new Covid-19 variants affects New Zealand's major trading partners (China, Australia, US, EU and Japan) imported inflation will remain a problem throughout 2022.

No quick fix

The unpredictable impacts of the pandemic on supply chain-led tradable inflation create a tough balancing act for policymakers because the causes are out of their direct control.

The Reserve Bank's use of interest rates and monetary policy to maintain short-term price stability has worked well when domestic factors drove inflation. It's a lot trickier when external supply shocks become the key drivers, and inflation predictions are clouded by global uncertainties.

Some relief could be provided by the government reducing GST and fuel taxes, but this is not a quick fix. In the medium to longer term, New Zealand needs to diversify risk and bring some supply chains back within its own borders.

The government could take a cue from the trilateral supply chain resilience initiative (SCRI) launched last year by two of New Zealand's main trading partners, Australia and Japan, and the fastest-growing emerging global market, India. Its aim is to identify key sectors vulnerable to supply chain shocks and invest in their resilience to future uncertainties.

For now, however, New Zealand can count on an unpredictable road ahead, and should be ready for the possibility of even higher inflation than the year before.

● *Rahul Sen is Senior Lecturer, School of Economics and Sadhana Srivastava is Lecturer in Economics at the Auckland University of Technology*

Change the things you can

It's time to change the narrative writes Auckland Business Chamber chief executive **Michael Barnett**

The one thing I have noted over the past year is that there are many who are critical of the Government's response but not too many prepared to offer solutions or alternatives.

The Chamber and EMA are business organisations that I believe have done well. We listen to our members; we find out what they need and we feedback suggestions and solutions to Government to tailor support. We have shown we are in touch and in tune with what is happening in the real world.

Covid gave us a jolt. It showed us there are realities we must face.

In our lifetimes we have never had to deal with a pandemic on this scale so there are no experts despite the claims by some in Government, bureaucrats and academics as they formulated interventions, protections and restrictions.

But did we talk to each other enough? Probably not. If we had consulted more broadly, included a wider range of voices and encouraged genuine collaboration we might have optimised the outcomes and mitigated the pain inflicted on lives and livelihoods.

As we prepare to recover, we must also ensure Omicron and everything else its Covid cousins throw at us does not frame the future.

Government is charged with setting the platform to support and stimulate recovery. My plea is do so only after real consultation with business, including the tens of thousands of small and medium enterprises who are the backbone of the national economy. We can provide expertise, insights, resources and constructive solutions.

Let's start with changing the narrative. It has been strained and stressing us out. It's about red lights, stop signs, controls, don't do that do this, wildly fluctuating, scary case numbers and clouded hope that the downward slope of Omicron is going to be sooner, faster and furious — and rapid antigen tests and sensible isolation rules will save the day for some if not all SMEs in serious strife.

We want a new story that is not spin and not about fear and failure, uncertainty and disruption. It needs to shine a light on recovery, sustainability, tenacity, innovation, courage and can-do cultures to remind us of what success looks like.

We need to listen for the good news and not exist in an environment shaded by a narrow and pessimistic view of New Zealand. There are sectors and people doing well and delivering employment, new businesses and export revenue for the good of all New Zealanders. Seek them out, discover what they did differently and better and apply the learnings to benefit recovery.

Our primary sector has had booming exports, private enterprises' agile workarounds are keeping supply chains operating and commerce moving, the huge transformation to digital solutions and e-commerce are positive developments that have seen us through.

Our adoption of robots, robotics and automation is changing the way many sectors operate to lift productivity, service experiences and efficiencies. This new way and redesign of businesses processes will accelerate and reduce our dependency on cheap labour.

The main economic indicators remain healthy by international standards despite global inflation, labour shortages and shipping upheavals.

Government came to the party for business, and we must recognise that but now it is up to us to be ready for success and write our own narratives.

Soon our borders will open to skilled migrants and critical workers needed now in numbers to fill labour gaps. There's opportunity to change the narrative here too. We need to identify the essential skills, capabilities and workforce needed to fuel long term recovery, support our sectors and industries to continue to be successful, and sustain core services. The tech, health, education, agribusiness, manufacturing, communications, and others all need

> We must also ensure Omicron and everything else its Covid cousins throw at us does not frame the future.
>
> Michael Barnett

extra skills to align with redesigned and reimagined operating systems to create growth.

If business shows how ready they are for a redesigned future, we will attract the skills, investors, entrepreneurs, and innovators to back New Zealand into new sectors and create opportunities.

For too long our immigration settings have been skewed to support short term fixes — the seasonal worker, the two-year work visa or a quick turnaround contract on a work permit. Only the highly qualified, experienced and paid, or wealthy would be investor, get to the front of the queue to become permanent residents or citizens. For others, even with work experience in New Zealand's productive, service and export sectors, it is a lottery, a revolving door, and we lose their skills.

We want an immigration policy that recruits, retains and builds capabilities to build the future. We are challenged filling available jobs now and a potential brain drain looms as our youngest and brightest head off on their delayed OE. We need to rethink how we value jobs beyond an hourly rate to consider their contribution to productivity, ongoing improvement and the revolution that will take place on factory floors with new ways of operating.

Part of the plan to manage the supply of labour and skills should be harnessing talent beyond the school leaver. We could, for instance, offer longer term working visas for workers with essential and in-demand skills, and be more proactive in encouraging and promoting the benefits for business if they take on more apprentices. Government, through the Ministry of Social Development, could subsidise apprentices and support a framework to manage the apprenticeship scheme to be fit for business. It would be a win for all parties — apprentice, entrepreneur, and government by delivering social outcomes.

Recovery demands real leadership, pragmatism, and an obstacle-free platform for business to get over the hump and lead national and regional economic recovery.

Investment in national assets and infrastructure upgrades need reimagining so they are delivered faster, better, and more efficiently be it designing a port for the future, a road or rail link. We need to erase onerous, time wasting and expensive consenting processes. We need water, land, and other natural assets to be managed more efficiently in an era of climate change and give priority to providing access for all to core health, security, housing and education services. For business, more short-term fixes and stimulus will be required to get us through the worst of our recuperation.

Time matters. Fruit doesn't pick itself. Patients don't mend themselves. Buildings need to be built. Trucks need drivers. IT-reliant businesses need programmers and expertise at every level. Tradies are wanted everywhere. Apprentices are future professionals. School leavers need jobs and skills and aptitudes beyond reading, writing and arithmetic. There is so much we can do; the challenge is to do it better than ever before.

Government wants us to be kind, and we will, but it is time to live with Covid and get on with life.

● *Auckland Business Chamber is a sponsor of the Dynamic Business Report*

Pride and prejudice removed with first steps

We're all in this together has been the Covid catch-cry, so be kind and look after each other.

But as Covid's tentacles crept deep into the community and restrictions from lockdowns to vaccine mandates took hold, tens of thousands of owner-operated small and medium sized enterprises had the life sucked out of them.

Kindness would not cut it, nor would support packages to keep jobs and business in business.

Another silent pandemic was sweeping indiscriminately across business owners and managers.

Pride and prejudice prevented normally capable, confident business leaders from speaking out about a subject they would normally ignore and never share — their shaky mental health and wellbeing. But as levels of anxiety, stress, anger, grief, fear, pessimism, depression, aggression, introspection, loss of confidence, control, motivation, and alcohol abuse escalated, it became a deafening chorus, an SOS the Chamber and EMA could respond to.

Supported and financed by Government, https://firststeps.nz/ was launched to provide easy access to practical, self-help tools and expertise for business leaders. It has been a success and an example of government being open to tailor-made solutions.

Since launching in late December, more than 20,000 hits have been recorded on the website with over 10,000 resources downloaded and used by businesspeople who took their first steps. They came to the realisation that they had to look after themselves if they were to look after their staff, families and communities.

As a leader, responsible for staff, revenues, and operations, it falls on your shoulders to have all the answers, but the reality is Covid delivers untenable uncertainty and stresses.

It should be of comfort to a business owner or manager in that zone to know you are not alone and that there is help at hand.

Acknowledging that stress and the effect on behaviour and sense of wellbeing is not a stigma.

Other business leaders are just the same, also feeling depressed, a failure, overwhelmed, anxious and exhausted, drinking too much, lashing out at the family with uncharacteristic outbursts and upsetting relationships that matter.

The big issue is to address it.

— Michael Barnett

Trends that matter in 2022

Tim McCready breaks down key trends that will impact businesses and shape business conditions over the coming year

The business climate has been anything but predictable over the past two years. The Covid-19 pandemic has caused upheaval and seen companies scramble to adapt to a rapidly changing environment — the most visible changes have been the rapid uptake of digital technologies and the rise of remote and hybrid working.

That unpredictability looks set to continue, but there are several underlying trends for businesses to keep in mind as they navigate the year ahead.

1 A new era of geopolitics

In response to Russia's invasion of Ukraine, the US and EU have cut selected banks from Swift and closed airspace to Russian planes. Further sanctions have been imposed on Russia's central bank, aimed at preventing it from accessing reserves.

While the crisis might be on the other side of the world, the economic impact will ripple through the global economy and reach NZ shores.

Russia is the world's second-largest exporter of crude oil and refined petrol, and the world's largest exporter of natural gas. Global crude oil prices have already reached their highest levels since 2014, and it is expected that prices will go even higher as the conflict persists. This will impact fuel, supply chains, and the cost of goods in general.

Businesses should also brace for cyberattacks, which many predict Russia will use in response to sanctions. NZ's National Cyber Security Centre (part of the GCSB) recently released an advisory encouraging nationally significant organisations to consider their security, exercise readiness, and monitor for relevant cyber security developments.

Closer to home, the South China Sea and China's increasing influence in the Pacific continues to cause fractures in the relationship between China and the United States.

Just prior to the Beijing Winter Olympics in a joint statement, President Xi Jinping and Russian President Vladimir Putin denounced interference from the United States in their affairs and opposed further enlargement of Nato.

While New Zealand has so far managed to carefully navigate its relationship with China, we will face increased pressure as Australia, the United States and the UK make stronger statements about China's behaviour. At last year's Apec CEO Summit, President Xi warned Asia-Pacific nations to not "relapse into the confrontation and division of the Cold War-era".

Prime Minister Jacinda Ardern noted at last year's China Business Summit that differences between NZ and China were "becoming harder to reconcile" as Beijing's role in the world grows and changes, and that "managing the relationship is not always going to be easy and there can be no guarantees".

With geopolitics entering a new era, businesses must walk a geopolitical tightrope and be ready to respond as events occurring elsewhere in the world impact their own operations, relationships, and people.

2 Increased employee turnover becoming harder to prevent

Since the start of the pandemic, the "Great Resignation" has gained momentum. The pandemic has shifted the mindset of employees, and seen them leave their jobs in search for a better work-life balance, remote work opportunities, increased flexibility or higher pay. In some cases they are moving to organisations that provide a better sense of purpose and meaning, with values that align with their own.

In order to remain competitive and attract and retain workers, companies have to rethink the benefits they offer and clearly articulate their purpose.

This is particularly true for knowledge sectors — those industries significantly reliant on the use of technology and human capital. The tight labour market around the world has seen those workplaces that don't offer the flexibility and purpose demanded by their employees hindered by increased turnover in a market where good talent is hard to find.

But remote and hybrid has introduced new challenges for business.

The removal of a commute dramatically increases the pool of potential companies for employees. Someone living in Taranaki can now apply for remote working roles in Wellington or Auckland that might have previously been unobtainable to them.

It also limits the social ties that employees make with colleagues.

> Businesses must walk a geopolitical tightrope and be ready to respond as events occurring elsewhere in the world impact their own operations.

We have all been to staff farewells where we are told by the departing employee "it is the people here that makes it so hard to leave this job".

These connections that might have once encouraged employees to remain in their job have become weaker and will see the great resignation becoming a sustained challenge for business to grapple with.

3 Four-day work week gaining momentum

As an alternative to negotiating remuneration with employees and becoming drawn into a bidding war with other workplaces, there has been a rise in companies offering a shorter work week as a bargaining chip.

One example of reduced hours is the four-day work week, which is gaining momentum around the world.

NZ's Perpetual Guardian trialled a four-day week in 2018 — a world-first for a privately held company.

The eight-week experiment measured productivity, motivation and output, with staff paid the same amount for working fewer hours. It discovered productivity improved 20 per cent, and employees were more creative, committed and less stressed. It has since made the move permanent.

Perpetual Guardian founder Andrew Barnes says the four-day working week is "not just having a day off a week — it's about delivering productivity, and meeting customer service standards, meeting personal and team business goals and objectives".

More companies are now beginning to trial shorter work weeks.

A four-day week pilot in the United Kingdom begins in June, with 30 companies signed up so far. The pilot is run by 4 Day Week Global, an organisation that advocates for the shorter week. It says similar programmes are set to start in the US and Ireland, with more planned for Canada, Australia and New Zealand.

4 Wellness on the way up

Covid-19 has put significant strain on the workforce. Uncertainty around job security, lockdowns, social isolation and limited social contact all contributed to the mental health crisis and exacerbated stress, anxiety and depression for both employers and employees.

The challenge of retaining good employees has seen businesses and business leaders prioritise health and build a culture of wellbeing in the workplace that openly supports mental health.

Many organisations have introduced wellbeing programmes, which include partnerships with mental health providers, subscriptions to mental health apps, fitness classes and additional days off. Last year, Westpac New Zealand introduced five days a year of wellbeing leave, and NZX-listed Vista Group introduced half-day Fridays for all its staff.

Research conducted by the New Zealand Institute of Economic Research last year on behalf of Xero showed investing in employee wellbeing can help to make a business more profitable.

It estimated that for every dollar a small business invests in company-wide wellbeing initiatives for staff, it can expect to see a return of up to 12 times within a year.

5 The impact of Omicron (and future variants)

Overlaying all these trends, Covid-19 remains present. While the world welcomed the news that the highly transmissible Omicron variant is associated with less severe disease than earlier variants, a pattern of new variants around every six months has emerged.

Since there is a risk of the virus mutating each time it reproduces, the greater transmissibility from Omicron brings with it an even greater chance of new variants emerging.

It was hoped by many that the vaccine rollout would bring an end to the pandemic, but it looks increasingly likely that Covid-19 — in one form or another — is here to stay.

New tools like antivirals, antibody treatments and new vaccines are coming on board this year, which will help us navigate Covid-19 as it becomes an endemic disease.

These will be important as 2022 (hopefully) becomes the year that businesses, employers, employees and government finally reach post-pandemic normality. In a year fraught with challenges of all kinds to navigate, that is something that should bring hope to us all.

The switch to 'next-gen normal'

An investment boom is taking place as New Zealand builds a digital future, writes **Bill Bennett**

When New Zealand went into lockdown in early 2020 companies sent staff home to work. Schools and other educational institutions sent students home to continue their studies.

Many of those people used advanced technologies like video conferencing, cloud computing and collaboration software for the first time. Away from work there was a surge in online shopping, streaming entertainment and video games.

Technology adoption leapt forward. McKinsey, a management consultancy, reported: "Recent data show that we have vaulted five years forward in consumer and business digital adoption in a matter of around eight weeks". Growth in online shopping was more dramatic. By some measures the sector advanced 10 years in three months.

Early 2020 was a one-off step change, yet technology adoption continues to move forward at a faster pace than before the pandemic. Since then there has been an investment boom, with technology companies putting in the infrastructure to meet burgeoning demand.

In February, Digital Economy and Communications Minister David Clark launched the Government's draft Industry Transformation Plan for the tech sector. He placed the sector's importance in context: "Despite the ongoing impact of Covid, the digital technologies sector is thriving, growing at nearly twice the rate of the general economy. It is now a major exporter for New Zealand and contributed $6.6 billion to the economy in 2019".

Much of the recent investment boom supports cloud computing. Last month Amazon announced plans for an Auckland AWS (Amazon Web Services) Local Zone. It's the latest move in what AWS country manager for commercial Tiffany Bloomquist says will be a 15-year, $7.5 billion investment in local infrastructure.

"We're doing that because we believe we are just at the beginning of the cloud journey," says Bloomquist. "There is an incredible opportunity in New Zealand for growth. The companies that we are working with here are not just supporting New Zealand customers, they have ambitions to innovate, drive change and impact customers around the world. On the basis of what customers tell us, this is the right time to be investing."

She says that investment will create more than 1000 new jobs.

Amazon's Local Zone is a way of bringing cloud services closer to the point where they are used. That's critical for applications like video streaming, gaming and virtual reality. They use a lot of data and it needs to turnaround fast — in engineering speak the applications require "low latency".

It takes many milliseconds for data to travel overseas or even the length of the country. That's a noticeable lag if you are exploring a virtual world, controlling a drone or shooting aliens in a game. By locating in Auckland, it means single-digit millisecond latency around town.

Emily Lynch, senior market analyst at IDC, says New Zealand is seeing astronomical growth in cloud. "Like everything at the moment, it ties back to Covid. The pandemic is a huge contextual driver, to the trends that we're seeing. There are a few reasons for that. We're increasingly seeing the convergence of information technology and business when it comes to commercial operations in New Zealand.

"Instead of IT functioning as a unit of an organisation, it's now integral. IT is really ingrained and entrenched in the way organisations are doing business, regardless of the industry they operate in. That was illustrated starkly with Covid: the only way many New Zealand organisations were able to continue operating was thanks to the IT capabilities they had in place."

Tiffany Bloomquist

Emily Lynch

Lynch says the key is that investment in IT is now a business conversation, not a technology conversation. "Cloud is a key business enabler. It gives organisations a competitive advantage and allows them to focus on operations and serving customers." She calls this 'next gen normal' which symbolises a new age in the way companies conduct business.

"New Zealand was relatively advanced in cloud adoption before Covid. We were trending well ahead of other Asia-Pacific countries. We've always liked to push the envelope and adopt technologies early, but this is on another level. It's driven by demand and our scarcity of resources in this area."

> We were named one of the top three standout digital nations in a global study by the Fletcher School. We're also in the top 25 countries for ICT usage. Statistics like that show we're ready to take our economy to the next level, with huge potential to grow local businesses and boost innovation through digital technologies as well as the mentality to embrace change.
>
> Patrick Quesnel

IDC's research numbers show local public cloud revenue grew 20 per cent in 2020, 22 per cent in 2021 and is expected to grow a further 21 per cent this year. Lynch says Platform-as-a-Service, which allows business customers to run applications without buying physical hardware and Software-as-a-Service (that's cloud-delivered applications like Xero or Gmail), are the fastest growing sectors.

Patrick Quesnel, who heads Microsoft's Azure Business Group says New Zealand is one of the few countries in the Asia-Pacific where public cloud adoption has matured from initial disaster recovery and backup services to driving digital transformation and innovation.

"There's a huge hunger for public and multi-cloud services in this country. While Covid has been an accelerator, this is a trend that's been building for some time, as organisations look to become more sustainable, drive higher productivity and innovation and scale up into new markets."

He says New Zealand is recognised internationally as a digital innovation hub. "We were named one of the top three standout digital nations in a global study by the Fletcher School. We're also in the top 25 countries for ICT usage. Statistics like that show we're ready to take our economy to the next level, with huge potential to grow local businesses and boost innovation through digital technologies as well as the mentality to embrace change."

Microsoft is investing in multiple local data centre sites including what the company describes as the nation's first hyperscale facility. As the name suggests, a hyperscale data centre is much larger than a usual facility and can house millions of individual servers or virtual machines at a single location. Typically they are more cost-effective than smaller data centres.

Sophisticated infrastructure isn't much use if people don't have the skills to exploit it. Cloud expertise is in demand from across the economy. Microsoft is working on a series of schemes and initiatives to help people into careers using cloud. It teams with partners Auldhouse and Ace to provide Azure — Microsoft's cloud brand — training that leads to certification.

Microsoft employs Māori and Pasifika interns through a partnership with TupuToa. Last year it provided money and support for the TupuToa to work on Hikohiko te Uira, a skills programme. There is also the #10KWāhine, a programme to give 10,000 women digital technology training by the end of this year.

Cloud is not restricted to global giants. Local companies Spark and Datacom have significant investments in the sector. Canberra Data Centres (CDC) which is 48 per cent owned by NZX-listed Infratil has built large data centres in Silverdale and Hobsonville. They are due to start operating early this year.

Data communications is the other essential ingredient for a vibrant digital economy. The Key Government's 2010 decision to start building ultrafast broadband means urban areas had a modern network in place by the time the nation went into lockdown in 2020.

It helped that telecommunications companies boosted their investments in preparation for Spark's streaming video coverage of the 2019 Rugby World Cup.

Rural broadband has been slower to arrive. During the pandemic the Rural Connectivity Group, a joint venture between Spark, Vodafone and 2degrees began a programme to fill in coverage gaps.

Recently the RCG switched on a mobile tower at Coroglen bringing the total so far to 300 new sites. By the end of next year there will be 500 rural towers. The month saw Minister Clark announce further upgrades to rural coverage with the Rural Capacity Upgrade that aims to improve capacity in areas with poor coverage. It means by the end of 2024, 99.8 per cent of New Zealanders will have fast, modern broadband.

Datagrid — a giant data centre in Southland

Investment in cloud infrastructure doesn't stop with the international technology giants. Last year Datagrid New Zealand announced plans for a $700 million hyperscale data centre near Invercargill.

The location was chosen in part because of the climate, data centres get hot, cooling them is expensive, the other reason is cheap renewable power.

Despite these advantages, until now the South Island failed to take off as a data centre location because it has poor connectivity with the rest of the world.

Remi Galasso

Datagrid has the answer.

The project is led by telecommunications entrepreneur Remi Galasso and Callplus co-founder Malcolm Dick. The pair first joined forces for the Hawaiki Cable project, which links New Zealand and Australia to the US.

A new cable, Hawaiki Nui, will connect Invercargill to Dunedin and Christchurch while giving the South Island a direct international link to Australia, Singapore and the US.

Galasso says the sudden surge of investment in data centres is global.

"The need for data storage is exponential and the industry is desperately looking for renewable energy and especially hydro power which is the most stable electricity.

On top of green power, political stability and security is mandatory. Cool weather is a plus.

"New Zealand has all the ingredients to become an international digital safe box.

"And it is perfectly well located in the middle of the Singapore-Chile route that will soon connect Southeast Asia to South America and that we call the Great Southern Route."

This keeps international data away from potential points of geo-political tension in the Northern Pacific.

Says Galasso: "This is the reason why we strongly believe in the potential of Invercargill and Southland, and have decided to develop strategic digital infrastructures: Hawaiki Nui submarine cable and Datagrid carbon neutral hyperscale data centre."

Cooks deal with the Covid heat

Lessons learned in Pacific should be noted in New Zealand, writes **Bernadette Shaw**

It is important to acknowledge, accept, and embrace the uncertainty that naturally comes with change.
Bernadette Shaw

New Zealanders know the Cook Islands as a favourite holiday destination but under Covid, businesses like Manini Wear have had to pivot to deal with the fall-off in tourism.

There's a well-known Cook Islands proverb — "kia pupuru o vaevae, kia mokorā ō kakī".

Translated literally, it means "to have legs that hold, and a neck like a duck". Interpreted, it speaks to having solid foundations, while being watchful and alert to changes in your surroundings.

Many Cook Islands businesses will have borne this saying in mind since the Covid-19 pandemic began, as they tried to keep their financial footing in a dramatically affected tourism market, while also looking for alternative revenue sources to tide them through.

The Cook Islands are a little under four hours' flight from Auckland, and for many Kiwis it has been a well-loved holiday spot for decades. In 2019, 170,000 thousand people visited the country, which has a permanent population of just 17,000 — tourism is central to the Cook Islands' economy.

In March of 2020, that source of revenue was cut off completely.

According to economic data compiled by ANZ Research, the Cook Islands' GDP has fallen by a higher percentage during the pandemic — over 2020 and 2021, inclusive — than any other country.

The challenges of business owners there have been worsened by a widespread staff shortage, with more and more workers choosing to move overseas for better wages.

Some of these businesses have adapted to the challenge of Covid-19 by developing avenues like online sales, domestic accommodation and long-term stays.

One example, Cook Islands fashion designer Manini Wear, worked closely with ANZ to implement our eGate online payment solution, which has allowed them to sell their goods to overseas customers, despite the local tourist sales drying up.

Their successful pivot online underscores the role technology can play in creating business opportunities.

While there have been some positive outcomes, the overall feeling among business owners has been one of stress — coupled with a loss of control.

Their livelihoods, as well as those of their staff, are intrinsically tied to their business, and in many cases, the whole community relies on their success.

Someone recently asked me whether, in business, it is better to act quickly or to act carefully — and how do you find a balance between the two, in an urgent situation?

The banker in me — being naturally averse to risk — said it was better to act carefully, but sometimes acting carefully also means being prepared to act quickly and effectively, when required.

Covid-19 was, and continues to be, a very difficult scenario to plan for.

With business parameters changing so quickly, sometimes daily, the last two years have reinforced the importance of owners focusing on what they can control today, considering what their priorities are, and re-assessing those priorities often, in line with current conditions.

We need to prepare staff for the likelihood of change, and make it as seamless as possible when it happens.

Both in our running of the bank in the Pacific, and from seeing how our customers have responded to Covid-19, we've seen how important it is to ensure staff understand your purpose, and feel like part of a team.

People want to feel like they are part of something, are valued and can contribute to decision-making — especially in a scenario where they lose a bit of control, like a pandemic.

It is important to acknowledge, accept, and embrace the uncertainty that naturally comes with change.

What has been really encouraging throughout the pandemic is the overall feeling of community in the Cooks — which was already strong — being enhanced even further. There is a strong feeling of understanding and connection with each other, because most people now realise that everyone has been affected in some way.

In early 2019, the outgoing New Zealand High Commissioner to the Cook Islands, Peter Marshall, warned that economies centred heavily around one sector, like tourism in the Cooks, urgently need to diversify, or risk an "Achilles heel" moment when a significant disaster strikes, severely compromising the country's ability to earn.

That moment came, just a year later — and Marshall was right. If the Cook Islands had a more diversified economy, the impacts of the pandemic would not have been nearly as severe.

The Cook Islands re-opened to tourists in mid-January, but resort occupancy remains on the low side, with most seeing about 20-40 per cent of their accommodation filled.

Bookings for April and May are looking a little better, but the recent confirmed Covid-19 cases in the country are leaving many businesses wondering what the future will hold.

But as they welcome visitors back, freed from the confinement of lockdowns and boredom of home isolation, tourism businesses have the opportunity to reinvent themselves.

Whether in New Zealand or the Cooks, business owners and directors across all industries, from tourist operators to fashion designers like Manini Wear, would be wise to take steps ahead of time to ensure the foundations of their business are strong — and keep their heads held high enough to react quickly to the inevitability of change.

● *Bernadette Shaw is ANZ Country Head, Cook Islands*
ANZ is a sponsor of the Dynamic Business Report

We are not immune from global plight

Covid will dominate, but NZ will also have to face the ‘triple planetary crisis’ this year, writes **Nathan Cooper**

As the Government prepares to deal with Omicron, it won’t be the only major issue to tackle this year.

2022 will be important for environmental and climate action. Key developments are expected throughout the year, here and internationally, focusing on climate change and biodiversity — and how these crises overlap with the impacts of the pandemic.

In early April, the Intergovernmental Panel on Climate Change will publish the next two parts of its Sixth Assessment; a prior report was published in February. These will provide the basis for global negotiations at the next climate summit in Egypt in November. The February report focuses on impacts and adaptation and the April report on mitigation of climate change. Together, they will assess global and regional impacts of climate change on natural ecosystems and human societies, as well as opportunities to cut emissions.

They will identify points of particular vulnerability, consider the practicalities of technological innovations and weigh the costs and trade-offs of low-carbon opportunities. Both will present a definitive statement of where impacts of climate change are being felt and what governments and decision-makers can do about it.

Multiple crises

Climate change tends to dominate headlines about the environment. But biodiversity loss and accelerating rates of species extinction pose an equal threat to our economies, livelihoods and quality of life.

A UN Global Assessment Report on biodiversity and ecosystem services predicts the loss of one million species during the coming decades. It foresees serious consequences for our food, water, health and social security.

> The chance remains to avoid runaway climate change, protect biodiversity and stabilise our ecosystems.
>
> Nathan Cooper

New Zealand is not immune from this global crisis. About one third of our species are listed as threatened.

In April, the UN Biodiversity Conference in Kunming, China, will launch a global biodiversity framework to guide conservation and sustainable management of ecosystems until 2030. Expect to see intense negotiations on the current draft framework as states try to balance the need to address the underlying causes of biodiversity loss, without endangering economic priorities, including post-Covid recovery.

NZ’s plan to cut emissions

In May, the Government is expected to release its first emissions reduction plan (ERP), in response to the Climate Change Commission’s advice on how New Zealand can meet its domestic and international targets.

The plan will set out policies and strategies to keep the country within its emissions budget for 2022-25 and on track to meet future budgets.

Under the Climate Change Response Act 2002, the government is required to set emissions budgets for every three to four-year period between 2022 and 2050 and to publish emissions reduction plans for each.

The first plan looks likely to come at a difficult time for the economy. Businesses have already contended with Covid-related lockdowns and uncertainty and may soon be challenged by staffing shortages in the wake of the Omicron outbreak.

It will be tricky to balance the need for significant action to reduce emissions while keeping business and the wider community on board. Expect a wide-ranging plan with sector-specific strategies for transport, energy, industry, agriculture, waste and forestry, but little detail on agriculture.

Half a century on

In 1972, the UN Conference on the Human Environment took place in Stockholm, Sweden. It was the first international conference to make the environment a major issue.

Fifty years on, in June this year Stockholm +50 will mark a half-century of global environmental action, and refocus world leaders’ attention on the “triple planetary crisis” of climate, biodiversity and pollution.

The aim is to accelerate progress on the UN’s Sustainable Development Goals, the Paris Agreement and the global biodiversity framework, while making sure Covid-19 recovery plans don’t jeopardise these.

On the domestic front, the national adaptation plan (NAP) is due in August. This will set out how the government should respond to our most significant climate change risks, ranging from financial systems to the built environment and were identified in the first climate change risk assessment. Public consultation will take place in April and May.

The decade of action

The UN’s annual climate summit, COP27, will take place in Sharm el-Sheikh, Egypt, in November.

Last year, COP26 drew unparalleled public attention and generated positive new climate pledges. One major success was an agreement that nations revisit and strengthen their nationally determined contributions by the end of 2022. But the summit was criticised for failing to secure commitments from high-emitting countries to keep global temperatures from climbing beyond 1.5C.

The overarching aim to “keep 1.5C alive” will be more urgent than ever. A concern is how effectively civil society will be able to bring pressure to bear on governments. Protests and activities are likely to be significantly limited by the Egyptian hosts.

In the build-up to COP27, expect significant pressure on big polluter states to deliver more ambitious commitments to cut emissions, but less flamboyant and free protests in Egypt.

The UN has called 2020-2030 the “decade of action”. The chance remains to avoid runaway climate change, protect biodiversity and stabilise our ecosystems. It’s imperative that this year, the third of this decade, is one that really counts.

● *Nathan Cooper is Associate Professor of Law, University of Waikato*

The importance of culture

For law firm. Russell McVeagh, the lived experience since the pandemic first sent New Zealand into lockdown has debunked historical myths about productivity dropping if people work from home, reports **Bill Bennett**

Russell McVeagh chief executive Jo Avenell says hybrid working is the new normal with people now working from home or from the law firm's central city premises.

There are no plans to abandon the law firm's CBD offices in Auckland and Wellington. She says they remain critical to the business and to the firm's culture.

Hybrid working is where those employees who can, move at will between their homes and offices. They spend some time in both locations. Avenell believes it is the way forward for the legal profession: "Things have fundamentally changed for us, and I'd say they have changed for the better."

While the switch is now bedded in and is clearly a success, there is some fine-tuning to do.

Avenell is working on making the office a destination where people who have options will choose to work at least some of the time.

And there is the matter of fine-tuning the technology needed to make moving between work locations a seamless experience.

As in many other industries, technology has moved centre-stage for the legal profession during the Covid-19 pandemic.

"The courts have been closed, so mediations and hearings have been done online. Court submissions have been provided electronically," she says.

"We've been able to stay connected using video or phone, the technology has become vital over the last couple of years.

"Our industry's world is changing."

For Russell McVeagh, the lived experience since the pandemic first sent New Zealand into lockdown has debunked historical myths about productivity dropping if people worked from home.

It has also changed ideas about presenteeism or ostentatiously spending long hours in the office.

Says Avenell: "All that has gone because we've been able to connect and work. Technology has played a vital role."

Despite this, office culture still remains important to the law firm.

"Juniors are the lifeblood of our business. How we train, develop, mentor and engage them in the firm is critical. For that reason, being in the office and having an office presence will be a vital part of our future."

At the same time, there are issues with younger employees who often live in crowded, shared flats and may not have private workspaces.

It may not always be possible for them to work on sensitive issues in a secure way or make private business phone calls.

"A lot of the juniors want to come into the office, in part because it may not be practical working from their homes, but also because they have the desire to be connected." Avenell says. "We are a people business. The relationships, the connections works well when people are sitting next to each other and in the office talking."

> There is a huge amount of talent that is offshore now and wanting to come home. The best you can do is to back your culture, look after your people well and make sure the business is attractive to those who are ready to come home"
>
> Jo Avenell

Another aspect to this is that people who maybe working from, say, their bedroom, face an extra layer of stress that can be alleviated by heading into the office.

Giving them the opportunity to work in town helps their well-being and productivity.

Businesses tend to focus on workplace health and safety in terms of physical things, but beyond that there is the matter of managing sustainable workloads. Again, juniors are the focus here. Avenell has worked to establish mechanisms and measures to guard against long hours and burnout — these can be even more important in a hybrid workplace where the lines between work and leisure are more blurred.

She says providing support in these areas is another positive workplace change to come from the pandemic.

An important by-product is that the changes have done much to humanise the business and increase the quality and depth of connection between employees. "We have a better appreciation and understanding of other people's circumstances and challenges. There's a willingness to be flexible."

You might think that these changes would be costly. Avenell says it is quite the opposite. "Our people have been highly engaged and there is lower staff turnover. Some of that is because the borders are closed — younger lawyers often head overseas to get experience — but less people are leaving because of the culture."

"We look at these changes as an investment and we've done things over the years to support it. We had a 'support local' package around Labour Weekend last year where we gave everyone an extra day's leave and some cash to spend locally to support local businesses."

Despite flexible working meaning fewer employees in the office, there are no plans to reduce the CBD real estate footprint. Avenell says part of that is because the firm has growth plans.

The key is to find smarter ways to use the space and make it a destination, a place where people want to come to work. The CBD may be quiet now, but she is confident the buzz will return. People's natural desire to connect and socialise will bring them back and fill the bars and cafes.

The technology powering Russell McVeagh's switch to hybrid working had changed.

Says Avenell: "The vast majority of our platforms are now in the cloud. The need for servers is rapidly diminishing.

"That's important from a security and risk perspective but also because it allows people to remotely access the real time systems they need to be using.

"We've moved to become much more mobile so people can seamlessly work from where they need. We've put a focus on security and privacy or access. We've increased our bandwidth. All this has seen our adoption of technology accelerate."

These changes are not unique to law firms, but Avenell says the industry has become far more open to technology change and nimbler as a result.

Last year, New Zealand law firms were engaged with a wave of merger and acquisition activity. Although New Zealand's economy appears to be coping, experience says a litigation cycle emerges as the economy moves into recession. That does not appear to have kicked in yet. Avenell says she has been having conversations with law firms in Australia and the UK which have noticed the same effect.

"It's a different environment.

"We've moved away from historic low inflation, low interest rates but we don't know yet if this is temporary or where it will head."

She says being nimble is the best way to prepare for any change. To that end Russell McVeagh has spent the past couple of years building the resilience of its balance sheet.

There have been investments, but some spending options have been put on hold until there is a clearer picture of where the economy is heading. Attracting and retaining talent is central to running a large law firm. For now, border closures and the difficulties of overseas travel mean that many plans to move have been put on hold.

Avenell is aware that this will change as restrictions ease.

"Equally there is a huge amount of talent that is offshore now and wanting to come home. The best you can do is to back your culture, look after your people well and make sure the business is attractive to those who are ready to come home. We have good links with an extensive alumni network overseas".

This doesn't only apply to lawyers. Avenell says recruitment and retention applies equally to the business services side of the firm: "Our finance team, the HR team, comms and marketing are all sought after professions, demand for expertise in these areas is also running hot right now".

● *Russell McVeagh is a sponsor of the Dynamic Business Report*

Checks protect vital cash flow

More small and medium-sized companies are using a credit reporting bureau to help them sail through challenging economic times, reports **Graham Skellern**

Businesses have faced two years of uncertainty since Covid-19 struck and it's become increasingly important to know who they are dealing with. A credit check makes sense.

Keith McLaughlin, managing director of credit reporting bureau Centrix, says a crucial element of business sustainability is protecting cash flow and ensuring customers and suppliers are reliable.

"Small and medium-sized business owners need as much certainty as they can get when it comes to customer and supplier partnerships — both short and long term. Will they be able to honour agreed payment terms?"

Centrix's latest insights report revealed small business credit ratings or scores across all industries fell during last year. McLaughlin says there were variations in default risk — with higher levels of defaults in rental/property, transportation, retail and construction sectors, and lower defaults for information services, education and arts, and professional services.

"A simple and cost effective way of assessing risk of non-payment is to credit check prospective partners," McLaughlin says. "Understanding their credit score, debt levels, defaults, repayment behaviour and any other financial red flags can help business owners make informed credit and lending decisions.

"Running credit checks can help set appropriate terms of trade for each new customer. Credit checks on potential suppliers can also help secure the supply chain and reduce operational risk."

McLaughlin says if the credit check shows the customer pays on time, this provides a degree of confidence for the business. But if the check shows a pattern of paying after 65, 80 or 90 days, this late payment can strangle the cash flow of a business.

"The arrears creep up, and you don't want to be used as a free bank. Things are not quite the same as they were.

"If a business had a bad debt or a series of bad payers, it could borrow itself to get over the difficult period. But that's more difficult to do now."

A credit check showing a low score with a high risk of defaulting on payments means a business can negotiate favourable payment terms that require pre-payment or cash on delivery, McLaughlin says.

Centrix, based in Auckland with 30 staff, is one of four consumer and company credit reporting agencies in the country.

Over the past 13 years, Centrix has collected, analysed and collated the financial status of every consumer in New Zealand over the age of 18, receiving data on a monthly basis from 71 clients including all the banks, telcos and electricity, water and gas providers.

The credit reports are scored between one (very high risk) and 1000 (very low risk) and disclose any credit defaults, District Court judgments, and insolvencies/debt repayment orders.

A score of more than 892 is deemed excellent — accounting for 20 per cent of New Zealand's population — and Centrix suggests "you should be eligible for the best credit cards, loans and utility services (but there are no guarantees)."

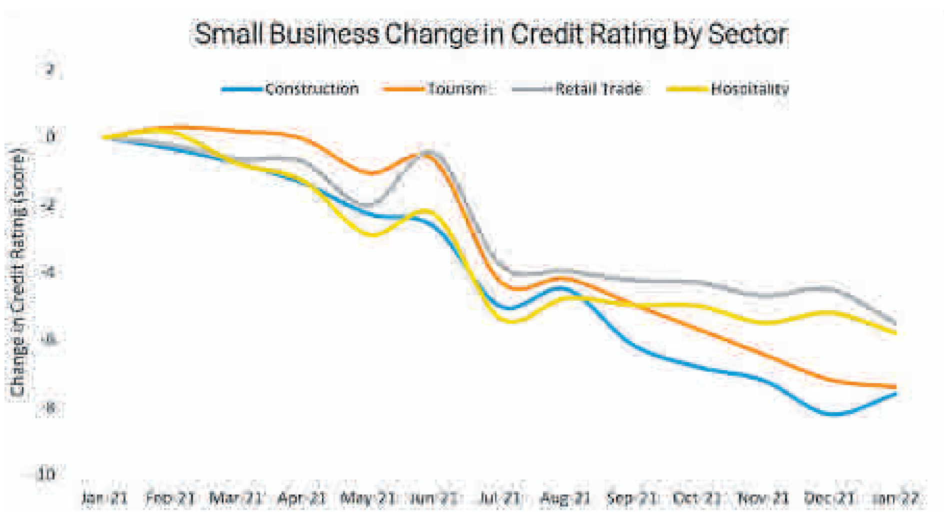
A score of 496 to 705, involving 20 per cent of the population, is rated fair and there will be additional conditions attached to credit cards, loans and utility services.

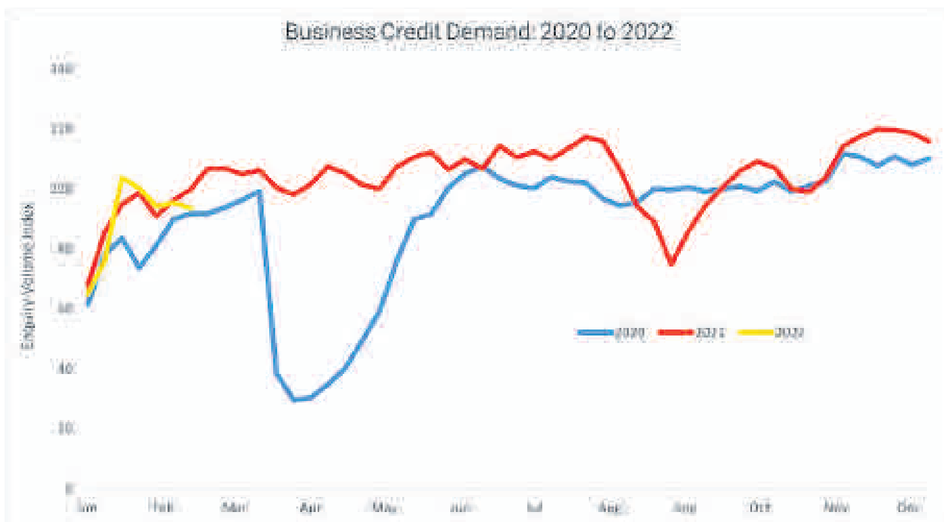
Ten per cent of the population is ranked between one and 495 or rated poor, and Centrix says in the report: "You're more likely to be rejected for most credit cards, loans and utility services."

McLaughlin says people are managing credit better than they were three years ago, and lenders are being more responsible.

"We hold more information, and we can pass this on to lenders who can make smarter decisions."

Keith McLaughlin: "The arrears creep up, and you don't want to be used as a free bank."





Centrix added company reporting to its consumer credit services over the past six months, and that side of the business is growing. "There's more demand and awareness in the market for credit checks," says McLaughlin..

"Businesses are even doing checks on themselves. They may be going to a bank for a loan, and they want to be happy about what they see on their credit history. It makes life easier in these days of responsible lending and the new Credit Contracts and Consumer Finance Act (CCCFA).

"The act which demands more disclosure has put more tension in the lending market.

"There is a far greater obligation on lenders to satisfy themselves that borrowers can meet the repayments. Before, lenders could rely on the information provided by borrowers. The flexibility has been taken out," McLaughlin said.

Amongst the prescriptive regulations, lenders have to look at a borrower's financial situation in a high degree of detail including criteria for estimating and verifying a borrower's income and expenses.

The regulations, which came in to force on December 1, were soon criticised for their complexity and creating significant uncertainty for lenders.

The Government is now reviewing the unintended consequences of the act.

McLaughlin says the year started with overall weaker consumer credit demand, falling 14 per cent year on year.

A combination of weakening consumer and business confidence, rising interest rates and changes to the CCCFA are having an impact.

The proportion of mortgage loan applications successfully converted into new home loans reduced from 39 per cent in October to 27 per cent, a fall of nearly a third.

McLaughlin says "we are also seeing this impact other consumer finance products, including credit cards, auto finance and personal loans.

"Successful loan conversions reduced from 35 per cent in October to 25 per cent in January."

In its January Outlook report, Centrix asked the question: Are we facing the next great credit crunch?

Small business credit demand was up 9 per cent year on year — with the construction sector remaining buoyant — but the average score for new credit applications hit its lowest average since June last year.

"While demand is high, construction and small and medium-sized enterprises' credit ratings have deteriorated. The sector is experiencing major labour and supply chain shortages.

"Similarly, the tourism industry is still experiencing challenges with closed borders and uncertainty around international travel. While retail spending recovered post-lockdown, supply chain issues remain, causing stock delay and price pressure," says McLaughlin.

"Arrears levels are expected to increase in the first part of this year, in line with prior seasonal trends as consumer cash flows tighten following the holiday season."

McLaughlin says the credit dynamics have changed. A business credit report will give good insight into the risk involved in partnering with customers and suppliers. It's as simple as the higher their credit score, the lower the risk of them not making a payment on time.

Companies with high credit scores are 15 times more likely to pay their bills on time than those with low credit scores.

"Using this information, business owners can protect their cash flow by only extending credit to businesses which are likely to pay on time, or dealing with reliable suppliers," McLaughlin says.

● *Centrix is a sponsor of the Dynamic Business report*

Our window on workers is closing

Omicron will only add to looming workforce shortages already faced by key NZ industries writes **David Dyason**

While less stringent border restrictions would provide short-term relief, identifying likely shortages and implementing practical solutions should be the longer-term goal.

David Dyason

The Omicron wave washing across New Zealand will exacerbate an already tightening labour market.

High employment and ongoing border restrictions mean regional labour forces are nearing peak capacity — and the country is running out of time to find solutions. With border restrictions in place for much of the past two years, the domestic labour market has been the main source of human capital — and will likely continue to be for some time.

Combined with an ageing workforce, this is causing labour market tightening in most industries. Some form of intervention will be required to find skilled workers to fill the gaps emerging in specialised jobs — especially as the economy grows and older workers retire.

By looking at the Canterbury region as an example of how successive disasters influence the labour force, we can see how immigration policies can affect short- to medium-term labour requirements. Since the earthquakes of 2010 and 2011, Canterbury has been able to rely on skilled workers from outside the region to support economic activity.

According to a recent study of the region's ability to navigate the pandemic, this pre-pandemic labour influx, coupled with slower economic activity in 2019-20, meant there was still a sufficient labour supply — even after the rebuild when employment opportunities decreased.

But this buffer is quickly reducing. It is estimated the region's labour market is likely to peak as soon as 2023 due to more workers retiring and border restrictions limiting new labour supply.

The Christchurch rebuild offers a snapshot of how immigration policies affect economic growth.

The ageing workforce

What is taking place in Canterbury is reflected on a national level as well. Labour force projections to 2033 reveal an increasing proportion of people above the age of 65 in the workforce.

This reflects lifestyle changes and could offset some of the current labour tightening — especially at a time when there has been a net outward migration of people from New Zealand, even with border restrictions in place.

But job vacancies are higher than pre-Covid levels, and population projections show the international labour market remains key to future population growth in New Zealand.

These projections show natural population change — numbers of births minus numbers of deaths — is expected to tip into negative growth in the long run. Hence, net inward migration is expected to be the main driver of population and labour force growth.

The ageing workforce also needs addressing, especially at an industry level. As the labour market peaks and unemployment remains low, pressure on industry-specific labour supply is emerging.

Some industries will be harder hit

The growing proportion of workers over 60 is visible in some industries, but not all. Manufacturing, hospitality and construction have a noticeably lower share of people in the 60-plus age group. On the other hand, four industries stand out as having a high and growing share of over-60s:

- healthcare and social assistance
- education and training
- rental and hire services and real estate services
- transport and storage (with possible supply chain disruption stretching beyond an Omicron wave).

In the short term, this trend is not surprising and aligns with the ageing population. But it is still worrisome in the context of a peaking labour force.

The likely impact of Omicron, ongoing border closures and an ageing labour force are generating substantial shocks that are likely to cause further transformation in the economy. While the ageing of the labour force is to be expected, restrictions on the movement of labour during the pandemic have created a labour market peak earlier than anticipated.

Aside from replacing retiring workers, immigration (including expats returning to New Zealand) further benefits the economy through the new skills and improved systems and production techniques that skilled migrants bring, which all enhance productivity.

Urgent action needed

How will the gaps be addressed? We could see industries replace labour with other means of capital or technology. But this will take time and is expensive. It's possible some businesses might relocate, while others might even have to close.

Without significant changes in productivity, regions and countries that have historically relied on immigration to support their economies are likely to continue to rely on labour supplies from beyond their borders.

But New Zealand's window to act is closing.

While less stringent border restrictions would provide short-term relief, identifying likely shortages and implementing practical solutions should be the longer-term goal.

This should include encouraging vocational training in key industries, and providing the incentives and support to retain and train skilled workers in key industries — thus reducing potential outward migration when borders do reopen.

● *David Dyason is a senior lecturer in property studies at Lincoln University. © The Conversation*

Outsmarting uncertainty

The finalists in the Deloitte Top 200 awards have shown tenacity and true grit, writes **Tim McCready**

In its 32nd year, the Deloitte Top 200 Awards are a showcase of the very best of New Zealand business and business leaders. They celebrate the depth and range of our business community, featuring the industries and sectors that underpin our country's success.

This year, the awards recognise outstanding results despite the ongoing challenges resulting from Covid-19, including companies and leaders from the manufacturing, retail, media, and energy sectors, all showcasing their commercial strength and agility during challenging times.

This year's Company of the Year has been awarded to **Infratil**, which had an outstanding year in 2021, further enhancing its reputation as a savvy infrastructure and utilities investor. Infratil was active with its portfolio, divesting Tilt Renewables and investing in diagnostic imaging firm Pacific Radiology.

The panel of high-profile judges — convened by NZME Head of Business Content Fran O'Sullivan — said that its combination of strong performances with its investment companies, especially data centres, along with its divestments and new acquisitions have added significant shareholder value over 2021.

"In addition, the company went through a fairly seamless transition of CEO from Marko Bogoievski to Jason Boyes and won the takeover battle with Aussie Super," say the judges. "While Infratil has been an excellent long-term performer, its total shareholder return of 65 per cent stands out."

Another long-term performer is Skellerup Holdings, and this year its CEO **David Mair** took out the award for Chief Executive Officer of the Year.

The designer, manufacturer and distributor of engineered products has been led by Mair for over ten years, and during his tenure has achieved significant revenue and earnings growth by focusing on designing and delivering critical engineered products for OEM customers.

"David is a steady pair of hands at Skellerup," say the judges.

"He has a knack for presenting a soft, inclusive, popular leadership style with people and in strategy, but has a hands-on near fanatical knowledge of process, plant and equipment, and design for Skellerup's manufacturing customers."

The Visionary Leader award is one of just two awards made without finalists. This year, the award went to founder, CEO and chief engineer of Rocket Lab, **Peter Beck**.

The judges recognise Beck for taking New Zealand into the world of space and becoming a global leader who is redefining the space industry with ambitions that now stretch as far as Mars and Venus. Last August, Rocket Lab listed on the Nasdaq, where its market capitalisation climbed to $7.33 billion as it raised $1.14b to fund the next phase of Beck's bold space journey — a proud Kiwi moment and bold visionary leadership from a 'boy from Invercargill'.

Having been a finalist in the category in 2020, **Patrick Strange** was named this year's Chairperson of the Year. Chair of Auckland International Airport and Chorus, he is highly regarded as an inclusive chair who brings out the best in his fellow directors and management teams.

The judges say that over the past year, Strange has taken a leadership position in the New Zealand business community by speaking up on areas where it might not have been easy — including on aspects of the Government's Covid-19 response. He also responded robustly to aspects of the Commerce Commission's proposed price and quality control settings for Chorus' ultrafast broadband network.

Mercury's **William Meek** has been awarded Chief Financial Officer of the Year. Meek's career with Mercury spans 20 years and he has served as CFO for almost 15 of those, coming into the role prior to the successful float of the company in 2013.

The judges describe Meek as a highly competent CFO who thoroughly understands the financial statements of Mercury and knows how it creates value.

"Meek has delivered exceptional long and short-term impacts for Mercury," they say. "He supported the company's CEO in delivering superior shareholder returns and in 2021 helped execute Mercury's successful efforts to enhance its presence in renewable generation and retail sales through two strategic acquisitions."

NZME took out the Most Improved Performance award this year. The integrated media company has put a plan in place to transform into a digitally focused media business, and this turnaround strategy has seen digital revenue play an increasingly significant role in the company's earnings.

"The market has responded positively to this strategy, with the share price climbing from a low of 18 cents in April 2020 to above $1.40 by the end of 2021," say the judges.

Vulcan Steel has been recognised with the Best Growth Strategy award. The judges say the steel distribution company's growth strategy has resulted in superior absolute and relative performance in the highly competitive steel distribution sector on both sides of the Tasman.

"It has executed both parts of its growth programme well with an annual revenue growth of 8 per cent and net profit growth of 38 per cent posted in the last five years," they say. "Vulcan is on track for another record year in 2022."

Tourism Holdings' **Ollie Farnsworth** has been awarded the title of Young Executive of the Year. With the tourism industry facing significant challenges in the last 18 months, Farnsworth approached tough issues of cost reduction and revenue generation with a constructive outlook in his role as chief commercial & customer officer.

"An innovative mindset has seen Ollie identify and effectively execute on new business opportunities including the well-known Get Moving to Get New Zealand Moving campaign," say the judges. "His energy and empathy for customers and his people shines through in his leadership approach."

Te Rūnanga o Ngāi Tahu (Ngāi

Morrison hosts awards show online

Flava Breakfast's Stacey Morrison hosted the Deloitte Top 200 awards online show yesterday. A highlight was Morrison's interview with Rocket Lab founder Peter Beck, winner of the 2021 Visionary Leader award. To watch the awards show go to nzherald.co.nz/top200

Top 200 judging panel 2021

Fran O'Sullivan ONZM, Judging panel convenor
Fran is Head of Business (Content) for NZME and a high-profile business columnist with a strong interest in New Zealand's international business success. Fran was made an officer of the New Zealand Order of Merit in the New Year's honours list in 2019 for her contribution to business and journalism. She chairs the NZUS Council's Advisory Board and is deputy chairman of the Pacific Economic Cooperation Council (NZ). She is a Fellow of the Institute of Finance Professionals NZ (INFINZ) and has an award-winning track record in financial journalism.

Neil Paviour-Smith
Neil has 30 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 a past director of Chartered Accountants Australia New Zealand, a director of The New Zealand Intiative and a former director of NZX Limited. He is a Fellow of the Institute of Finance Professionals NZ. Neil was an inaugural recipient of a Sir Peter Blake Trust Leadership Award in 2005.

Cathy Quinn ONZM
Cathy is a highly-respected independent director serving on the boards of several of New Zealand's biggest companies including Fletcher Building, Fonterra, Tourism Holdings and Rangatira. She also chairs Fertility Associates and is Pro-Chancellor of the Auckland University Council. A former senior partner and Chair of MinterEllisonRuddWatts, 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 (NZ).

Ross George
Ross is Managing Director of Direct Capital, a leading private equity fund which has invested in 79 companies in NZ and Australia over the last 27 years. He has played a key role in establishing NZ's private equity industry, founding Direct Capital in 1994 following a stint as director and shareholder of the BKW Group in Hong Kong. Ross has been involved in the private equity industry across Asia, Australia and New Zealand since 1987. He is a director of companies including Bayleys, Climate Coatings, Beca, Qestral and Mondiale.

Jonathan Mason
Jonathan 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. He was 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 a director of large organisations including Chair of Vector and an Honorary Adjunct Professor of Accounting and Finance at the University of Auckland Business School.

Hinerangi Raumati-Tu'ua, MNZM
Hinerangi is an experienced governor with a focus on post-settlement iwi entities and Maori commercial entities. She is the current chair of Tainui Group Holdings Ltd and the iwi investment companies of Ngati Mutunga and Ngaruahine iwi. Hinerangi is on the board of Watercare Services, Taranaki Iwi Holding and Te Puia Tapapa (the Maori Direct Investment Fund). She is a fellow of Chartered Accountants Australia and New Zealand and a member of the New Zealand Order of Merit. Hinerangi was also a member of the Tax Working Group in 2018.

Judging note
The final judging session for the 2021 Deloitte Top 200 Awards took place on Friday December 3, 2021. Companies and individuals were judged on the basis of their performances in 2021 and financial information available at that time. The awards themselves were held over until yesterday in anticipation that it may be possible to hold an 'in person' event. Covid intervened and the awards were announced in a special online show which is available at nzherald.co.nz/top200. The writeups of winners and finalist companies in today's Dynamic Business report have been updated to include the latest financial results. Several judges declared conflicts of interest and stepped aside during final judging for particular awards categories. They included: Jonathan Mason (Judges' Award); Fran O'Sullivan (Most Improved Performance and Chairperson of the Year), Cathy Quinn (Chief Financial Officer of the Year and Most Improved Performance) and Rob Campbell (Young Executive of the Year).
Fran O'Sullivan
Judging panel convenor

It's great to see the number of fresh perspectives being brought to the table and the bold strides being taken.

Mike Horne

Reform key to reimagining our future

The world is at the tipping point for major transformation — and New Zealand Inc is no exception, writes **Mike Horne**

The scale and pace of transformation at a global level around people, technology, customers and social licence — along with a wide-ranging set of Government-led reforms can help Aotearoa New Zealand unlock productivity and drive innovation.

The impacts of Covid-19 have undoubtedly accelerated digital transformation, and generational shifts and thrown into sharp relief the changing needs of the workforce and the required skillsets. These changes have encouraged businesses to invest in technology, AI, and to upskill employees to create downstream efficiencies and ultimately deliver greater productivity and wage increases.

The organisations that made these investments early are now seeing a return on their investment.

Those at the forefront understand that by reimagining their businesses they are setting up for long-term growth and success and committing to operate in a world with new societal demands and expectations.

Defining and embedding purpose within an organisation is now essential. People want to work where they see values they resonate with — this is crucial for both attracting and retaining talent. Businesses need to choose paths which will ensure long-term sustainability.

Access to talent is an issue that was exacerbated by Covid-19. There is no hiding from the fact closed borders have impacted the ability to get people with the skillsets required to drive productivity and broaden the depth of specialist knowledge held in the country.

And when global borders re-open it is not unreasonable to think we may see another brain drain. However, there is a huge opportunity within this. We need to build science, technology, engineering, and mathematics (Stem) capabilities within the workforce, not just to strengthen individual businesses or industries, but for Aotearoa as whole. We need to rethink how people can work to their strengths, how they work, and consider that with greater flexibility to work virtually these days there is greater choice for where people wish to deploy their skills. We need to ensure New Zealand remains an enticing place to work, to again attract skilled people from overseas to complement the great talent we already have.

There has also been a shift around global supply chains. We're seeing the need for businesses to be less reliant on global supply chains and the importance of strong infrastructure has been amplified. After all, if the infrastructure isn't strong, then how can business be expected to operate and deliver?

But it goes deeper than just security of supply. Risk assessments highlight the need to ensure more sustainable suppliers to help mitigate the impact of climate related risks. This isn't a case of purchasing carbon credits but ensuring clear understanding of climate risk, transparency of operations and supply chains, and open and honest ESG reporting.

This is also being championed by the Task Force on Climate-Related Financial Disclosures. It is only by authentically addressing these matters can a truly resilient future be ensured.

The companies featured in the 2021 Top 200 understand this watershed moment when it comes to setting the direction towards a better future. They have made commitments to address climate change and transform relationships with technology while keeping people as their number one priority.

It's great to see the number of fresh perspectives being brought to the table and the bold strides being taken to make a positive impact. The future is going to look different but, in many ways, better, with our most successful businesses leading the way for change.

● *Mike Horne is CEO of Deloitte*

Top 200 finalists show tenacity and true grit

continued from B12

Tahu) has taken out the Diversity and Inclusion Leadership award for its Cultural Confidence Programme, an innovative and comprehensive response to a very specific diversity and inclusion challenge.

"Ngāi Tahu's purpose — 'Mōtātou, ā, mō kā uri ā muri ake nei — For us and our children after us' — had the unintended consequence of raising doubts in the minds of their staff who are not of Ngāi Tahu descent, about the company's commitment to them," say the judges. "This programme highlights the contribution that non-Ngāi Tahu employees can make and ensure they feel equal and included alongside their Ngāi Tahu colleagues."

The results have been excellent, with very high favourability ratings for the programme and concerns about inclusivity no longer being raised by employees of non-Ngāi Tahu descent.

Kathmandu won the Sustainable Business Leadership award, which recognises businesses working toward the creation of long-term environmental, social and economic value.

The judges commend Kathmandu for making this central to its strategy, and for its tangible near-term forecasts. This has seen sustainability embraced by the board, management, and all layers of staff right across the business.

The Deloitte Top 200 awards include for the first time a Judges' Award. This award enables the Top 200 panel to highlight performance the judges feel is of importance to the business community.

The judges have chosen **Air New Zealand** as the inaugural recipient of the Judges' award for the hard work and sacrifice Air New Zealanders have made — and continue to make — to keep New Zealand connected to the world and domestically during the Covid-19 pandemic.

They note the efforts of the board and management in its steadfastness in the face of the pandemic. "But we recognise that it is actually an honour that truly belongs to the entire staff who have strived to respond to enormous challenges and in doing so have maintained strong support for the brand and service offering that Air New Zealand provides," the judges say.

Deloitte Top 200 Index

The Deloitte Top 200 Index consists of New Zealand's largest entities ranked by revenue.

These include publicly-listed companies, large unlisted entities, NZ 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.

The 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 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 view of the Top 200 this year shows total revenues increasing by 0.5 per cent.

This compares to a 1.6 per cent increase in 2020. Underlying earnings (EBITDA) increased 6.3 per cent, and total profits after tax increased 21.6 per cent year-on-year. Year-on-year asset growth for the Top 30 finance companies outpaced last year's figures, up 5.7 per cent, but cumulative profits decreased by 13.3 per cent. ANZ continues to be the largest bank with assets of $180b, ahead of second-placed Westpac by $67b. ANZ also outpaces all other banks in terms of profit and equity.

Top 200 finalists

The finalists in the Deloitte Top 200 Awards for 2021 showcase the best of New Zealand business and their commercial strength and agility in a year with continued disruption and uncertainty.

"Many of our finalists have seen success through investing in technology, upskilling their people and embedding their organisation's purpose and values into all they do.

"They've also continued to balance the need to keep a focus on long-term strategies against the need to remain nimble and adjust to the ever-changing environment and emerging challenges that have been exacerbated by the pandemic," said Deloitte Chief Executive Mike Horne.

Fran O'Sullivan, New Zealand Media and Entertainment's Head of Business Content, returned as judging convenor for the 32nd year of the awards.

"The finalists in the Deloitte Top 200 awards have demonstrated tenacity and true grit with a compelling drive to succeed in the turbulent environment created by Covid-19," said O'Sullivan.

"The strong business performance from all of the finalists is a result not just of leadership from the top, but also a commitment from the staff of enterprises to succeed."

This year's judges also include Jonathan Mason, Neil Paviour-Smith, Cathy Quinn, Ross George, Hinerangi Raumati-Tu'ua, Joan Withers, Rob Campbell, Liam Dann, Royal Reed, Simon Moutter and Ranjna Patel.

"The judging for the Deloitte awards reflected excellence in business in executing plans in the midst of a second year of Covid-19 with new variants, longer lockdowns and tougher ongoing challenges than ever contemplated a year ago," said Jonathan Mason.

"While the market as a whole had a difficult year, the most successful NZ businesses added significant value for shareholders in 2021 and positioned themselves to better meet the longer-term demands of stakeholders including employees, their communities and, for the country, on issues of environmental and economic sustainability."

Infratil

A disciplined investment strategy pays off


Jason Boyes


Marko Bogoievski

Duncan Bridgeman

It may have taken a wishful takeover approach from an Australian superannuation giant to awaken the market to Infratil's value, but the investment company's share price is just one indicator of performance.

The Wellington-based company has delivered strong growth and consistent results over a long period of time, providing shareholders with an after-tax return of 22.7 per cent per annum over the past 10 years.

Even the global pandemic hasn't held the company back; an astute divestment of its stake in Tilt Renewables last year yielded $2 billion, enabling Infratil to diversify further and increase exposure to the fast-growing diagnostic imaging sector.

Well-governed and well-managed, Infratil has accumulated an impressive portfolio of assets across New Zealand, Australia, North America, Europe and Asia including significant stakes in Vodafone NZ, Trustpower, Australia's CDC Data Centers and US-based Longroad Energy.

It now has a market capitalisation of around $5.6 billion with group assets worth over $9b.

You could easily say, despite strong competition, that Infratil was an obvious choice to be crowned Company of the Year at the 2021 Deloitte Top 200 Awards.

As Deloitte Top 200 judge Neil Paviour-Smith, who is managing director of Forsyth Barr, remarked Infratil stood out for its performance over 2021.

"The combination of strong performances with its investment companies, especially data centres, with its divestments and new acquisitions have added significant shareholder value," Paviour-Smith said.

"While Infratil has been an excellent long-term performer, its total shareholder return of 65 per cent in 2021 stands out."

In addition the company went through a fairly seamless transition of its chief executive from Marko Bogoievski to Jason Boyes and won its takeover battle with Aussie Super.

"New investments in medical diagnostics and Asian renewables provide promise of ongoing delivery," Paviour-Smith said.

The takeover battle with AustralianSuper played out in early 2021 after the pension fund made an offer initially of $7.43 a share, valuing Infratil at almost $5.4 billion.

Infratil's directors refused to engage in their belief the offer seriously undervalued the shares.

In fact, as Bogoievski told the *Herald* in a recent interview, they thought the takeover letter from Oz Super was a joke.

"If you turn up today with a credible offer, that's significantly higher [than the market price], you will get engagement.

"There's no doubt that any buyer that turns up with the right starting point, will get engagement.

"We didn't think it was the right starting point."

What the approach did do however was unlock value the market failed to see.

Infratil's share price leapt about 20 per cent, adding close to $1b to its market capitalisation and closing a long-standing gap between Infratil's net asset value and its share price.

Putting aside the takeover battle, 2021 was always going to be an interesting year, said new chief executive Jason Boyes.

"We had the strategic review of our investment in Tilt Renewables well underway and we were also focused on extending our exposure to the Diagnostic Imaging sector," he said, adding that the company also initiated a significant commitment to renewable energy investment in Asia.

"At the same time, other parts of our portfolio showed their resilience as we continued to navigate the impacts of the pandemic; Vodafone showed strong cost discipline and RetireAustralia delivered an excellent performance while prioritising the wellbeing of its residents."

"Wellington Airport undertook countless reforecasts as it navigated the shifts in alert levels, all the while trying to remain upbeat about an eventual return to some level of normalcy."


Skellerup, known for its gumboots, is now a billion-dollar company.

At an investor day last month, Infratil discussed the challenges from Covid-19, particularly with Wellington Airport and its diagnostic imaging business.

The company downgraded the top end of its earnings guidance to between $500m and $520m, a second revision in three months.

In November, the company lowered guidance for ebitdaf (earnings before interest, tax, depreciation, amortisation and fair value movements) to between $500m and $530m from its earlier guidance of $505m to $550m.

"Covid-19 continues to impact the earnings of Wellington Airport and our diagnostic imaging businesses, which may persist for the remainder of the financial year," Infratil said.

Shareholders could expect modest growth in dividends, reflecting the expected growth in operating earnings from CDC Data Centres, Vodafone and the recent additions of Oscan and Pacific Radiology.

Boyes said one of the reasons Infratil has been so successful over the long term is its disciplined investment approach, while also making sure it supports the businesses in its portfolio, especially those most affected by the pandemic.

"We identify sectors which we have strong belief in, with a role to play in society that we see as both compelling and long lasting.

"We also identify opportunities early, taking a position in a sector that is less established, or taking a position in a new geography in a sector we feel we are well positioned to apply our expertise and experience."

A prime example is renewable energy where Infratil has been active since 1994 and has expanded its footprint in that sector to Australia, the US, Europe and now Asia.

Likewise, the company has taken its success and learnings from CDC and applied that further afield with an investment in UK data centres last year.

Company of the Year

This year Infratil has significant capital to deploy but Boyes says the company is mindful of its long term shareholder return targets.

"We also remain very optimistic about the investment opportunities our current portfolio provides, whether it be through the global renewable energy platform we are developing or the continued expansion of Diagnostic Imaging.

"We are also working hard to communicate our view of the value of Infratil's investments.

"We acknowledge that we are quite complicated relative to other companies, given the breadth of the sectors we are involved in, so communicating how we see those investments being meaningful to an Infratil shareholder is fundamental."

Last month at its investor day, Infratil said it was relatively well positioned to withstand the pressures of a high inflation environment and the ongoing pandemic.

Finalist: Skellerup

David Mair has the perfect response when congratulated on Skellerup becoming a billion-dollar company.

"I say that it's great that we've built a billion-dollar company but I'm focused on it being two billion," the long-serving Skellerup chief executive says.

Based on recent results that might not be that far away either.

Best known for its Red Band gumboots, these days the company produces a lot more – designing manufacturing and distributing engineered products for customers in a range of applications including dairy, wastewater, roofing, plumbing, sport and leisure, electrical, health and medical, automotive and mining.

Skellerup employs over 800 people and now derives 80 per cent of its revenue from international markets. Award judges noted that Skellerup has been a consistent outperformer for some time and has traded well again in the past year.

"With the company exporting 70 per cent of its agricultural and industrial product, Covid has posed fresh challenges but their execution has been excellent," Paviour-Smith said.

"Skellerup has also benefited from a shift in strategic focus to original equipment manufacturer customers providing more resilient revenue and earnings."

Net profit grew by 38 per cent in the past year and with a total shareholder return of 114 per cent.

The share price is up about 50 per cent over the past 52 weeks, sending the company's market capitalisation past the billion-dollar mark.

Mair says making money for shareholders is important but not what gets him up in the morning.

"Our people, customers and the community are what really matters," he says.

Finalist: Freightways

Ask Freightways chief executive Mark Troughear how his company navigated the global pandemic and he immediately turns to rugby parlance.

"For us it's a game that has ebbed and flowed all the way through, the key is to stay nimble on your feet and play the game at the right end of the field."

It's a gameplan that has worked extremely well for Freightways, the listed logistics, freight and courier business that handles over 100 million items a year.

"We've got businesses that don't do lockdowns well at all, such as our document destruction businesses which have really struggled with no one in the office and less activity," Troughear explains.

Freightways chief executive Mark Troughear

"And then there's our courier business, which suddenly grew well beyond capacity when Kiwis started buying online all over the country in level 3 and level 2."

"The secret is how you adapt to that, where you scale up and how you redeploy the assets and the people where you have low demand. And I think that's what we've done pretty well this year.

"We've thrown people into our courier business like never before and when I look out at the yard, I've got general managers, sales reps, accountants, marketing people you name it out sorting freight, delivering freight and helping make sure we get through that period."

Paviour-Smith said Freightways had brought further innovation to its logistics business while having the tailwind of the big delivery wave during the pandemic.

The company had benefited from a much-improved performance in its information management business and a first full-year contribution from its Big Chill acquisition.

"This is the stamp of Troughear who has now been in the role for three years.

"Over the year Freightways grew its revenue by 27 per cent and its net profit by 35 per cent.

"This strong performance and the prospect of significantly improved returns from its predominant couriers business over the coming years, saw the company re-rated by the market with a total shareholder return for the year of 71 per cent."

The Company of the Year award is sponsored by Amazon Web Services (AWS).

Chief Executive Officer of the Year

David Mair — Skellerup Holdings

Liam Dann

At the age of 19, Skellerup chief executive David Mair headed to Japan with plans to become a judo world champion.

It only took "a few weeks of being bashed every day" to realise that wasn't going to happen, says Mair, the Deloitte Top 200 Chief Executive Officer of the Year for 2021.

But while it didn't quite go to plan, Mair's martial arts training, and more than a decade living in Japan, has had a profound impact on his life.

It provided mental discipline and introduced him to (what was then) a new and revolutionary way of doing business.

Kaizen — the art of constant improvement — is well known in the West now but Mair, now 65, was introduced to the concept early on.

That discipline — along with its more revolutionary cousin Kaikaku — is now a fundamental part of his leadership style, he says.

Deloitte Top 200 judge Ross George — who is managing director of Direct Capital — credits Mair with a knack for presenting a soft, inclusive, popular leadership style with people and strategy, but with a hands-on deep and fanatical knowledge of customer requirements, process, plant and equipment, and design for Skellerup's manufacturing customers.

"Mair does not appear to make mistakes as he meticulously studies industries and business and skilfully acquires and integrates companies, often on an uncontested basis," adds George.

It shows in the steady progress the company has made since he became involved.

Mair, who grew up in a small town south of Dunedin, has an engineering degree from Otago University and did an MBA at Canterbury on his return from Japan.

He took on the chief executive role at Skellerup in 2011 having been on the board of directors since 2006.

He's the first to admit it took some time to create the momentum needed for a complete transformation.

"I parachuted in as CEO in 2011 with Sir Selwyn Cushing on the board and a plan in place. Then two weeks later we had the earthquakes," he says. "People say you've been CEO 10 or 11 years but it feels like five or six."

At the time the market had lost confidence in the company and there wasn't a good understanding of what it did, he says.

People still thought of the iconic gumboots rather than the highly technical and specialised manufacturer Skellerup had become. "What's the secret sauce of Skellerup? It's deep material science," says Mair.

While it predominantly involves rubber it is also about how to combine rubber with other materials.

It's a capability to make the tools to make specialist components or products.

"You might be a plastic supplier, a metal supplier and a rubber supplier to customer and you do it all so you can take complexity away from the customer," he says. "And there's a lot of value in doing that if you are smart."

Skellerup has the capability to scale up fast but incurs relatively low development costs because they lie largely with the customer.

So it's less about blue sky research development, he says.

Mair is passionate about New Zealand manufacturing but he worries we spend too much time worrying about R&D and not focusing on getting the logistics and pricing structures right.

"New Zealand is well-placed in the world with demand for protein etc but needs manufacturing to be strong," he says.

The value of strong relationships is something he had instilled in him while in Japan.

That's something that underpins his thinking through all parts of the business. He breaks it all down to five core components.

"There's the customers — we have to be the best supplier to our customers," he says.

"There's the employees — we must be loyal, we must treat them with dignity we must pay them well.

There's the suppliers — we need to be demanding but fair and be the best customer for all those suppliers, it's a long-term relationship. It's not ground them down on price — which Kiwis tend to do."

The fourth thing is the wider community of people that Skellerup can reach.

> Numbers are an outcome. They are like a mirror of what happens in the company. And what they mirror is the people, processes, structure and culture. So get those things right.
>
> David Mair

Mair cites Skellerup's involvement with breast cancer awareness and the Pink Band fund raising campaign. The company has also supported Mike King with his work on mental health, with a focus on farmers and rural communities.

Last but not least, is the shareholders, of course.

They have seen strong returns in the past few years.

The past two years have seen the share price rise more than 300 per cent, although Mair notes that shareholders were getting good dividend returns for some years before that.

But too many people focus on numbers," he says.

"Numbers are an outcome. They are like a mirror of what happens in the company.

"And what they mirror is the people, processes, structure and culture.

"So get those things right."

Coping with Covid hasn't been without challenges, he says, but strong communication channels and strong relationships meant they were well prepared.

"Collectively we became stronger. It's not that we solved supply chain issues or anything like that."

Being a holding company has advantages too, he says.

"We have a very small head office, so we delegated down into the teams. We're a global business — 80 per cent of revenue is generated overseas . . . so they're in the best place to make decisions."

Mair sees his role and that of the senior leadership as an inverted pyramid. "We're at the bottom holding and supporting the people that make the best decisions."

One of his big moves in 2021 was lifting the pay of the frontline workers. "We started moving lower paid people and take-home pay well

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Chief Executive Officer of the Year

The discipline of leadership

continued from B16

ahead of this so-called 'Great Resignation'," he says. "People with mundane jobs where they have to turn up. They can't work from home. They delivered our product consistently through a challenging time. They've been told they have to wear masks, they have to be two meters apart, they can't each lunch together . . . I could go on and on."

Skellerup lifted the base pay rate to $25/hour, well ahead of the new minimum wage.

"We wanted to be well off the bottom," he says.

Mair says one of his proudest moments of 2021 was achieving the strongest employee engagement that he has seen in his time with Skellerup.

Finalist: Naomi James, NZ Refining

For NZ Refining chief executive Naomi James the biggest achievement of 2021 was bringing together all the different elements to create the new plan for Marsden Point.

After 60 years of operations as New Zealand's only oil refinery, NZ Refining made the tough call to close the operations at Marsden Point and move it to an import only fuel terminal.

"That needed to go across a lot of stakeholders," she says.

"It needed our shareholders' support, it needed our leaders' support, it needed new long-term agreements with our customers, it needed government support, employees, unions, iwi and local community."

Naomi James

Nick Grayston

Bringing all of that "complexity and diversity"together while still dealing with a highly challenging operating environment wasn't easy.

"But it's also what made it interesting and rewarding," she says. "It's really a credit to the whole team at RNZ."

James joined Refining NZ in April 2020 as chief executive officer, following a stint as executive vice-president at Santos Limited.

"With significant industry experience, Naomi has overseen a huge period of change for New Zealand's only oil refinery, commencing with a comprehensive strategic review when she joined in 2020," the Top 200 judges said.

"Having overseen these transitional negotiations, James continues as chief executive under its new name, Channel Infrastructure NZ, which will continue to be an important part of the New Zealand economy.

"A great job in challenging circumstances," the judges noted.

The chief executive says the next six months would see an intense focus on a safe shutdown of the refinery and the set-up of the import only fuel terminal.

"Then on transitioning to a very different organisation and business . . . all the while managing Omicron as that plays out," James says.

"But we also have some really great growth opportunities ahead of us."

These involve "everything from doing more at Marsden Point with the assets we have, increasing our storage to support security of supply, removing our remaining direct emissions by looking at solar farm development on our site to looking at other sites and infrastructure assets that we could potentially grow into in the future."

"So, I'm looking forward to putting more time towards those as we go through the year."

Finalist: Nick Grayston, The Warehouse

For Warehouse CEO Nick Grayston the biggest challenge in 2021 — and the biggest success — was moving the company to an 'agile' operation.

Grayston, was appointed chief executive of leading general merchandise retailer, The Warehouse Group, in January 2016 after moving to New Zealand from Chicago where he held leadership roles with Sears Holdings.

He's already overseen a huge change including a 165 per cent increase in profits. The shift to agile working — the non-hierarchical management structure with roots in the tech sector — was all about speeding up decision-making and problem solving within the organisation.

The timing couldn't have been tougher for a full company shift — kicking off in August 2021 right before the long Covid lockdown.

"It was a completely fundamental change in terms of our operations system. The last thing we wanted was to do that in lockdown," Grayston explains. "With less than a week's notice we had to flip from 900 people at Spark Arena for a kick-off event to going virtual."

Going agile is part of a strategy to move the iconic Kiwi retailer more aggressively into the digital space.

"I came to the conclusion that the old fashioned methods of command and control, with all these layers, all these silos, were just no longer quick enough for the dynamic world that we live in."

"What I'm most proud of is the reliance and dynamism of our people."

That includes a leadership team that had to come to terms with the removal of layers of hierarchy.

In fact Grayston says it has meant a big shift for himself as well — and his leadership style.

"It's been an enormous challenge," he says. "I've built a successful career on the back of the command and control model."

He describes the shift as something of a leap of faith "and you jump into the void"but I've been massively lucky because my people have caught me.

The Top 200 judges said, "Nick has applied his Northern Hemisphere retail experience for the benefit of The Warehouse in a high period of change."

"He has overseen a restructure, new strategy and prepared the business for the new retail industry it faces. He is a no nonsense, researched, matter of fact leader making positive change for an important New Zealand company."

The Chief Executive Officer of the Year award is sponsored by ServiceNow.

Chief Financial Officer of the Year

William Meek — Mercury

Building a knowledge base for strategy

Tamsyn Parker

William Meek believes growing a business while ensuring it doesn't run out of cash is the key to being a good chief financial officer. And it's a strategy that has helped the Mercury CFO to be named as the 2021 Deloitte Top 200 Chief Financial Officer of the Year.

Early in 2021, Mercury teamed up with a Queensland pension fund for a $3 billion takeover of Australasian wind farm developer Tilt Renewables is expected to complete a deal to buy Trustpower's retail business which will make it New Zealand's largest energy retailer.

"I've got a strong growth focus — for me M&A is a big part of what I do, generation development, the deployment of capital for the firm is really important — managing your balance sheet," says Meek. "What gets companies in trouble is they go bust — they run out of money — and that is something a CFO never wants to happen because the wolves come after you when that happens."

Meek says good investor relations are also vital including fairly representing the situation of the company.

"Sometimes that is quite challenging because I think we love talking about the good stuff and we tend to shy away from the things that might not be going so well. Having a balanced representation with your external stakeholders, not just shareholders — customers are a key stakeholder group, is really important."

Meek said he had a big team of people that supported him and those people were key to the organisation running well.

"A champion team will beat a team of champions. For me that is really important — developing your people, creating new learning experiences, seeing people promoted to different parts of the organisation or leave the firm to go on to bigger and better things for me I find that really rewarding as a manager."

Meek joined Mercury Energy in 1993 straight out of university.

"I was working in the wholesale team and Mighty River Power acquired Mercury in 1999 and I became CFO in 2008. I've been the CFO for 13 years."

During that time he has seen everything from the 1998 power blackouts in Auckland city to the tragic death of Folole Muliaga in 2007 — a woman dependent on an oxygen machine who died within two hours of her power being cut.

"That was a firestorm in the media with the prime minister accusing the company of killing people — that really kicked off the industry's response to medically dependent customers which has been a great outcome for customers."

Meek said his proudest moments as a CFO included the IPO.

"We floated for $3.5 billion and now we are at $8.4b. That for me, as CFO, is a significant achievement in terms of ultimately creating value. I don't think as an SOE CFO I really understood the difference between being listed in terms of the transparency and expectation that creates versus being government-owned.

"I'm an economist by training, particularly in public economics — I was surprised at the difference that extra scrutiny, the clarity of your vision and purpose, your key milestones and executing well, how that is different in the private sector versus public where I think you have got a slightly more confused agenda."

Meek said he was also hugely proud at Mercury being a big contributor to New Zealand's journey to decarbonise the country: "I think climate change is an emergency and I think the things our sector does and what this company does is hugely powerful and really important."

A champion team will beat a team of champions.

William Meek

Meek said his focus in 2022 would be integrating the new businesses Mercury had acquired.

"The Trustpower retail transaction, which hopefully we will conclude in the first quarter of 2022, will welcome 570 people to Mercury. We will take a large well-established power brand and we need to do something with that and our retail and Trustpower business combined."

Top 200 Judge Jonathan Mason said Meek was a great example of a CFO who builds his knowledge of an industry and converts it into great strategic initiatives for his company.

"William is well-known in the market and by directors as a highly competent CFO who thoroughly understands the financial statements of Mercury and how Mercury creates value, backed by deep industry experience in the mechanics of the energy markets.

"In 2021, William supported the CEO in making two acquisitions for Mercury — the New Zealand assets of Tilt Renewables and the retail assets of Trustpower. These were well received by the market and saw Mercury achieve a 32 per cent total shareholder return."

Finalist: Bevan McKenzie — Fletcher Building

McKenzie joined Fletcher Building at the start of 2014 and has spent the last five in the chief financial officer role much of it alongside CEO Ross Taylor.

Unlike other CFOs he didn't come up through a finance route.

"In a company like Fletcher Building — a large portfolio company — a lot of what you are doing is you are shaping strategy. You are shaping portfolio choices, capital allocation — a lot of that is about strategic decision making.

"I came into this role because particularly in company like Fletchers . . . there is a lot of choice . . . a lot of the role I play alongside Ross Taylor is helping shape those decisions — helping decide where we are going to invest and equally where we are not."

Bevan McKenzie

It's been a tough few years for Fletchers undertaking a major reset and then with lockdowns forcing the closure of its building sites.

"We had significant issues with our construction business which created a pretty big hole in the balance sheet. There were very clearly some challenges around getting ourselves fit and reset is how I would describe it. There were some tough times. I wouldn't dwell on those. I think Ross and I were pretty clear about what we needed to do and you get on and do it."

But McKenzie said when the first lockdown came in March 2020 it felt like the rug was pulled out from under their feet. He said Fletchers managed to get a bunch of calls broadly right and kept the business solid financially through that period.

He said the company had had a couple of knocks to its reputation in the past. "But that is not the company that exists today. It's a company that is investing, building, trying to get behind some pretty cool things. It is good to start to see some acknowledgment of that in the public domain."

The big challenge was building on Fletcher's foundation. "We are really focused on what our decisions mean for Fletchers in five or 10 years. Often when companies get into trouble it is when companies are very short-term focused in their decision making. You have reporting cycles that come around quickly and you have to deliver results but you can't be obsessed by that you have got to have the clarity to make those longer term calls.

"Keeping that perspective and

Graham Leaming

making sure you are investing for the future is critical."

Judge Jonathan Mason said McKenzie had played a central role in the strategic repositioning of Fletcher, including a simplification of the portfolio and focus on performance and growth of its core businesses in NZ and Australia.

"Bevan is an example of a strategic CFO who not only ably leads the finance function but also assists the CEO in building value for the shareholders," said Mason. "He has endured multiple challenges over the past couple of years, including managing a significant cost reduction programme to moderate the impact of the pandemic on Fletcher's business, lowering balance sheet gearing and leading successful capital raises and debt restructuring.

"These initiatives combined with a strong rebound of the building sector saw Fletcher almost double its share price in 2021, backed by improved margins, operating cash flows and lower leverage. Bevan has been a key part of the team that has significantly improved the outlook for one of New Zealand's largest companies."

Finalist: Graham Leaming — Skellerup Holdings

Graham Leaming can't single out any one moment as his proudest in his time as chief financial officer at Skellerup. But he is pretty chuffed by the specialist rubber maker's record financial result in 2021 when it made a net profit of $40.2 million.

"That was a really pleasing moment and the fact it was achieved over such a broad base of our businesses was pretty satisfying for everyone."

"Business is about a lot more than financial outcomes but ultimately our obligation is to look after shareholders' money and make a contribution to the communities we are in and the people we employ and we were able to do that pretty well last year."

Leaming said the past two years had not been easy for the company, which has business divisions all over the world, to manage under Covid travel restrictions and supply chain challenges. "It hasn't been easy for our businesses to be able to continue to operate and get the materials we need. Probably the last two years — I'm pretty proud of that."

Leaming has been CFO for the last nine years and joined the company not long after the Canterbury earthquakes. "When I joined we were in the throes of trying to negotiate the settlement with the insurers — that was an initial challenge that I led and we got a good outcome with and then the next big challenge was to find a site to build a new facility on.

"That was a period of time where we were spending a substantial amount of capital, a lot more than the company had spent in the preceding years. It was a project that was ultimately very successful and run very well, helped by the fact we had a very experienced board and also had an experienced project champion in Sir Ron Carter."

Leaming said his other major challenge as CFO had been getting investors and analysts to better understand the business. "There were two perceptions — expectations of Skellerup's performance were closely correlated with milk prices and we spent a lot of time helping people understand the company is a lot broader than the dairy business.

"Our dairy business equates to about 30 per cent of the revenue of the business and that is a lot more closely correlated to milk production not milk price and we have significant markets overseas, so it's not just a New Zealand story."

"Skellerup probably doesn't always get the profile that it deserves. We have certainly had a pretty good couple of years. But it is not as widely understood how broad our business is so it shines a bit of a light on Skellerup as well."

Judge Jonathan Mason said Leaming's understanding of different markets allied with his financial and commercial expertise had made him a key contributor to Skellerup's success over recent years.

During his period as Skellerup's CFO the company has posted an annual shareholder return of 26 per cent — among the top 10 per cent returns in the NZ market.

"Graham has run the finance function, given directors and the market confidence in his thorough understanding of financial reports, and used his knowledge of Skellerup's value drivers to optimise shareholder value," he said.

Skellerup had more than 75 per cent of its sales from outside NZ and Leaming's great understanding of international finance and accounting issues was invaluable. "His work, along with the CEO, has also seen Skellerup post record breaking earnings and operating cash flow in 2021," said Mason.

The Chief Financial Officer of the Year award is sponsored by Tax Traders.

Chairperson of the Year

Patrick Strange — Chorus, Auckland Airport

Positive, inclusive and proactive

Tim McCready

Patrick Strange's positive and inclusive style, together with his proactive leadership role in the business community, saw him crowned as Chairperson of the Year at the 2021 Deloitte Top 200 awards.

During 2021, Strange led a group of senior business leaders that called on Government to be more transparent about its plans to get New Zealand to a "Covid normal". He says he was motivated to speak up because he was concerned Government was failing to build a long-term strategy.

"We were complimentary about the Government on things they had done, but we did criticise them," he says. "That is the role of business, that is the role of all New Zealanders — open debate."

The Deloitte Top 200 judges say Strange is very effective in building relationships with Government for the organisations he chairs — Chorus and Auckland International Airport — which is vital given their importance in New Zealand's infrastructure landscape.

"We are there to have fun, and I am just part of that," says Patrick Strange.

Chorus has played a critical role over the past year with its fibre network, which has been under significant load with so many New Zealanders working from home during the lockdown.

"We were still connecting 800-900 customers a day, with Covid and all its restrictions," Strange says. "We don't hear about it, but they have done a great job not missing a beat under those constraints and added layers of difficulty."

Strange pushed back on the Commerce Commission over its proposed price control settings for the provider's ultrafast broadband network, and the returns it should be allowed to make on its regulated asset base. In a letter to the commission, he warned of "regulatory failure" if Chorus was prevented from earning a fair return on its investment.

"We are there to represent New Zealanders — and particularly our shareholders — and I call that out," says Strange. "I have a constructive relationship with the Commerce Commission and get on well with them — but they know if I disagree with them, I will say it publicly."

Judge Cathy Quinn, an independent director herself, says this has no doubt been agonising to deal with and required Strange to be heavily involved. But it is clear he did a good job that will allow Chorus to continue to invest in innovation and deliver a fair return to shareholders.

For Auckland International Airport, Strange says the biggest challenge in 2020 was its huge loss of income and the need to rapidly raise capital to redress the balance sheet. But the past year has been much more about people — particularly those that have had to continue operating remotely, which has put a lot of strain on them.

"We are spending a lot of time worrying about how to support people," he says. "The uncertainty — the way they are having to work — they are working long hours in difficult circumstances."

His biggest challenge for both companies he chairs has been the loss of exchange that comes from meeting face-to-face. This was also noted as a big challenge by other finalists in this category.

"We can operate well on Zoom, but nothing beats getting together and the things you learn by walking around and talking to staff," he says.

The judges highlight this emphasis on people as another of Strange's core strengths. "Patrick is highly regarded by his peers, the management teams he works with and broader stakeholders as an inclusive chair who brings out the best in his fellow directors and management teams," says Quinn.

"He encourages others to contribute and offers his perspective in a constructive way."

Strange says this isn't hard to achieve, because he enjoys working with talented and motivated people — from fellow directors to the impressive young people involved in the companies he chairs.

"We are there to have fun, and I am just part of that," he says. "I am just lucky enough to oversee a couple of great companies where we have that culture."

Barbara Chapman

Mark Tume

Finalist: Barbara Chapman

Barbara Chapman's governance career has been shaped by her interest in transformation and improving the experience of customers.

She is chair of Genesis Energy and NZME, and is a director of Fletcher Building and BNZ. Chapman is also deputy chair of public-policy think tank The New Zealand Initiative and was chair of the Apec 2021 CEO Summit. In 2019 she was awarded a Companion of the New Zealand Order of Merit (CNZM) for services to business.

When Chapman joined the NZME board in 2018, it had an enormous amount of debt. "That was really shackling the company from being able to do what it needed to do to grow," she says.

NZME is now debt-free, succeeding in a three-year plan to eradicate $100m in debt. Its share price reached a high of $1.46 on December 15, up dramatically from its depths of $0.18 at the start of the pandemic.

"Along the way, we were balancing dropping debt with investing in things like premium, and the technology you need to drive that," says Chapman — recognising that having cash now gives NZME far more scope to invest, such as its recent acquisition of BusinessDesk.

Quinn says Chapman has shown remarkable skill while working with the board and management team of NZME throughout its transformation.

"Since joining the NZME board in 2018, Barbara has played a key role in the company's turnaround after financial challenges and helped set foundations for future success."

The judges also acknowledge Chapman's leadership in astutely navigating Genesis Energy through the August power outages, as power distributors responded to Transpower's demand to reduce the burden on the national grid. A ministerial inquiry has since shown that Genesis was wrongly blamed at the time. "As it came out, we didn't cause any of the problem and we couldn't have done anything different," says Chapman. "But given we are 51 per cent owned by the government, quite rightly they were asking us some pretty strong questions."

As for her highlight over the past year, Chapman points to the success of the Apec CEO Summit, held at the end of 2021.

Soon after taking on the role at the request of the Prime Minister, a fire broke out at the International Convention Centre — the intended venue for the summit. Then Covid-19 struck, thwarting plans to host thousands of delegates in-person.

"To deliver an online event that had the reach it did, as well as the response it had, has been amazing," she says. "I am really proud that we focused hard on gender balance and diversity with our speakers, and people tell us we ended up with what was the best CEO Summit ever. Over 3000 people watched it — amazing for something online!"

Finalist: Mark Tume

Mark Tume says boards are decision-making engines, and that there is a 'secret sauce' in the boards he chairs that makes the whole greater than the sum of its parts.

"To get the most out of a board, it is not about me being a leader, it is about arranging a meeting so you can get the most out of everyone and a contribution from everyone."

Tume is chair of infrastructure investor Infratil and the commercial arm of Taranaki's largest iwi, Te Atiawa Holdings. He is also a director of Retire Australia, Precinct Properties and was chair of Ngāi Tahu Holdings Corporation until December 2021.

The Top 200 judges say Tume's performance at Infratil has been excellent, as has been his significant contribution to the Māori economy.

"Tume was pivotal in establishing Te Atiawa Holdings, a new entity being built from the ground up," says Quinn. "He has been on the Ngāi Tahu Holdings board in three separate instances, stepping down as chair at the end of last year."

Tume says Māori organisations have a clear view that assets, investments and returns should be seen as multigenerational. He says there's a real alignment between that thinking and Infratil, due to the nature of the assets needing to last a hundred years or more.

In December 2020, AustralianSuper, Australia's largest pension fund, put in a takeover bid for Infratil worth nearly $5.4 billion — representing a 22 per cent premium on its closing share price at the time. The takeover bid resulted in a 20 per cent jump in Infratil's share price, and was ultimately rejected. Tume says the offer materially undervalued Infratil's high-quality and unique portfolio of assets.

"It wasn't a hard decision, AustralianSuper's offer wasn't a huge premium," he says, noting Infratil has returned an average annualised shareholder return after tax and fees in excess of 18 per cent since its inception.

"Tume's ability to navigate challenging issues such as a hostile takeover bid from Australia and remain steadfast in his belief that the offer materially undervalued Infratil's portfolio, is a clear demonstration of his focus to do what is best for shareholders," says Quinn.

Infratil also dealt with another significant transaction in the past year — the sale of wind farm operator Tilt Renewables. "We had a tremendous number of board meetings, because we were dealing with a $5b takeover offer at the same time as a $3b sale process of Tilt Renewables," Tume says. Ongoing restrictions of Covid and the border closure added to the pressure since both deals were run out of Australia.

While this period was a huge challenge due to the need to deal with so many things at the same time, including a change in CEO, completing the Tilt deal was also one of Tume's highlights of the past year.

"You don't get many years like this one where so much pressure and stress and bad things are happening — and yet everything lines up so nicely."

The Chairperson of the Year award is sponsored by Forsyth Barr

Judges' Award

Air New Zealand

Steadfast in the face of crisis

Graham Skellern

Clockwise: Greg Foran, Dame Therese Walsh, Andrew Ridling.

During the past two years of the Covid-19 pandemic, the staff at Air New Zealand have displayed commendable resilience and dedication. Amidst the uncertainty, Air New Zealanders developed a new philosophy: "Smile with your eyes above the face mask."

Domestic passenger services with strict Covid health and safety protocols continued, albeit restricted at times and schedules continually changed. The transtasman travel bubble came and went, and long-haul flights and their aircraft were grounded.

Air New Zealand completed repatriation flights, even from Wuhan where the Covid outbreak began, and continued to fly important exported goods to overseas markets.

"The last two years have just been incredibly challenging and difficult," said Dame Therese Walsh, chair of Air New Zealand. "We are definitely whanau here. It's such a special culture and it was fully tested.

"People had to deal with Covid personally and at work as they lost close colleagues in different roles. They had to work harder and be more empathetic to customers in difficult situations," she said.

"The great thing that has emerged is the culture is stronger — Air New Zealanders' essence has shone through. Running an airline is one of the most complex businesses to be involved with. We had operational volatility and we had to deal with the human aspect of how to band together.

"When we did the repatriation flight to get Kiwis out of Wuhan, we asked for volunteers and it was oversubscribed. People just wanted to help. Through the pandemic, our people smiled with their eyes above their masks and made everyone feel welcome," said Walsh.

For the first time in the Deloitte Top 200 Awards the judging panel has been given the ability to make a special award highlighting performance that is of importance to the business community.

Judging Panel convenor Fran O'Sullivan, who is NZME Head of Business Content, said the panel selected Air New Zealand in recognition of the "hard work and sacrifice Air New Zealanders have made — and continue to make — to keep New Zealand connected to the world and domestically during the pandemic".

"Air New Zealand holds a special place in the Kiwi psyche," said O'Sullivan. "For an island archipelago in the South Pacific, having a national flag carrier is not only a lifeline to the world. It is a source of pride for the many international awards Air New Zealand has chalked up as the world's best airline.

"When Covid struck in March 2020 and New Zealand borders shut hard, the airline had to pivot — very substantially and fast.

"Routes were closed, planes parked up, staff massively downsized and customers felt disenfranchised. Flight demand was down 95 per cent almost overnight.

"With Government funding support, Air New Zealand — a critical element of the country's logistics — kept servicing exporters taking their products to the world.

"By mid-2021 some pilots and crew had already spent more than 100 days in isolation — the upshot of keeping New Zealanders connected to the world. Some pilots even found tradesmen were unwilling to work at their homes through fear of infection," O'Sullivan said.

The judges noted the efforts of the board and management in its steadfastness in the face of the pandemic. "But we recognised that it is actually an honour that truly belongs to the entire staff who has strived to respond to these enormous challenges. In doing so, they have maintained strong support for the brand and service offering that Air New Zealand provides," added judge Neil Paviour-Smith.

The judges said though the airline's operating costs have about halved (over the past two years), the smaller number of staff have had to respond while themselves living with and working through Covid disruptions and uncertainties — some of whom have been the first affected with Omicron.

Soon after Covid struck 4000 Air New Zealanders — a third of the staff — were made redundant and more than 700 have since been rehired. Another 225 people have been brought back from furlough (125 pilots remain on furlough) and 346 people have returned from Covid leave without pay. Of the total fleet of 119 aircraft, only 23 per cent or 27 planes were flying at the peak of the Covid impact in April 2020. Of the 92 aircraft parked, 15 were Boeing 777s in long-term storage at Auckland, Roswell in New Mexico and Victorville in California.

Reporting its latest half-year result in late February, Air New Zealand recorded a loss of $376 million (it was $105m in the six months ending December 2020) and operating revenue declined 9 per cent to $1.1 billion.

Passenger flying was down 26 per cent compared to the previous corresponding period and was down 84 per cent compared with pre-Covid levels, costing the airline about $3.5b.

Cargo revenue for the six months increased 29 per cent to $482m, and Air New Zealand moved 121,000 tonnes of cargo during the whole of last year.

By late February the airline had used $760m of the Crown Standby Loan Facility and it had $1.4b liquidity, made up of $170m cash and $1.24b of the remaining Crown facility and redeemable shares. Air New Zealand is planning a billion-dollar capital raise by the end of March.

Greg Foran, Air New Zealand chief executive, said he couldn't be prouder of the whānau for what they have achieved this year so far: "Everything from adding flights so Northland could remain connected to the rest of the country while the Auckland border was in place to the digital solution for our customers to seamlessly upload their vaccine pass to their Air New Zealand app.

"The restart of the domestic network in December in time for the holidays went like clockwork, as did the reopening of the Cook Islands bubble in January.

"We can see the path back to the Revive phase of our Survive, Revive, Thrive plan.

"We have the right strategy, the right people and we are ready to fly. Looking out to the end of the year, we will be ramping up more passenger flights to North America and looking forward to starting up our direct service to New York," Foran said.

Walsh said "the reason we have a little spring in our step is that we are seeing forward bookings in April, May and June as the international borders open up. There's light at the end of the tunnel."

The international passenger network has historically produced two-thirds of Air New Zealand's revenue.

Andrew Ridling, president of the New Zealand Air Line Pilots Association, said the aviation industry globally has been through its biggest crisis since World War II.

"There was no playbook for this crisis and Air New Zealand and its staff have done a very good job. I have a huge amount of respect for the leadership qualities of Greg Foran who is very intuitive and people-focussed.

"On Christmas Eve he flew from airport to airport just meeting and talking with staff.

"He operates at the grassroots level, and if you think about people, then the decisions become easy."

Ridling said the pilots and senior management are wedded to Air New Zealand, and it's important to use the experience of the pandemic and take the platforms of communication and engagement to the next level.

"I can see a completely different and stronger company coming out of the pandemic and achieving aspirations that have never been thought about.

"Air New Zealand has a large international network. It could grow that and become globally dominant like Singapore Airlines and Emirates, and really put NZ Inc on the map," he said.

Most Improved Performance

NZME

Keeping Kiwis in the know

Michael Boggs says NZME has a "phenomenal reach".

Graham Skellern

Establishing a clear business plan and communicating it well with the mantra "keeping Kiwis in the know" has paid big dividends for re-energised nationwide publisher and broadcaster NZME.

"In November 2020 we laid down a path through to 2023 to galvanise the business and create value. We have stayed on that path with clear goals and articulation," said NZME chief executive Michael Boggs.

"We have gone from a business that was unsure of itself with lots of debt to one that has cash in the bank and is redistributing $30 million to shareholders. This clearly shows the transformation of the business.

"It comes back to having strong brands and keeping Kiwis in the know. They want to be informed, entertained and at the centre of it all. It hit me when we were developing the premium logo — if someone clicked through, then they were judging us on what they read. So, it forced us to focus on the quality of content," Boggs said.

Over the past year NZME has grown revenue market share and audience numbers to record levels, underpinned by digital transformation. And the market has noticed.

NZME's share price has risen from 18c in early April 2020 to $1.32 after it announced its latest annual result in late February. It reached a high of $1.46 on December 15, and its market capitalisation has gone from $40m to nearly $261m.

NZME's revitalisation has earned the company top prize in the Most Improved category of the Deloitte Top 200 Awards, fending off other finalists Fletcher Building and PGG Wrightson.

Judge Neil Paviour-Smith, managing director of Forsyth Barr, said NZME is continuing a strong turnaround and has had "a very substantial re-rating" by the market.

"When you think about NZME, it was rated as a company with very little equity value in the business. Its revenue was fairly flat year-on-year with a changing mix of what was in the company and what wasn't. There were doubts about whether NZME would prevail."

Paviour-Smith said the management has focused hard on containing costs and rationalising the business to improve the overall product. NZME sold GrabOne (for $17.5m) and bought BusinessDesk (for $5m) to increase the quality of its digital offering.

"NZME operates in a difficult sector with print media, and radio is the jewel in its crown. But looking at the metrics, they have had a substantial uplift in performance and profitability," he said.

For the 2021 financial year ending December, NZME achieved revenue of $349.2m, up 5 per cent; steady operating earnings (ebitda) of $66m; and net profit of $34.64m, an increase of 134 per cent on the previous year's $15.4m.

Digital revenue grew 37 per cent to $79.5m, and audio advertising revenue was up 11 per cent to $101m. Advertising market share increased across all three key channels — 40.9 per cent in radio, 47.4 per cent in print and 24.3 per cent in digital display.

NZME is on track to meet its 2023 ebita margin growth for each of its three divisions — audio 15-17 per cent from 11 per cent in 2021; publishing 19-20 per cent from 18 per cent; and OneRoof 15-25 per cent from 2 per cent.

It paid off its $100m debt in three years and the balance sheet is so strong that NZME is returning $30m to shareholders by buying back shares on the market through to December.

When the digitally-focused NZME launched its new strategy in November 2020, it had three clear pillars:

- To be the country's leading audio company, with Newstalk ZB and ZM radio stations topping the ratings in their different segments;
- To make the *Herald* accessible to everyone and become New Zealand's *Herald*;
- To make OneRoof your complete property destination.

Since the premium brand was introduced in April 2019, NZME has grown *Herald* print and digital subscribers to 191,000 and digital-only subscribers to 83,000. About 50 per cent of the subscribers are using the (paid for) premium services, and another 50 per cent of advertising is now generated from the digital platform.

NZME's three business divisions are together reaching 3.5m New Zealanders. "We are getting to 85 per cent of people in the country aged 12 years and more," said Boggs. "That's a phenomenal reach.

"We've had a strong news year and something I'm proud of is our 90 per cent vaccination campaign. The Government wasn't prepared to put a target figure on it, but we saw the campaign as part of responsible reporting and leading the way on key issues," he said.

"The whole team of 1200 has come together and worked hard to galvanise the whole business. There's lots of talent and it's amazing when you harness it and put it together — it just shows the power of the brand," Boggs said.


Ross Taylor


Stephen Guerin

Finalist: Fletcher Building

Chief executive Ross Taylor is excited that the company was nominated as a Top 200 award finalist.

It was validation for the turnaround in the Fletcher Building business. "When it came to Fletcher Building everyone had an opinion on it. Having got to where we are now, the mood has changed and we are better regarded," said Taylor.

"I've been very consistent over the past few years that we will get to an ebit (earnings before interest and tax) margin of 10 per cent by full year 2023.

"I guess it takes years to get the trust back, but we are well on the way."

Bogged down by debt of $2.3 billion at the start of 2018 and its construction division under all sorts of pressure, Fletcher Building concentrated on stabilising the business, reduced its footprint in Australia and New Zealand, and then pushed hard in overall operational performance.

It had to suck up $1b in provisions on the construction division. Fletcher Building sold Formica Group for $1.226b and Roof Tile Group for $60 million, settled its troublesome Australian business down, reduced the construction backlog and grew the residential division.

By the end of June 2021, Fletcher Building had re-created a strong balance sheet with net debt of $173m and liquidity of $1.6b. So strong that the company is now on the market buying back shares through to June 2022 and returning $300m to shareholders.

In its latest financial result, Fletcher Building achieved revenue of $4.064b, up 2 per cent; operating earnings (ebit) of $332m, up 3 per cent; and net profit of $171, up 41 per cent, for the six months ending December 2021.

Once the construction legacy work is cleared in full-year 2022, the division's margin will lift to 3-5 per cent.

Fletcher Building, which employs 16,000 people, builds 800 dwellings a year in New Zealand and has the land and footprint to increase the rate to 1300 a year. It has an offsite manufacturing facility in Auckland that makes walls, roofs and floors for houses.

Judge Neil Paviour-Smith said Fletcher Building went through a period of significant problems and underperformance but a new board of directors and management focused on consolidation and improving the underlying business.

"Fletcher has had a significant turnaround in profitability and they are exposed to a booming housing and construction sector, though they have challenges with chain supply constraints and import competition.

"Their balance sheet has gone from being stretched to a very strong financial position, with very modest gearing. Fletcher is worthy of being a most improved finalist, putting runs on the board in their two to three year turnaround journey," said Paviour-Smith.

Finalist: PGG Wrightson

Rural services firm PGG Wrightson has been around for 165 years in one form or another — but it needed a new impetus as the long-established business foundered.

Then PGG Wrightson sold its capital-intensive seeds business for $410 million in 2019. "This allowed us to restructure the balance sheet to the right size of the business and reset our strategic direction," said chief executive Stephen Guerin.

"We asked ourselves 'what does a traditional stock and station business do?' We focused very much around growing retail and supplying the horticulture, livestock, wool and rural real estate sectors.

"We expanded our research and development team to provide new technology for our clients — at present we are involved in 80-odd product trials in the horticulture sector," said Guerin.

PGG Wrightson introduced the Go-Stock programme. The company buys the sheep, cattle and deer, and organises farmer clients to graze the livestock for weight gains and improved prices for beef, lamb and venison.

The company established an online auction platform called Bidr which generated $50m in sales for the year ending June. Bidr goes live to all the saleyards around the country.

PGG Wrightson is also distributing exclusive agriculture chemicals and animal health products that don't have a logistical network in New Zealand.

"We are in a good place and can afford the opportunity of seeing growth in our people and business. We pride ourselves on our relationships with clients and being an integrated provider for the agricultural sector," said Guerin.

For the June 2021 financial year, PGG Wrightson reported revenue of $847.8m, up 7.6 per cent; operating earnings (ebitda) of $56m, up 33 per cent; and net profit of $22.7m, an increase from $15m.

Then PGG Wrightson reported a record half-year result to December with revenue up 11 per cent to $552.4m; operating earnings (ebitda) increasing 20 per cent to $47.4m; and net profit rising 32 per cent to $22.5m compared with the previous corresponding period.

For the 12 months ending June PGG Wrightson reported revenue of $847.8m, up 7.6 per cent; operating earnings (ebitda) of $56m, up 33 per cent; and net profit of $22.7m, an increase from $15m.

Neil Paviour-Smith said PGG Wrightson controversially sold its seeds business and it has been on quite a journey in recent years rationalising its business and focusing on capital management.

"It is concentrating on its absolute core business, improving its margins, taking its indebtedness to zero, and picking up market share. From a flat performance PGG Wrightson has shown evidence of an uplift and has been re-rated by the market," he said.

The Most Improved Performance award is sponsored by BusinessNZ.

Best Growth Strategy

Vulcan Steel

Delivering everything to everywhere

Graham Skellern

Transtasman distributor and processor Vulcan Steel made an immediate impact on the sharemarket when it listed in its 26th year of business.

By late February Vulcan's share price had reached $9.70 (after a high of $11.01 on January 6) from its early November issue price of $7.50, its market capitalisation increased to $1.27 billion, and it had provided a significant earnings upgrade from its prospectus forecasts.

For the 2022 financial year Vulcan now estimates operating earnings (ebitda) of $194m-$204m, up from $174m-$184m or 11 per cent, and net profit of $107m-$114m, up from $93m-$100m or 15 per cent.

Revenue for the six months ending December increased 35 per cent to $463 million, and overall sales volume was up 10 per cent – in the 2021 financial year Vulcan sold 260,000 tonnes of product. Ebitda was up 71 per cent to $102.4m, and net profit rose 85 per cent to $54m.

In its 2021 financial year ending June, Vulcan had record operating revenue of $731.54m, up from $640.46m in 2020; record net profit of $64.83m, up from $28.68m, and more than doubled operating earnings (ebitda) to $129.7m. More than 60 per cent of the revenue is generated in Australia.

Vulcan managing director and chief executive Rhys Jones said he's quite enjoyed joining the sharemarket.

"It gives us more transparency and more accountability and the chance to reset the future."

Four months after listing on the NZX and Australian ASX markets, Vulcan has been named the winner of the Best Growth Strategy category at the Deloitte Top 200 awards.

Vulcan has grown from a small start-up in 1995 with six people at Auckland's East Tamaki to an Australasian leader with 29 operating sites on both sides of Tasman and employing a staff of nearly 850.

It has five divisions: Distribution, plate processing, coil processing, stainless steel and engineering steel. It supplies product not just for buildings but to every sector that needs to use steel – from mining, transport and construction to engineering, stainless architecture, medical equipment and even for slides in playgrounds.

"The industry is a bit more fun and dynamic than most people think," said Jones.

At its processing facilities, the Vulcan team cuts, drills, slits and shapes steel coils, steel plate and stainless and engineering steel for downstream fabrication and assembly – adding value to 40 per cent of its product.

Vulcan can cut out the shape of a wine vat, slit the coils to the exact width of a filing cabinet or bend a 50mm steel plate to a right angle if that's what the customer wants.

And most importantly Vulcan, with a fleet of 100 trucks, will deliver on time to all parts of Australia and New Zealand, with stock supply not being a problem.

"Our goal is to be the best practice industrial distributor – that's how we benchmark ourselves," said Jones. "Our growth strategy is based on targeting the right markets and covering all parts of Australasia.

"Our diversity and multiple segments give us resilience to the economic ups and downs between the two countries and states."

Rhys Jones has enjoyed Vulcan Steel joining the sharemarket.

Martin Krauskopf

Nick Grayston

Vulcan's growth and diversification took a leap when it bought the Australia and New Zealand distribution business of Swedish stainless steel producer Sandvik Minerals Technology in 2014. Vulcan no longer only processed steel coils and plates.

It also bought two engineering steel companies, merged them and became the No 1 player in Australia. The Vulcan business has more than doubled in size in the last seven years and "the nice thing is we still get a lot of opportunity to grow in Australia," said Jones.

Vulcan is looking to add more products to its portfolio, such as roofing, reinforcing, wire mesh and rural supplies.

Its earnings growth is eye-watering. Between 2016 and 2021, Vulcan increased revenue from $300m to more than $700m; ebitda increased 270 per cent or four-fold; and net profit rose 410 per cent or five-fold.

Deloitte Top 200 judge Jonathan Mason said Vulcan's strategy emphasises organic growth arising from its Australasia facilities and staff of more than 800, supplemented by seven acquisitions over the past five years concentrated in Australia.

Both parts of its growth programme have been executed well, with annual revenue growth of 8 per cent and annual net profit growth of 38 per cent posted in the last five years.

He said steel distribution is a local business, with deep inventories and fast turnaround times required for success in each metropolitan area.

"Vulcan focuses on meeting its customer needs through adept placement of inventories and local steel processing capabilities, allowing it to post industry-leading order," Mason said.

Finalist: EBOS Group

Leading Australasian medical supplies and animal health products distributor EBOS Group has been a modest and impressively consistent sharemarket performer, producing an average growth rate in shareholder returns of 19 per cent over 20 years – and 23 per cent for the past year.

EBOS, which listed on the New Zealand Stock Exchange in 1960, cracked $9 billion revenue for the first time in the 2021 financial year ending June.

Total revenue was $9.2b, up 5 per cent; ebitda was $363.3m, an increase of 8.9 per cent; and net profit rose 14 per cent to $185.3m.

In the six months ending December, EBOS reported a 12.8 per cent increase in revenue to $5.61b; another 12.8 per cent rise in ebitda to $222.06m; and 15.8 per cent gain in net profit to $116.85m.

Martin Krauskopf, EBOS general manager merger and acquisitions and investor relations, said consistency of growth has been one of the hallmarks of the company.

"We operate in defensive growth industries such as healthcare and animal care – people are ageing and pet numbers are increasing – and we aim to get scale and be the No 1 or No 2 competitor, and grow market share.

"We reinvest our strong cash flow into new opportunities – often they are small to medium businesses that we can bolt on at attractive prices," he said.

EBOS, with two head offices in Christchurch and Melbourne and staff of 3700, is building an $80m state-of-the-art pet food manufacturing in New South Wales, and is poised for another growth spurt after it completes the $1.167b purchase of medical devices distributor LifeHealthcare by the middle of the year.

EBOS will also hold a majority 51 per cent shareholding in LifeHealthcare subsidiary Transmedic and provides EBOS with an entry in the South East Asian markets of Singapore, Hong Kong, Indonesia, Philippines, Vietnam and Thailand.

Krauskopf said the move in to South East Asia will be measured and cautious.

"We don't want to be the No. 3 or No. 4 in pharmacy wholesale – that hasn't been successful for us in the past.

"The medical devices market is less mature but the advance in technology provides a great expectation that people will live longer and growth will continue into the long term.

"That's what we like about healthcare," he said.

EBOS expects LifeHealthcare to contribute operating earnings (ebitda) of $116m to $121 million for the 12 months ending December.

EBOS captured the Australian market when it merged with leading pharmaceutical wholesaler Symbion in 2013 following a $1.1b deal.

The merger created the largest Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products.

Mason said EBOS has been very relevant in New Zealand's response to Covid, devising a cool store supply chain that enabled the government to bring the Pfizer vaccine here, and is also beginning its journey to be an industry leader in environmental, social and governance strategy.

Finalist: The Warehouse Group

Soon after new group chief executive Nick Grayston arrived at the end of 2015, he knew that New Zealand's largest general merchandise retail business needed to be simplified and more customer-orientated.

A re-organised Warehouse, which includes Noel Leeming, Warehouse Stationery, Torpedo7 and the online selling place TheMarket, was rewarded with a record result in the 2021 financial year.

The group had a 7.6 per cent increase in revenue to $3.4b, a 164.6 per cent rise in net profit to $117.7m, online sales of $393.1m made up 11.5 per cent of total sales, and profit margin increased from 32.6 per cent to 36.4 per cent.

The Warehouse did warn in early January that group sales for the past five months were down 5.7 per cent or $88.8m to $1.465b compared with the previous corresponding period.

Online sales increased 105 per cent to comprise 18 per cent of the group sales but the gross profit margin was reduced because of the product mix and higher freight costs.

Grayston said when he arrived there were 21 loosely-connected businesses within group with their own human resources, IT and buying operations.

The marketing, HR and IT systems were centralised, and the financial services business was sold.

There were 12 layers of hierarchy in the group operating "a command and control approach that was no longer fit for purpose."

Grayston cut the layers to three with autonomous leadership groups working closely with customers.

Grayston, previously a Sears Holdings and Foot Locker president in the United States, dropped the interminable 50 per cent sales for the same prices every day at The Warehouse stores.

"We put more thought into the value between prices and quality based on buying more volume, and decided to buy better.

"Staff were spending a lot of time in the stores constantly changing prices and we took that activity out so they could concentrate on merchandising and helping customers," he said.

"All of the businesses were entrenched in an antiquated stocking system and we returned to the fundamentals of designing a floor and making it flexible."

"We invested in the digital future and TheMarket is selling 2.5m items; we can ramp that up to 20m items in a controlled expansion."

Grayston said there is still more work to do on operating systems such as developing a cloud-based warehouse management system "to make our supply chain a competitive advantage."

Mason said the market had a very positive reaction to the growth in revenue and margins at The Warehouse Group, with the share price posting an 80 per cent return in 2021.

The market has gained more confidence on the Warehouse's multi-channel growth strategy in which customers are placed at the centre of initiatives and thus improving the customer experience, whether it is in-store or digital, he said.

The Best Growth Strategy award is sponsored by 2degrees

Young Executive of the Year

Ollie Farnsworth — Tourism Holdings

Energy and empathy shines through

Bill Bennett

When the Covid-19 pandemic first hit early in 2020, Ollie Farnsworth realised tourism risked being the hardest hit sector.

Tourism Holdings owns thousands of camper vans around the world and the assets were in danger of sitting idle. Overnight the goal changed to finding ways to stay in business and saving jobs. That meant looking for new revenue streams and recovering outstanding debt balances from travel agencies who were facing their own crises.

Farnsworth, who is chief commercial and customer officer at Tourism Holdings (THL) put a plan into action to find alternative use for the vehicles. Among other initiatives, this meant prospecting businesses and government organisations to use the vans as isolation facilities or for business continuity. One advantage of acting early meant that Tourism Holdings had a first mover advantage.

Vehicles were also used to house seasonal workers on farms or vineyards. Around 100 vehicles are in use today for mobile vaccinations in New Zealand. In Australia, indigenous communities use the vans where there are no facilities to isolate sick family members.

Another programme sought to kick-start domestic New Zealand tourism to replace the missing overseas visitors.

Farnsworth ran a campaign to slash rental prices. It was a huge success with tens of thousands of travellers on the road. Not only has this stimulated demand for future domestic tourism, but it helped to stimulate THL's sales as it sold off surplus vehicles. The key was to price things at a level where the business would not lose any more money. It would not be profitable. But it would cover costs.

Said Farnsworth: "I think we've managed to maximise the available opportunity. Some of the business forecasts and revenue targets go out the door when you're in this type of environment. Instead we've become super-focused on what we can control.

"And we've managed to get a balance sheet into a really strong position and I think we've got the business culture and performance into a stronger position leaving the pandemic than we had coming into it."

He was promoted to his current role in September 2020 and reports direct to the CEO. Before that he was the company's general manager of marketing and revenue management.

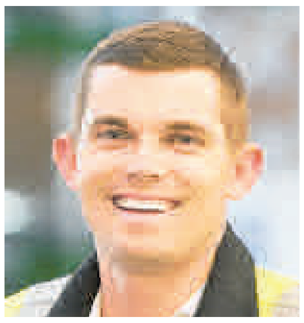
Farnsworth's impressive performance led the Top 200 judges to award him Young Executive of the Year for2021.

They noted he had operational and revenue responsibility for a business that faced, and continues to face, significant challenges, saying he

Ollie Farnsworth: "I think we've managed to maximise the available opportunity."

Renee Mateparae

David Bennett



Jonti Rhodes

"approached tough issues of cost reduction and revenue generation with a constructive outlook.

"An innovative mindset has seen Ollie identify and effectively execute on new business opportunities including the well-known Get Moving to Get New Zealand Moving campaign. His energy and empathy for customers and his people shines through in his leadership approach," the judges said.

While THL tore up the original business plan and the company is not making a profit at the moment, Farnsworth helped get the balance sheet into a strong position.

The business is in a stronger position culturally and performance-wise than it was going into the pandemic.

The result for the 2021 financial year saw revenue reach $359 million, down 10 per cent year on year. Company debt reduced to $49 million, a 62 per cent reduction year on year.

Craigs Investment Partners picked up on this and reported "THL's improvement in net debt position is arguably the NZX story of Covid."

Farnsworth joined Tourism Holdings in 2017 when he moved home to New Zealand with plans to start a family. Before the move he was working for a marketing and customer strategy consultancy.

His main client was worldwide hospitality giant the InterContinental Hotels group. Tourism Holdings hired Farnsworth after a series of remote, virtual meetings. It seemed unusual at the time, yet in some respects, it was a taste of life to come.

As the judges point out: "His diverse range of career experiences across countries and industries brings a strong global perspective and understanding of the social and environmental imperatives faced by leaders.

"Ollie's commitment to continuous learning is demonstrated through scheduled reading sessions and insight days with his customers and team."

Finalist: Renee Mateparae — Spark

After starting out with an engineering degree, Spark Technology Evolution Tribe Lead Renee Mateparae made an early career move into management consulting.

She worked for Accenture in the UK and in Sydney with The Macquarie Group on strategy consulting projects before heading home in 2010. Mateparae took up a strategy role at Air New Zealand working with then CEO Christopher Luxon. While with Air New Zealand she moved into customer experience.

From there she moved to Spark Ventures as the commercial and operations director. That meant working, in effect, as a strategy consultant to other parts of Spark's business.

When Spark made its move to the Agile business model, Mateparae put her hand up for the Mobile tribe lead position and then two years ago technology director Mark Beder asked her to shift to a technology leadership role looking after infrastructure build programmes, which took her back to her engineering roots.

The Young Executive of the Year judges noted that Mateparae is responsible for a third of Spark's capital investment: "Her agile approach, and passion for harnessing Kiwi ingenuity and innovation, has seen Renee play a significant role in delivering on elements of Spark's strategy."

Said Mateparae: "I think that the great thing about Spark at the moment is the culture that Jolie's (Spark CEO Jolie Hodson) created and where I can see it moving to. There's a real focus around innovation and technology and having the ability to use technology to solve big problems.

"It means I can make a real impact for New Zealand and that's part of the reason for my partner and I wanted to come back. We wanted to be working towards making New Zealand a great place as opposed to working in London or Australia".

The judges were impressed by her ability to pick up new skills and ideas and balance a positive demeanour with clarity and vision. Mateparae sees her team's successful rollout of a 5G mobile network with 100 live sites by the end of the last financial year as a career high point.

Finalist: David Bennett — Ryman Healthcare

As part of Ryman Healthcare's response to the challenges of the Covid-19 pandemic, Young Executive of the Year Award finalist David Bennett looked to diversify the business's funding lines. As the company's chief financial officer, he found three sources of funds and restructured more than $850 million of debt. The move gave Ryman the financial headroom needed to commit to new retirement villages and construction projects as well as provide a cushion to deal with difficult operating conditions.

Bennett's project impressed the award judges who recognised it as a significant project enabling Ryman to commit to new projects in a period of unprecedented uncertainty.

Said Bennett: "I have spent a lot of time in the early years understanding the operational side of the business.

"Our debt restructure was unique for New Zealand, particularly at the time of Covid as it diversified our funding. I was lucky to have a great finance team around me that made that possible."

The judges acknowledged his deep commitment to Ryman and its culture. He shows "...a deep understanding of the business and empathy for the core customers. David demonstrates a strong commercial will and focus on delivering outcomes. He impressed with his innovative approach to project control with Ryman's build programme and new payment model for aged care."

Bennett studied Commerce and Accounting at Lincoln University. He joined Deloitte as a graduate in the audit team before travelling to London where he spent time working as a consultant for Lloyds TSB, one of the large high street banks in the UK.

On his return to New Zealand he went back to Deloitte, this time in a more senior audit role. After four years in his job, Bennett decided to change direction and switch to a corporate financial controller role.

Bennett spent a few months at Westland before he was shoulder-tapped for the job at Ryman. When the then chief financial officer stepped up to the CEO position at Ryman, Bennett was offered the position.

Finalist: Jonti Rhodes — Fisher and Paykel Healthcare

Jonti Rhodes grew up on a farm in the Bay of Islands. He always thought he would end up running a farm like his family until his school maths teacher talked him into studying engineering at University. It paid off. Today he is the General Manager – Supply Chain, Facilities & Sustainability at Fisher & Paykel Healthcare.

It's a role he loves that has taken on a new importance since the start of the Covid-19 pandemic which has seen a doubling in the demand for the medical equipment his company supplies along with unprecedented disruption to worldwide supply chains.

Rhodes tackled the challenge by setting up a product supply control room and daily 10am meetings allowing his team to respond fast to rapidly changing circumstances.

Judges for the Young Executive of the Year award commented "His leadership of supply chain management has been critical over the past 18 months... Jonti's focus on outcomes has helped to ensure such demands could be met."

Said Rhodes: "I've been taught since I was a kid, it doesn't matter who you are, what your title is, if there's a job that needs to be done, you roll up the sleeves and get down there, and you give them a hand. I've spent nights in distribution centres working with teams when there aren't people available, I have a forklift licence, so I can drive a forklift and help the guys out. It's just part of how I was raised by my old man: Never be too big for anything, just be a human."

Rhodes has spent his entire working life with Fisher & Paykel. The judges see this as showing a strong commitment to the business. His people skills and ability to lead from the front caught the judges' eyes. They said: "Jonti takes a collaborative approach to leadership and develops strong connections to frontline employees, taking time to get to know them personally. While he's been focused on short-term imperatives lately, he remains very committed to a long-term infrastructure plan and sustainability policy for Fisher & Paykel."

Sustainable Business Leadership

Kathmandu

Sustainability is central to strategy

Tim McCready

Clockwise from left: Kathmandu, Synlait, and Lion have demonstrated their commitment to sustainability.

When Kathmandu achieved B-Corp certification in 2019, it became the largest Australasian retailer to be certified through the stringent process which recognises the highest standards of environmental and social performance.

"Part of being a certified B-Corp is looking at how we can benefit everyone that our brand comes in contact with, from suppliers to customers," says Kathmandu CEO Reuben Casey.

"It helps us on that path of continuous improvement and demonstrates to our customers, shareholders, investors and suppliers that we are committed to doing the right thing."

The Deloitte Top 200 judges commended Kathmandu Holdings for putting sustainability right at the heart of its strategy, and say this is why Kathmandu has been recognised as the winner of the 2021 Sustainable Business Leadership award. They are impressed by the leadership it demonstrates across ESG (environmental, social, governance) to drive long-term value for its shareholders and for the planet.

The Kathmandu brand was established in 1987, with Kathmandu Holdings formed in 2009 as a publicly listed company. The subsequent acquisition of hiking footwear brand Oboz (2018) and surfwear brand Rip Curl (2019) has seen Kathmandu Holdings transform from an Australasian retailer to a brand-led global multi-channel business. The Group is now working to extend Kathmandu's B-Corp accreditation across its other key brands — Rip Curl and Oboz.

"Sustainability is central to Kathmandu's strategy and is felt by all divisions of the company," says Top 200 judge and Direct Capital managing director Ross George. "We were impressed with this 'whole of company' involvement — it is transnational and embraced by the board, management, and all levels of staff."

Last year, Kathmandu Holdings completed an ESG materiality assessment across the group, speaking with stakeholders about where it can do better and what it should be focused on.

It also recently secured NZ's largest syndicated sustainability-linked loan. The A$100m loan is tied to ESG and will be measured against a reduction in greenhouse gas emissions, B Corp certification, and improving the transparency, wellbeing and labour conditions for workers in its supply chain. If targets are hit, the interest rate on the loan decreases.

The judges were impressed by the bold ESG targets Kathmandu has set out to achieve by 2025, as it continues to consider how it can improve at every touch point. One of these targets was to become carbon zero by 2025. Kathmandu reached this target four years ahead of schedule, after offsetting its operational carbon footprint through Toitū carbonzero certification.

Casey says while this is a huge step, Kathmandu will continue to work towards its larger goal of net zero environmental harm by 2025. In 2022, it will set science-based targets that align with the Paris Agreement, and will hold itself accountable to those targets.

"This forces us to really understand the wider impact across the wider supply chain and value chain, as opposed to just doing what we can control," he says. "It also helps us to influence our suppliers a bit more as well."

Another of Kathmandu's targets is to have 100 per cent of its products designed, developed and manufactured using elements of circularity principles.

In a first step, last year Kathmandu released its Pelorus Biofleece, made from 100 per cent recycled fabric which can degrade by 93.8 per cent in landfills at the end of its life. Later this year, it will release a 100 per cent biodegradable down jacket, with every component of the jacket able to biodegrade in landfill and marine environments.

"We are trying to demonstrate leadership and push forward the boundaries of what is possible," says Casey. Kathmandu Holdings' other brands are making progress towards its aim to achieve B-Corp certification across the entire group.

Rip Curl undertook a carbon audit and established a new ESG team to reflect Rip Curl's increased focus on sustainability and take steps toward B Corp certification. The business sources its sustainable cotton in line with the Better Cotton Initiative, and this year launched a wetsuit take-back programme.

Oboz has embarked on its first materiality assessment and carbon footprint audit. Over the next 12 months it aims to work aggressively to surpass the 80-point minimum requirement to become B Corp certified. The company plants a tree for every pair of footwear sold and has 95 per cent environmentally preferred leather materials in its product range.

Finalist: Lion

Country Director for Lion New Zealand Craig Baldie says the company's success hinges on its ability to operate ethically and in the best interest of society, including looking after the environment.

The beverage brewer and manufacturer's sustainability approach aims to strengthen the resilience of the communities in which it operates, champion responsible use of its products, and ensure its environmental legacy has a positive impact now and for future generations.

The Top 200 judges commended Lion for recognising the importance of operating ethically given the product they sell, and its focus on creating a balanced portfolio of products — including low and no alcohol options.

"Lion has been a New Zealand leader in creating a culture of responsible drinking which it calls mindful consumption," says Top 200 judge Ross George. "It runs alcohol education programmes and is a member of the responsible drinking charity, Cheers."

"On the employment front, Lion is an inclusive, flexible and diversified workplace."

Baldie says Lion's ability to operate is a privilege, not a right.

"Businesses who do the right thing for the long term are the ones that will endure," he says. "For Lion as New Zealand's largest alcohol beverage company, this means contributing to a positive and safe drinking culture is of primary importance."

The judges were also impressed by Lion's very direct commitment to the circular economy concept and its responsible practices in the supply chain, which are reflected in its commitment to a net zero value chain by 2050. This involves partnering with suppliers to measure and reduce collective lifecycle emissions.

As part of this strategy, Lion has committed to use 100 per cent renewable electricity to brew its beers by 2025 and has further stretched itself by adapting its existing science-based target to limit global warming to under 1.5 degrees. This sets a reduction target of 55 per cent by 2030 for its direct emissions from a 2019 baseline. The circular economy concept is embedded in Lion's business performance and targets, as well as parent company Kirin Holdings' Environmental Vision 2050.

The judges note that Lion has already made good progress.

Since 2015, it has achieved a 28 per cent absolute reduction in its carbon footprint. It has become the first large-scale carbon neutral brewer in both Australia and New Zealand and New Zealand's largest beverage manufacturer to be certified as carbon zero.

One of its core brands, Steinlager, became New Zealand's first large-scale beer brand to achieve carbon zero certification. To reach this milestone, Lion says it focused on reducing emissions throughout Steinlager's product lifecycle — from growing the hops and barley, and brewing the beer, to packaging and transport.

Lion has also invested in water efficiency initiatives, reduced its waste, and is making its packaging more recyclable and reusable. Already over 97 per cent of Lion's packaging materials are recyclable and it is targeting 100 per cent of packaging to be reusable, recyclable, or compostable by 2025.

Finalist: Synlait Milk

Synlait Milk has bold ambitions to be "net positive for the planet" and instrumental in its industry's response to climate change — a significant feat given agriculture is responsible for 30 per cent of the world's greenhouse gas emissions and 70 per cent of freshwater use.

Synlait combines expert farming with state-of-the-art processing to produce a range of nutritional milk products for its global customers. It has put sustainability at the centre of its corporate purpose, and in 2018 set 10-year targets and an aspiration to become B-Corp certified — which it achieved last year.

"When we set these bold goals for ourselves, we didn't know how we would achieve them," says Hamish Reid, Synlait Director for Sustainability, Brand, Beverages and Cream.

"We are on track to beat our targets that no one thought we would achieve, and beat the timeframe as well. It's an example of when you are really brave and put yourself out there, people galvanise around that."

The Top 200 judges say Synlait's executives are backing ESG strongly, and as a result the company scores well on these metrics.

"In a challenging year for the company, its focus on sustainability has not waned and it remains an industry leader with ambitious ESG targets," says Top 200 judge Ross George.

"These are ambitious targets, both on-farm and off-farm, and have recently been updated under the Science Based Targets initiative."

One of these targets is a reduction in emissions from the manufacturing process. Synlait is transitioning to renewable energy and has committed to not build another coal-fired manufacturing facility. A trial last year to replace a coal boiler with renewable biomass has progressed to become a permanent project.

"We now have a very clear path forward. From next financial year, we are commencing our rapid transition off coal," says Reid. "Our original intention was early next decade, but we now think this will be entirely feasible as early as 2024 or 2025."

Synlait works with its farmer suppliers to evolve New Zealand's reputation as a responsible and sustainable producer of food, and help farmers understand how their management of the farm impacts on greenhouse gas emissions.

"This allows us to attract the most innovative farmers that are thinking about the future of the food system and where transitions might be happening," says Reid. "It immediately gave us a greater supply base, because people were really interested in understanding and working together with the processor on how they might future-proof their businesses for success."

This has resulted in on-farm emissions intensity, per kg of milk solids, reducing 5 per cent over the last year, or 10 per cent compared to its 2018 base year when its targets were first established. Total off-farm emissions have remained stable since last year, however the emissions intensity, per kg of product, has reduced by 24 per cent compared to 2018.

"No one thought we would achieve what we have — including ourselves," says Reid. "We didn't think it would be possible to reduce our emissions by 10 per cent, and we have already hit the Government's 2030 target."

The Sustainable Business Leadership award is sponsored by The Aotearoa Circle

Diversity and Inclusion Leadership

Ngāi Tahu

A sense of belonging

Bill Bennett

Clockwise: Ngāi Tahu; SkyCity Entertainment; Fonterra.

Ngāi Tahu's Cultural Confidence Programme is the winner of the Deloitte Top 200 Diversity and Inclusion Leadership award for 2021.

The Cultural Confidence Programme addresses the complex challenge of supporting Ngāi Tahu in the businesses, without alienating or othering staff members who come from a different background.

CEO Arihia Bennett explains the programme came about because the large iwi organisation has to give a positive slant to employing and developing Ngāi Tahu. Yet at the same time it is a business and as it grows it needs to employ the most competent and capable people. "It means growing our own people, involving them as leaders and employees. But we have to stretch beyond our own and that means looking at inclusion. We reach into all the corners of the world. It's important for us to reflect that and to embrace an inclusive dynamic culture", says Bennett.

Ngāi Tahu Holdings was set up to administer and grow the tribal pūtea five South Island hapū received after signing a Deed of Settlement in 1998. It runs as a business employing 600 staff, around 15 per cent of these workers are of Ngāi Tahu descent.

A 2015 staff engagement survey highlighted a need for significant improvements in diversity and inclusion. It showed that non-Ngāi Tahu staff doubted the company's commitment to them.

After the survey, staff discussion groups identified two important goals. First, there was the need to support everyone in the business regardless of their whakapapa so they would feel valued, included and connected to the organisation. Second, people wanted clear expectations and support to develop their cultural confidence so they could fully participate in the organisation.

Ngāi Tahu's approach to cultural confidence goes further than most workplaces. The programme teaches employees about Ngāi Tahu history, the injustices faced post-colonisation and the iwi's intergenerational ambition for the future.

It uses a methodology that aligns with the best-practice advice given to US employers responding to the Black Lives Matter movement. This includes supporting employees to recognise their own privilege, listen to the experiences of minority groups and encourage reflective thinking.

Components of the programme were developed with diverse members of the workforce and trialled in smaller parts of the business before rolling out across the organisation.

New employees are now sent on an overnight marae stay when they join the business. It's part of a full immersion cultural experience the business runs in conjunction with the 18 Ngāi Tahu affiliated Marae.

Bennett says the programme aims to give non-Ngāi Tahu employees a strong sense of knowing where the Ngāi Tahu whānau are coming from and who their customers are. It gives them both the EQ and IQ dimension.

Part of this is about giving the employees a sense of their own cultural confidence, which starts with honouring who they are and where they come from. It could be their social background, their community background or their ethnic background. From there they are offered opportunities to build on their cultural confidence.

Over the years the board has gone from around 30 per cent Ngāi Tahu representation to around 70 per cent. It has meant building, developing and positioning corporate leaders. The executive team has gone from around 20 per cent up to 80 per cent Ngāi Tahu. The wider staff is roughly 50 per cent Ngāi Tahu.

In their recommendation, the award judges praised the Cultural Confidence Programme, which they said is an innovative and comprehensive response to a very specific diversity and inclusion challenge. "Ngāi Tahu's purpose — Mōtātou, ā, mō kā uri ā muri ake nei — For us and our children after us" — had the unintended consequence of raising doubts in the minds of their staff who are not of Ngāi Tahu descent, about the company's commitment to them," said judge Ranjna Patel. There have been high favourability ratings for the programme with employee engagement scores lifting quickly. In the most recent engagement survey 78 per cent of staff said they had a sense of belonging and 80 per cent responded that they had a real feeling of including and belonging..

Finalist: Fonterra

Fonterra's Good Together or Tātou Tātou programme is about creating value for the dairy cooperative's farmers and customers using sustainability, innovation and efficiency.

The programme has two main goals. The first it to reconnect farmers back to their co-operative.

Over the years that relationship had withered for many farmers and by 2018 Fonterra realised it was in clear need of repair. The business performance was at a low and there was a low level of engagement with the farmers. A second goal is internal, where groups operating inside the organisation need to relate their work back to the wider business.

Doing all this means going beyond the organisation's traditional boundaries and reaching into the wider community.

Fonterra is a global business and has a diverse workforce spread around the world, but it has a special responsibility at home. The Māori strategy Haea te Ata is an important part of this. It complements Good Together and sets out to bring Te Ao Māori into the heart of the business.

Three ideas underpin Haea te Ata: Manaakitanga, Kaitiakitanga and Whanaungatanga.

Manaakitanga is about caring for people; Kaitiakitanga is about protecting the natural environment today for future generations and Whanaungatanga is about people coming together with a common strength and purpose.

At the senior management level Fonterra appointed a director of inclusion and Māori strategy. There is now a global head of diversity and inclusion, a head of Māori culture and a head of Māori business development. Four Māori business development managers who are located across New Zealand bring the business closer to communities and provide support to farmers and other stakeholders.

Fonterra became a Tupu Toa partner in 2018. It's an organisation that links companies to young talent from tertiary institutions with an emphasis on including more Māori and Pasifika young people in the business world.

The company introduced a Te Reo Māori standard to make sure it uses the language respectfully and appropriately. Consistency and correctness in te reo helps build stronger links with iwi.

Global head of diversity and inclusion at Fonterra Haylee Putaranui says it is one thing to use the Māori language, but you have to ask what you stand for, what are those values and how can you naturally weave them into what you do. "We had farmers who don't like us using the language, even something like opening an email with kia ora. We need leaders to go back to them and say, 'that's our language, that's the co-op's language and we won't be stopping it'".

Putaranui says the results of the initiative fall into two categories. The first is that people are now comfortable having conversations around topics they would not have done in the past. Earlier this year more than 1000 people joined an online panel on racism. At the same time, the conditions are in place so that Fonterra members and employees can have difficult conversations in a safe way.

The award judges acknowledge the Good Together Tātou Tātou programme is making a real difference to inclusivity throughout Fonterra's global business. They praised the company for launching the programme in the middle of a pandemic saying: " It has enabled the company to more deeply engage with its diverse groups of employees spread all over the world, in authentic and impactful conversations, underpinned by Te Ao Māori values.

Finalist: SkyCity Entertainment Group

SkyCity Entertainment Group won the Deloitte Top 200 Diversity and Inclusion Leadership awards in 2018 and 2020. This year it is back as a finalist after the company updated its Te Roopū Māori o SkyCity initiative which aims to improve the engagement with and growth of Māori employees.

As part of a 2020 review, SkyCity set out to identify the issues that are the most important to the business's internal and external stakeholders. There were a long list of issues, but six key areas or pillars emerged as the most pressing: customers, people, community, suppliers, environment and shareholders. For the 2021 financial year, the company decided to prioritise two of these; its dealings with the community and with the people who work for the business.

SkyCity's priorities for dealing with its community pillar were to develop deeper connections with iwi in New Zealand and indigenous peoples at the company's site in Adelaide in South Australia. It planned to do this by building the organisation's confidence and capability to engage with Māori and indigenous people.

To address the people pillar, SkyCity worked on diversity, inclusion and belonging. It recognised the diverse workforce represents a competitive advantage. The company focused on creating meaningful career and development pathways, looking after health, safety and wellbeing in addition to employee engagement.

All of these have been long-term goals for the organisation, but picked up momentum in the last 18 months. Along the way the board chair, Rod Campbell, announced SkyCity's commitment to understand and honour Te Tiriti o Waitangi principles, at the pōwhiri to welcome Michael Ahearne as the new CEO. This was led by Ngāti Whātua Ōrākei.

Claire Walker, SkyCity's chief people and culture officer, says the work started with Tahuna Te Ahi programme, the Māori leadership programme that featured in the 2018 awards. "We've had four or five cohorts emerge from that programme. The participants in the first cohort decided they wanted to establish a Māori employee group. We created an opportunity for the Roopū to become a community within our inclusion council."

In midwinter, SkyCity celebrated Matariki in partnership with Te Wānanga o Aotearoa. This was an authentic, culturally appropriate experience for staff and the guests.

Te Roopū Māori o SkyCity was also behind a Covid-19 vaccination rollout for employees in partnership with Ngāti Whātua Ōrākei. It prioritised Māori and Pasifika staff who might otherwise have had difficulty getting their shots.

The award judges commented that SkyCity's Te Roopū Māori initiative is another strong step forward in the company's well-established commitment to be a truly diverse and inclusive organisation.

The level of empowerment of the leaders of the Te Roopū Māori initiative is exceptional and this has enabled a huge amount of progress to be achieved in a relatively short period of time.

The Diversity and Inclusion Leadership award is sponsored by Barfoot & Thompson

Visionary Leader

Peter Beck — Rocket Lab

The next frontier is here

Graham Skellern

Founder and chief executive Peter Beck felt a rush of pride when Rocket Lab listed on the United States sharemarket in August 2021. His dreams and schemes had come together as Rocket Lab USA became a leading player in the exciting aerospace industry.

When Rocket Lab joined the Nasdaq Composite Index, its market capitalisation climbed to more than $7.33 billion and it raised $1.14b.

By the end of the year, Rocket Lab had deployed 109 satellites into space from 22 lift-offs — after the Electron rocket first launched from Mahia Peninsula near Wairoa on its inaugural commercial flight in November 2018.

Electron has become the second most frequently launched rocket, delivering exclusive or rideshares and tailored orbits for commercial and government satellite operators.

Beck said in a video recording that the whole idea of Rocket Lab was about democratising space and making space available for everybody. "It's an exciting time.

"We are right on the tipping point of space being a commercially dominated domain rather than government dominated domain.

"We started with a blank sheet of paper and we wanted to launch under $5m every week. That's a pretty absurd statement in the aerospace industry when the average cost of a launch vehicle is $180m and United States as a country went to space 22 times (in a year).

"We took a different approach and invested in lots of emerging technology. When we started 3D printing rocket engines we could see technology was going to play a very disruptive role in what we wanted to achieve," Beck said.

"You normally measure the time to build rocket engines in months. We needed to measure it in hours, so with 3D printing we are able to print one rocket engine every 24 hours.

"We've been clear that we want to launch at least once a week over 50 times a year. So if successful, we will be launching more as a company than most countries. For us, it's not so much the technologies that have been developed in New Zealand but more so the very clever and educated people with the New Zealand attitude of 'happy to push the boundaries'."

Rocket Lab has quickly become a major competitor in the space transportation business, and Beck's drive and determination has earned him the title of Visionary Leader in the 2021 Deloitte Top 200 Awards.

Beck, and his team of 500 plus, continues to redefine the space industry, with the rapid and cost effective delivery of innovative, high quality technology.

Rocket Lab is presently developing the larger, reusable Neutron rocket to rival Elon Musk's SpaceX Falcon 9.

Asked what 2022 was in store for him, Beck said Rocket Lab had a year packed with many missions, including the first launch from New Zealand to the Moon for NASA. Rocket Lab had nearly $350m worth of satellite-carrying bookings.

Beck wants to move closer to building Photon satellite buses — an attachment to the rocket — to send to Mars and also to Venus "where we're going on a search for signs of extra-terrestrial life."

Born in Invercargill — his father Russell was the former director of the Southland Museum and Art Gallery and his mother Ann was a teacher — a curious Beck attended James Hargest College.

While his father developed a giant telescope for the Southland Observatory, Beck built go-karts, model aircraft and pulled an old Mini apart and rebuilt it part by part, hotting it up with a turbocharger. Even then, his goal was to build rockets.

Engineering ran in the Beck family. Russell was an engineer, his brother Andrew a mechanical engineer and electrician, and his cousin David runs Beck Industries, started by David's father Doug in Invercargill, and specialising in Turbo Vac vacuum sweepers.

Instead of heading to university and earning a degree, Beck wanted to get more practical experience and started a toolmaking apprenticeship at the age of 17 at Fisher and Paykel in Mosgiel near Dunedin in 1995. After hours, he built a rocket-powered bike.

Beck was given lumps of titanium which were written off as apprentice-training projects. When he was 'promoted' to the design room, he completed simulations on rocket nozzles, optimising the flow for rocket fuels.

A former colleague said that one day Beck gave the bike a test run on the Fisher and Paykel grounds. "He took off at an amazing rate and I don't even think he knew how he was going to stop the thing. He almost smacked it into a container and we were just standing around, mouths open."

He also demonstrated it to a bemused public in 2000 with a 140kph blast down Dunedin's Princes St. Not only did Beck create a rocket bike but also a rocket scooter and a jetpack that powered a pair of rollerblades.

"He's gone from that to putting stuff into space, it is just incredible," the colleague was reported as saying.

After six years working in Mosgiel, Beck moved north to Auckland and Industrial Research Limited, now part of Callaghan Innovation. Beck worked on precision engineering projects including high-temperature superconductor manufacturing.

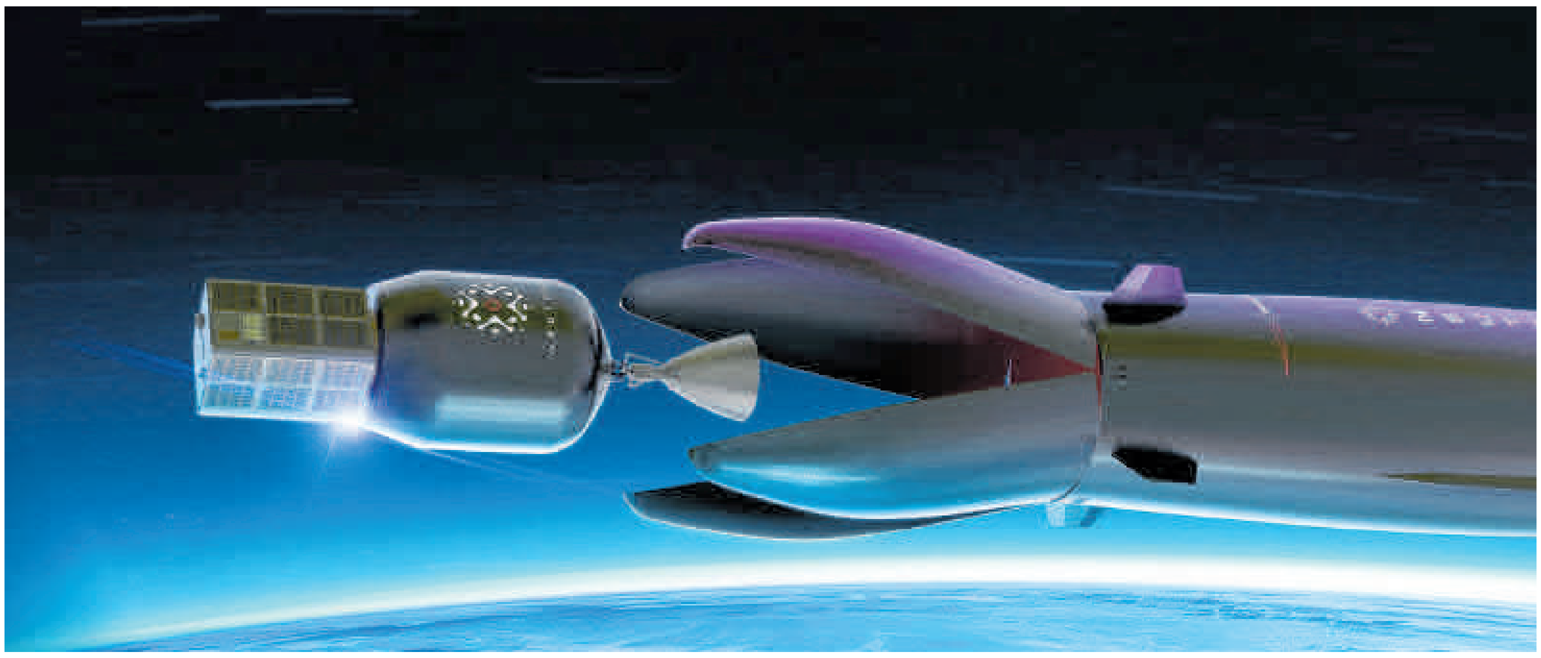
In 2006 he decided to establish Rocket Lab. "When I first started (the company) and I'd meet a technical problem, I would get so stressed out and I just wouldn't want to sleep. I'd work all night and try and solve the problem.

"These days I worry less about technical problems because I know

Achievements

- Attended Invercargill's James Hargest College
- 1995: began a toolmaking apprenticeship at Fisher and Paykel in Mosgiel.
- Moved to Auckland to work for Industrial Research Ltd on precision engineering projects.
- 2006: founded Rocket Lab, an aerospace manufacturer and satellite launch service provider
- 2009: Rocket Lab launched Atea-1sub-orbital sounding rocket into space from Great Mercury Island — first company in the Southern Hemisphere to reach space
- 2010: Rocket Lab awarded a US government contract from the Operationally Responsive Space Office to study a low-cost space launcher to place CubeSats (satellites) into orbit.
- 2016: Rocket Lab opens the world's first and only private launch site on the Mahia Peninsula
- 2018: First commercial flight of the Electron rocket took place on November 11; Rocket Lab launches its first mission for NASA's Educational Launch of Nanosatellites (ELaNa) programme.
- 2021: Rocket Lab USA lists on the Nasdaq valued at $US4.8 billion ($NZ7.04b) with gross cash proceeds of $US777 million ($NZ1.14b)
- 2021: Rocket Lab selected to launch NASA's advanced composite solar sail system on its Electron launch vehicle
- 2022: Rocket Lab USA announces it will open a new space systems complex in Littleton, Colorado.

Visionary leader



if it's engineering, we can solve it. There's been so many times we've hit a brick wall where physics seem to be against you and we always find a way," he later said.

Internet entrepreneur Mark Rocket was the seed investor in Rocket Lab and became co-director from 2007-11.

Funding soon flowed from Sir Stephen Tindall's K1W1 Fund, Silicon Valley investor Khosla Ventures, Callaghan Innovation, Bessemer Venture Partners, Lockheed Martin, Data Collective and Promus Ventures, which operates a space fund called Orbital Ventures.

Rocket Lab developed the lightweight, carbon fibre, two-stage Electron rocket powered by the unique Rutherford engine. The engine, fabricated largely by 3D printing, uses battery-powered electric motors rather than a gas generator.

Electron is 18m tall, 1.2m in diameter and can deliver payloads of up to 300kgs to low-Earth orbit.

Manufacturing the carbon composite components of the main flight structure has traditionally required 400 hours.

In late 2019, Rocket Lab introduced a new robotic machine capable of producing all the Electron composite parts in just 12 hours — including cutting, drilling and sanding for final assembly.

It meant Rocket Lab could meet its goal of building the rocket in just seven days, and the company could send satellites into space at a far more frequent rate.

Rocket Lab has three launching pads — two at Mahia Peninsula, the first and only private launch site in the world, and the other at NASA's Wallops Flight Facility in Virginia, United States.

The Mahia site is licensed to launch rockets every 72 hours for 30 years.

Rocket Lab now has its headquarters in Long Beach, California with manufacturing facilities remaining in Auckland.

Since its Nasdaq listing, Rocket Lab has been busy expanding its space systems division. In mid-December Rocket Lab bought Planetary Systems Corporation, a Maryland-based spacecraft separation system for $US42m ($NZ61.65m).

Planetary Systems' cost-effective and lightweight hardware streamlines the process of attaching satellites to rockets and releasing them in space while ensuring they are protected during the journey to orbit.

Rocket Lab also bought Advanced Solutions for $US40m ($NZ58.71m) — a Colorado-based maker of mission simulation systems, and navigation and control solutions. And back in April it closed the purchase of Toronto-based satellite component maker, Sinclair Interplanetary.

Rocket Lab's latest acquisition is New Mexico-based SolAero, a global leader in space solar power products, for $US80m ($NZ117m).

SolAero's solar cells and panels, and composite structural products have supported more than 1000 successful space missions over the past two decades.

The products have played key roles in some of the most ambitious space missions, such as supplying power to NASA's Parker Solar Probe and Mars Insight Lander, and cargo resupply to the International Space Station. SolAero's staff totalling 425 will increase Rocket Lab's team to more than 1000.

Rocket Lab's aim is for the space systems division to generate 40 per cent of its revenue by 2027 — a year in which it has forecast operating earnings of $US505m on turnover of $1.57b.

Rocket Lab is taking its own space mission to a new level by developing the larger, reusable, carbon composite mega constellation launcher, Neutron Rocket. It will stand 40m tall, measure 7m in diameter and deliver payloads of up to 8000kgs in low-Earth orbit and up to 1500kgs to Mars and Venus.

The first launch is planned for 2024 and commercial flights would begin a year later, and Neutron would be suitable for human space flight.

The first stage of Neutron will be powered by seven Archimedes engines burning methane and oxygen, and the second stage will be propelled by one vacuum-optimised Archimedes engine.

The innovative twist is that Neutron will carry the second stage inside its first stage.

After climbing above Earth's atmosphere, the first stage will open up its nose cone and eject the second stage with attached payload.

The second stage engine will then ignite to complete delivery of the payload, the nose cone will close, and the first stage will descend to Earth and land back on its launch pad much lighter than when it began its trip.

Neutron will land on four solid fins integrated into the chassis.

This design also enables Neutron to launch from a free-standing posture — needing no expensive launch tower to keep it from toppling over.

Beck said: "The composite material, as we used for Electron, is really important because when you talk about launch vehicles it's all a maths equation.

"So if you take maths out of all structures, then everything else becomes easier. The lightweight structure makes propulsion and re-entry easier.

"What drives cost in a rocket is not actually the materials and parts but the operations.

"If you return it back to the place it was launched, then you save a tremendous amount of cost.

"The same goes with bearings and the nose cone — let's just keep them together.

"The Archimedes engine doesn't have to go full throttle because of our proprietary composite material that makes the rocket that much lighter," said Beck.

"Typically, people complain that composites are expensive and slow to build. If you're doing it in a traditional sense, that's true. But we are adopting an automotive fibre placement machine and printing metres in a minute — it's a rapid way of building high-performance structures.

"Weight or lightness in a launch vehicle is supremely good in every way — the lighter you can make it, the fewer problems you have. Neutron has a very large base diameter and this gives a really good ballistic co-efficient, meaning when we re-enter the atmosphere we have a lot of area — and we let the atmosphere take care of the work. Think about standing on a roof and throwing off a tennis ball or umbrella. The tennis ball plummets to the ground and the umbrella gently floats down. That's the advantage of building such a lightweight vehicle. The thermal loads on re-entry are far reduced."

Beck said the priority for Neutron would still be cargo. "We need to develop a little bit more for human space flight. If we are honest, there is only one customer for space flights right now and that's Nasa.

"But if the space flight market grows, then we are making sure we are poised to take advantage of it."

So Beck and Rocket Lab are taking New Zealand entrepreneurs, innovators and the country to a place they have never been before.

Honours

- 2010: Awarded the Meritorious Medal from the Royal Aeronautical Society
- 2010: Awarded the Royal Society of New Zealand's Cooper Medal for early career research excellence
- 2015: Recognised as New Zealand Innovator of the Year in the Kiwibank awards
- 2016: EY Entrepreneur of the Year (NZ)
- 2019: Adjunct professor of aerospace engineering by Auckland University, though he never attended university

A new look

Rocket Lab is having a makeover as it sports a new logo.

The new logo replaces the original designed by founder Peter Beck on the back of a napkin.

"One of our values at Rocket Lab is to be ever evolving. It's this mindset that led us to evolving Electron into a reusable rocket," a company statement said.

The original logo has flown to space on the Electron rockets 23 times from the Mahia launch pad.

"We've worn it with pride every day across our global facilities but now, after 15 years and many exciting achievements and innovations, it's time for an update.

"As we welcome new companies into the Rocket Lab brand, including Advanced Solutions Inc., Planetary Systems Corp, and SolAero Technologies, and we expand further into space systems, and evolve our launch capabilities, we wanted something that looks to the future.

"The refreshed logo retains the heritage of our widely recognised and respected existing brand identity, while modernising our look to reflect our proven track record of rapid and agile innovation.

"It acknowledges our successful history and looks to our future . . . and what an exciting future it's shaping up to be."

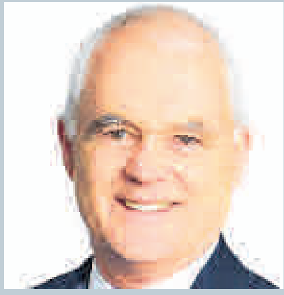
The Visionary Leader award is sponsored by Hobson Leavy

The special awards judging panels

Diversity and Inclusion Leadership


Royal Reed


Ranjna Patel


Simon Moutter

Royal Reed
Royal Reed is a partner at Meredith Connell and founder of Prestige Law. She is an entrepreneur, public speaker, and a social media influencer and an OnBeingBold founder.

Royal completed legal studies in New Zealand, international policy studies in China, and negotiation skills and professional service firm management in America. She has developed an insight that is relevant to many businesses in their gaining and planning with the business needs of engaging with Asia.

She has been the source of Asian market insight for many organisations such as Kea New Zealand — where she serves on the global board. She also advises Luxury Network, Auckland Art Gallery, Land Information New Zealand and is a well known face and name for Chinese migrants through her public speaking and media influencer career. Her vlogs, social media platforms, and livestream appearances have enjoyed a high volume of loyal fans. Royal represents younger ethnic women, whose voice will not be ignored forever.

Ranjna Patel ONZM
Ranjna Patel and her husband Kanti Patel set up the largest private primary health care provider in New Zealand, East Tamaki Healthcare in 1977, now known as Tamaki Health. In 2014, they founded Gandhi Nivas, a Family Harm initiative. She has won multiple awards including the Deloitte Top 200 Visionary Leader in 2016 and was awarded an ONZM in 2017. Ranjna sits on many advisory boards including Diversity Works NZ, the Mental Health Foundation, Global Women and the NZ Police National Ethnic Forum.

Simon Moutter
Simon Moutter is best known from his time as managing director of Spark New Zealand between 2012 and 2019. He was responsible for the overall leadership and strategic direction of Spark which provides digital services to millions of New Zealanders and thousands of New Zealand businesses. He led the reinvention of Telecom to Spark, to better reflect the fast-changing new world of digital services in which the business now operates.

He previously led Auckland International Airport as CEO for four years in which he transformed the customer experience and delivered a significant uplift in its growth trajectory. His leadership of Spark and Auckland Airport was recognised when he was named Chief Executive Officer of the Year in the 2017 Deloitte Top 200 Awards.

Today Simon is a board member and operating partner to three privately-owned companies — Smart Environmental, Agility CIS and Intellihub. He is a Commonwealth Bank director and chairs fashion start-up Designer Wardrobe.

Sustainable Business Leadership

Katie Beith (adviser)
Katie Beith joined Forsyth Barr in November 2021 as Head of ESG. She was previously with the New Zealand Super Fund as a senior investment strategist for responsible investment. There she was a key contributor to driving the fund's Climate Change, revamped Sustainable Finance Strategy and international engagement programme. Katie has extensive experience in the international ESG community.

She is on the External Reporting Board's Stakeholder Advisory Panel (XRAP) and is a member of the NZ National Advisory Board for Impact Investing.

Young Executive of the Year


Rob Campbell

Rob Campbell CNZM
Rob Campbell is chair of the Health New Zealand interim board, SkyCity Entertainment, Tourism Holding, WEL Networks, Ara Ake and the NZ Rural Land Company.

He also holds the position of Chancellor at Auckland University of Technology.

Rob has over 30 years' experience in capital markets and has previously been a director of or advisor to a range of investment fund and private equity groups in New Zealand, Australia, Hong Kong and the United States of America.

In 2019, Rob was awarded a Companion of the New Zealand Order of Merit 2019 and received the Distinguished Alumni Award from Victoria University of Wellington.


Joan Withers

Joan Withers
Joan Withers spent over 25 years in the media industry, including as CEO of Fairfax NZ and The Radio Network, and has significant corporate governance experience. She currently chairs The Warehouse Group and a steering committee working to increase Maori and Pasifika students taking jobs in the health sector and is director of ANZ NZ, Sky Network TV, OnBeingBold and Origin Energy.

Joan was previously Chair of Auckland International Airport, Mercury NZ and TVNZ and held directorships on the boards of some of NZ's largest companies including Meridian Energy and Tourism Holdings. She is a former Deloitte Top 200 Chairperson of the Year (2015).


Liam Dann

Liam Dann
Liam is Business Editor at Large for the New Zealand Herald. He has been a journalist nearly 30 years, covering business for more than 20.

He writes news, opinion pieces and commentary covering markets, economics and politics.

He is host of the Market Watch video show and Money Talks podcast series at NZME. He has also worked in the banking sector in London and travelled extensively.

Movement in the Top 10

NZ's Top 200 companies performed well in a challenging year, increasing revenues and profits, writes **Tim McCready**

The high-level view of the 2021 Deloitte Top 200 Index shows an increase in total revenue from $190,618m in 2020 to $191,527m in 2021 — an increase of 0.5 per cent. This compares to a 1.6 per cent increase in 2020.

Underlying earnings (ebitda) increased from $24,803m in 2020 to $26,374m in 2021. This is an increase of 6.3 per cent, compared to a 7.3 per cent decrease in 2020.

The ebitda margin, an assessment of operating profitability as a percentage of total revenue (total ebitda/total revenue), increased slightly between 2020 (13.0 per cent) and 2021 (13.8 per cent).

Total profits after tax have increased from $6505m in 2020 to $7910m in 2021. This is a 21.6 per cent increase year on year, compared to a 37.3 per cent decrease in 2020.

Net profit margin (profit after tax/total revenue) increased between 2020 (3.4 per cent) and 2021 (4.1 per cent).

Total assets have increased from $253,333m in 2020 to $264,759m in 2021, which is a 4.5 per cent increase, compared to a 9.6 per cent increase in 2020.

The number one spot on the Top 200 Index has been held by Fonterra since its formation in the early 1990s. Fonterra's revenue increased by 1.4 per cent during the year to reach $20,565m. This increase is mainly due to increased sales volumes.

EBOS Group has maintained its number two ranking, increasing its revenue by 7.0 per cent from $9,241m in 2020 to $9,886m in 2021.

EBOS Group's increase in revenue is attributed to growth in its community pharmacy, institutional healthcare, contract logistics and animal care businesses. The revenue gap between the top two companies has remained fairly constant, slightly decreasing by 3.3 per cent, as Fonterra (ranked first) had a revenue increase of 1.4 per cent.

Fletcher Building's (ranked 3rd) revenue has increased by 11.1 per cent from $7,309m in 2020 to $8,120m in 2021, which is a recovery on a drop in revenue of 12.0 per cent in 2020 compared to 2019, which caused it to slip from second in 2019 to third in 2020.

The top 10 has seen some movement in 2021, with Meridian Energy re-entering in sixth place (previously 10th place in 2019 and 11th place in 2020).

Zespri has moved up to seventh place from 12th place in 2020, and Mainfreight now occupies 10th place compared to 15th place in 2020.

These movements in the top 10 see Z Energy moving down from fifth place in 2020 to 11th place in 2021, Air New Zealand moving down from sixth place in 2020 to 17th place in 2021, and BP moving down from eight place in 2020 to 15th place in 2021.

The 200th ranked entity on the Top 200 Index in 2021 is Aurecon, a newcomer to the index, with revenue of $189m.

Last year's 200th ranked company, Airwork, had revenue of $200m. This is a 5.4 per cent decrease in revenue between 200th ranked companies year on year.

Deloitte Top 200 Index

	2021 $m	2020 $m	% change
Revenue	191,527	190,618	0.5
EBITDA	26,374	24,803	6.3
Tax paid	2,119	1,916	10.6
Profit after tax	7,910	6,505	21.6
Total assets	264,759	253,333	4.5
Total equity	113,958	104,867	8.7

Deloitte Top 30 Financial Institutions Index

	2021 $m	2020 $m	% change
Revenue	22,785	26,021	(12.4)
EBITDA	8,483	9,051	(6.3)
Tax paid	2,213	2,300	(3.8)
Profit after tax	5,213	5,951	(12.4)
Total assets	635,954	602,337	5.6
Total equity	56,050	50,707	10.5

Māori business strong in turbulent times

Lee Gray

Since 2017 we've seen 16.3 per cent growth across the total asset base of Māori entities featured on the Deloitte Top 10 Business Māori Business Index.

Whilst recent market challenges have placed new pressures on these organisations, those on the 2021 index collectively represent $6.9 billion in assets.

Ngāi Tahu, Waikato-Tainui and Ngāti Whātua ki Ōrākei have held their top three positions again this year, which is not unexpected. They have all continued to grow their asset base year-on-year and further stretch ahead of other Māori entities on the index.

We've seen Government at both a national and local level acknowledge the economic strength of a number of Māori entities, including those on the index, and have chosen to partner with them, particularly on a number of significant regional projects, to help stimulate growth for the country.

The Ruakura Superhub near Hamilton, is a Waikato-Tainui led project and has seen a Government commitment of $36.8m and a $20m non-interest bearing loan through the Provincial Growth Fund and Crown Infrastructure Partners 'shovel ready' projects, with Hamilton City Council contributing an additional $5m million. The Superhub will be a premium logistics and industrial hub and will help connect not only the Golden Triangle but all of Aotearoa.

New to the Top 10 in 2021 are Ātihau-Whanganui, Raukawa Settlement Trust and Te Tumu Paeroa which placed at eighth, ninth and tenth respectively.

Ātihau-Whanganui saw an increase in total assets of almost $20m year-on-year which was driven by the growth in property, plant and equipment. Raukawa Settlement Trust saw an increase of $8.8m which can be attributed to the increase in associate investments, including the formation of Hapai Commercial Property Limited, and short-term deposits.

The strength of all these entities financial success is to be commended but who they are as organisations goes much deeper than just meeting financial targets.

All of the organisations on the index take their responsibility to contribute to their communities very seriously and social initiatives are just as an important focus as the financials.

In 2021, Ngāi Tahu spent more than $45m on initiatives and projects focused on culture, identity, health, wellbeing, education, and conservation to deliver value for their communities.

Similarly, Waikato Tainui progressed initiatives focused on taiao (environment), hapori (community), kaupapa (marae development strategy), whai rawa (creating wealth opportunities), and mahi tonu (concerning development of digital solutions, innovation capabilities).

This saw $20m distributed to marae, the activation of a mobile vaccination plan, the implementation of health frameworks and the establishment of a housing pilot project.

Māori have always placed value on taking a holistic view of business and in more recent years we've seen businesses of all shapes and sizes around the world understand this is an approach they should also be embracing if they want to have long-term success.

2021 has again demonstrated the strength of Māori businesses and as the bar for success keeps being raised higher each year, Māori continue to clear it with ease.

● *Lee Gray is Deloitte Lead Partner — Hourua Pae Rau*

Deloitte Top 10 Māori Business Index

	#			Total assets						
	2021	2020	Name	$m	% change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
-	1	1	Ngai Tahu	1,923	5	9	1,710	10	165	Jun-21
-	2	2	Waikato Tainui	1,529	7	7	1,328	9	109	Mar-21
-	3	3	Ngati Whatua ki Orakei	1,337	7	4	1,028	6	55	Jun-20
-	4	4	Moana NZ	572	4	4	476	4	20	Sep-20
▲	5	7	Parininihi ki Waitotara (PKW)	385	15	12	317	15	43	Jun-21
-	6	6	Tuhoe Te Uru Taumatua	373	(2)	(2)	370	(2)	(8)	Mar-20
▲	7	10	Ngati Porou	286	10	9	257	10	24	Jun-21
▲	8	12	Atihau-Whanganui	228	10	0	178	0	0	Jun-20
▲	9	14	Raukawa Settlement Trust	183	5	3	175	3	5	Jun-20
▲	10	15	Te Tumu Paeroa	175	3	(0)	172	(0)	(1)	Mar-21

Top 200 Indices

Top profits

Fonterra (ranked first in the Top 200 Index) reported the top profit for 2021 at $532m.

Last year's top profit was also held by Fonterra, reporting a net profit of $803m in 2020.

This top profit amount has decreased by 33.7 per cent year-on-year.

The decrease in Fonterra's 2021 profit is attributed to non-recurring gain on sale of investments which boosted the 2020 profit by $467m. This has been offset by lower net interest-bearing debt and an increase in sales revenue for Fonterra in the current year.

In contrast, average profit after tax across all 200 companies has increased from $32.5m in FY20 to $39.5m in FY21, a 21.5 per cent increase.

Respiratory products maker F&P Healthcare (22nd) has moved up to second place in 2021, from sixth in 2020, with profit after tax increasing by 82.6 per cent from $287m in 2020 to $524m in 2021.

Auckland Airport (139th) has moved up to third place in 2021, from 14th in 2020, with profit after tax increasing by 139.2 per cent from $194m in 2020 to $464m in 2021.

Meridian Energy (6th) has moved up to fourth place in 2021, from 15th in 2020, with profit after tax increasing by 143.2 per cent from $176m in 2020 to $428m in 2021.

Ryman Healthcare (97th) has moved up to fifth place in 2021, from 7th in 2020, with profit after tax increasing by 59.6 per cent from $265m in 2020 to $423m in 2021.

Infrastructure investor Infratil (38th) has moved out of the top profits, from being placed second in 2020, reporting a profit after tax of $509m in 2020, to reporting a loss of $88m in 2021.

#	Name	$m
1	Fonterra (NZX:FCG)	532
2	F&P Healthcare (NZX:FPH)	524
3	Auckland Airport (NZX:AIA)	464
4	Meridian Energy (NZX:MEL)	428
5	Ryman Healthcare (NZX:RYM)	423
6	Spark (NZX:SPK)	384
7	Lotto NZ	378
8	Fletcher Building (NZX:FBU)	317
9	Zespri	290
10	Fulton Hogan	289
11	Kaingaroa Timberlands	272
12	Taumata Plantations	225
13	Ngai Tahu	215
14	Woolworths (ASX:WOW)	205
15	EBOS Group (NZX:EBO)	198
16	Kiwi Property (NZX:KPG)	197
17	Vector (NZX:VCT)	195
18	Mainfreight (NZX:MFT)	188
19	Precinct Properties (NZX:PCT)	188
20	Contact Energy (NZX:CEN)	187

Biggest losses

The biggest loss for 2021 was reported by hydrocarbon producer OMV (ranked 83rd in the Top 200 Index), with a loss of $567m.

OMV's loss is a $614m drop from its 2020 profit after tax of $47m.

Pacific Aluminium (58th) and Air New Zealand (17th) respectively hold the second and third biggest losses in 2021.

This is reasonably consistent with the loss positions they occupied last year.

Pacific Aluminium was third and Air New Zealand was first in the biggest losses for 2020.

Air New Zealand's continued losses are reflective of the decline in profits of the air travel industry caused by the impact the Covid-19 pandemic has had on border restrictions limiting international travel.

Tasman Steel (54th) and Lion (71st) respectively hold the fourth and fifth biggest losses in 2021.

Kiwirail (64th) has moved out of the top biggest losses, from being placed second in 2020, reporting a loss of $325m, to having a profit in 2021 of $43m.

#	Name	$m
1	OMV	(567)
2	Pacific Aluminium (ASX:RIO)	(366)
3	Air NZ (NZX:AIR)	(289)
4	Tasman Steel (ASX:BSL)	(243)
5	Lion	(225)
6	Refining NZ (NZX:NZR)	(198)
7	ExxonMobil	(157)
8	CPB Contractors	(104)
9	BP	(103)
10	Ventia	(95)
11	Infratil (NZX:IFT)	(88)
12	Westland Dairy	(73)
13	Holden	(58)
14	Methanex	(39)
15	Synlait Milk (NZX:SML)	(28)
16	JB Hi-Fi (ASX:JBH)	(23)
17	Tegel	(17)
18	Kerbside Papers	(16)
19	Tourism Holdings (NZX:THL)	(15)
20	Imperial Tobacco	(11)

	# 2021	# 2020	Name	Revenue $m	Revenue % change	EBITDA $m	EBIT $m
-	1	1	Fonterra (NZX:FCG)	20,565	*1.4*	1,572	925
-	2	2	EBOS Group (NZX:EBO)	9,886	*7.0*	390	312
-	3	3	Fletcher Building (NZX:FBU)	8,120	*11.1*	912	535
-	4	4	Woolworths (ASX:WOW)	7,146	*(0.8)*	632	360
▲	5	7	Fulton Hogan	4,758	*3.1*	572	416
▲	6	11	Meridian Energy (NZX:MEL)	4,296	*26.2*	982	679
▲	7	12	Zespri	4,005	*18.7*	424	404
▲	8	10	Foodstuffs NI	3,719	*5.0*	205	79
-	9	9	Spark (NZX:SPK)	3,565	*(0.6)*	1,123	600
▲	10	15	Mainfreight (NZX:MFT)	3,544	*14.5*	467	284
▼	11	5	Z Energy (NZX:ZEL)	3,464	*(29.8)*	292	129
▲	12	14	Warehouse Group	3,415	*7.6*	343	194
-	13	13	Foodstuffs SI	3,285	*3.2*	73	7
▲	14	17	Genesis Energy (NZX:GNE)	3,221	*24.3*	305	103
▼	15	8	BP	2,769	*(25.6)*	(49)	(108)
▲	16	20	Contact Energy (NZX:CEN)	2,563	*23.9*	554	305
▼	17	6	Air NZ (NZX:AIR)	2,517	*(48.0)*	445	(329)
-	18	18	Silver Fern Farms	2,490	*(2.6)*	125	94
-	19	19	Downer Group (ASX:DOW)	2,292	*6.6*	164	72
▼	20	16	ExxonMobil	2,079	*(28.3)*	(144)	(176)
-	21	21	Mercury (NZX:MCY)	2,006	*15.7*	439	218
▲	22	33	F&P Healthcare (NZX:FPH)	1,948	*53.0*	807	722
-	23	23	Alliance Group	1,834	*7.1*	42	17
▲	24	26	Open Country Dairy	1,610	*12.6*	137	94
▼	25	24	ANZCO Foods	1,526	*(9.9)*	65	40
▲	26	29	Lotto NZ	1,424	*8.8*	385	377
▲	27	34	T&G Global	1,413	*16.1*	80	34
-	28	28	Datacom	1,408	*4.9*	146	60
▲	29	30	Synlait Milk (NZX:SML)	1,367	*5.0*	37	(19)
▲	30	36	Haier	1,355	*12.4*	145	38
▼	31	27	Bunnings (ASX:WES)	1,332	*(1.4)*	112	45
▼	32	25	Toyota	1,294	*(13.9)*	69	54
▼	33	31	Vector (NZX:VCT)	1,279	*(1.1)*	627	362
▼	34	22	A2 Milk (NZX:ATM)	1,205	*(30.4)*	123	116
▲	35	37	Bidfood	1,154	*9.6*	90	68
▼	36	35	Oji Fibre Solutions	1,127	*(7.1)*	91	(3)
▲	37	38	Farmlands	1,083	*(2.0)*	47	12
▼	38	32	Infratil (NZX:IFT)	1,059	*(17.3)*	180	47
-	39	39	Harvey Norman (ASX:HVN)	1,027	*1.5*	100	72
▲	40	42	Goodman Fielder	981	*1.9*	43	16
▲	41	48	Apple	966	*15.2*	31	31
▼	42	40	Trustpower (NZX:TPW)	953	*(3.8)*	116	70
-	43	43	Chorus (NZX:CNU)	947	*(1.3)*	671	217
▲	44	45	NZ Post	937	*4.3*	157	47
▲	45	47	Restaurant Brands (NZX:RBD)	925	*5.0*	146	75
▲	46	50	Kathmandu (NZX:KMD)	923	*15.1*	204	86
▼	47	41	Transpower	916	*(7.2)*	599	305
▲	48	53	Colonial Motor (NZX:CMO)	899	*20.5*	51	44
▼	49	46	Ballance Agri-Nutrients	897	*0.6*	60	6
▲	50	51	PGG Wrightson (NZX:PGW)	843	*7.7*	54	29

Profit after tax				Total assets			Return on assets	Total equity		Return on equity	Debt to equity	Balance date
#	$m	%	% change	#	$m	% change		#	$m			
1	532	2.6	(33.7)	1	17,341	(3.2)	3.0	2	6,869	7.8	1.5	Jul-21
15	198	2.0	16.1	16	4,242	5.8	4.8	20	1,510	13.6	1.8	Jun-21
8	317	3.9	272.3	6	8,010	(8.7)	3.8	6	3,771	8.7	1.1	Jun-21
14	205	2.9	1.5	12	5,487	0.5	3.7	12	2,135	9.7	1.6	Jun-21
10	289	6.1	30.3	19	3,437	8.8	8.8	22	1,437	21.9	1.4	Jun-21
4	428	10.0	144.6	2	9,856	2.4	4.4	3	5,224	8.3	0.9	Jun-21
9	290	7.3	44.7	50	1,309	22.4	24.4	80	307	105.0	3.3	Mar-21
108	17	0.5	(60.9)	20	3,390	8.1	0.5	32	969	1.8	2.5	Mar-21
6	384	10.8	(8.6)	17	4,113	(5.6)	9.1	21	1,503	25.8	1.7	Jun-21
18	188	5.3	18.2	26	2,487	7.9	7.9	27	1,115	18.1	1.2	Mar-21
40	57	1.6	164.8	23	2,953	(3.0)	1.9	31	1,011	7.1	1.9	Mar-21
25	116	3.4	166.1	36	1,891	2.0	6.2	60	449	28.1	3.2	Jul-21
178	(2)	(0.1)	(128.8)	47	1,406	0.3	(0.2)	65	390	(0.6)	2.6	Feb-21
61	34	1.0	(27.2)	13	5,242	14.4	0.7	14	2,052	1.6	1.6	Jun-21
192	(103)	(3.7)	(176.1)	33	1,926	14.0	(5.7)	42	730	(15.8)	1.6	Dec-20
20	187	7.3	49.6	15	5,028	2.7	3.8	7	2,927	6.7	0.7	Jun-21
198	(289)	(11.5)	36.3	8	6,694	(11.3)	(4.1)	28	1,105	(23.9)	5.1	Jun-21
35	65	2.6	(7.5)	68	890	0.5	7.4	46	610	11.1	0.5	Dec-20
48	47	2.1	58.5	55	1,062	12.0	4.7	73	339	13.9	2.1	Jun-21
194	(157)	(7.6)	(324.4)	59	993	(7.2)	(15.2)	176	36	(132.1)	26.5	Dec-20
24	141	7.0	(32.5)	7	7,978	16.0	1.9	4	4,186	3.6	0.9	Jun-21
2	524	26.9	82.5	30	2,075	44.6	29.9	19	1,521	42.0	0.4	Mar-21
146	7	0.4	(50.0)	92	610	12.8	1.2	71	347	2.0	0.8	Sep-20
34	68	4.2	115.3	62	933	10.5	7.6	50	526	13.7	0.8	Sep-20
79	27	1.8	24.5	81	753	(7.9)	3.5	98	232	12.6	2.2	Dec-20
7	378	26.6	13.4	164	199	5.1	194.7	158	61	661.8	2.3	Jun-21
109	17	1.2	150.9	61	981	14.8	1.8	51	520	3.3	0.9	Dec-20
59	35	2.5	84.2	82	746	1.5	4.7	103	199	17.6	2.7	Mar-21
186	(28)	(2.1)	(138.3)	42	1,618	8.6	(1.8)	40	767	(4.1)	1.1	Jul-21
75	29	2.2	4,834.3	45	1,583	10.6	1.9	62	416	7.0	2.8	Dec-20
86	25	1.9	(41.2)	69	889	67.8	3.5	194	2	264.7	396.0	Jun-20
58	37	2.9	378.8	112	469	(25.5)	6.8	126	120	40.8	2.9	Mar-21
17	195	15.2	100.0	9	6,520	2.2	3.0	10	2,335	8.5	1.8	Jun-21
30	81	6.7	(79.2)	49	1,372	(5.6)	5.7	30	1,084	7.3	0.3	Jun-21
45	48	4.1	0.7	110	487	11.9	10.4	87	279	18.1	0.7	Jun-21
176	(1)	(0.1)	97.9	48	1,396	0.6	(0.1)	43	692	(0.1)	1.0	Dec-20
154	6	0.5	21.8	95	592	0.0	1.0	119	136	4.3	3.3	Jun-21
190	(88)	(8.3)	(117.2)	4	9,537	25.7	(1.0)	5	4,089	(2.4)	1.3	Mar-21
47	48	4.6	42.6	106	525	83.7	11.7	168	47	95.0	10.3	Jun-20
139	9	0.9	103.6	75	809	(2.0)	1.1	96	236	3.8	2.4	Dec-20
90	23	2.4	8.1	190	101	(33.3)	18.5	179	31	47.5	2.2	Sep-20
71	31	3.2	(68.5)	28	2,342	11.0	1.4	29	1,087	2.8	1.2	Mar-21
49	47	5.0	(9.6)	11	5,860	3.9	0.8	34	948	5.0	5.2	Jun-21
66	32	3.4	433.3	40	1,749	(8.9)	1.7	25	1,305	2.5	0.3	Jun-21
70	31	3.3	(14.3)	53	1,173	33.3	3.0	99	230	14.1	4.1	Dec-20
37	63	6.9	615.3	46	1,465	(7.7)	4.2	39	819	7.9	0.8	Jul-21
22	158	17.2	(31.8)	10	6,163	0.8	2.6	15	1,668	9.6	2.7	Jun-21
73	30	3.3	58.6	116	448	16.5	7.1	90	266	11.9	0.7	Jun-21
144	8	0.9	(12.9)	80	762	9.4	1.1	56	476	1.6	0.6	May-21
91	23	2.7	225.0	114	453	(0.6)	5.0	109	174	13.9	1.6	Jun-21

Top 200 Indices

Most improved profit

Agricultural co-operative company Ravensdown (ranked 63rd in the Top 200 Index) recorded the most improved profit out of all the entities on the Top 200 Index.

It delivered a 10,213.8 per cent increase in profit from a $0.2m loss in 2020 to a $15.4m profit in 2021.

Haier (30th) has the second most improved profit, recording a profit of $29.3m in 2021 compared to a $0.6m profit in 2020.

This is an increase of 4,834.3 per cent.

NZPM Group (144th) holds third place for most improved profit, with an increase of 2,404.8 per cent. In the current year, NZPM Group recorded a profit of $6.8m, compared to a 2020 profit of $0.3m.

There is no overlap in the most improved profit list in 2021 relative to 2020.

#	Name	%
1	Ravensdown	10,213.8
2	Haier	4,834.3
3	NZPM Group	2,404.8
4	Visy Glass	2,283.2
5	Hellers	2,167.5
6	Ford	1,956.1
7	Tasman Liquor (ASX:MTS)	1,863.2
8	Honda	1,300.6
9	Ngai Tahu	879.6
10	Oceania Healthcare (NZX:OCA)	852.4
11	Microsoft	808.4
12	Gas Services NZ	662.8
13	China Forestry	636.1
14	Kathmandu (NZX:KMD)	615.3
15	OfficeMax	533.9
16	Precinct Properties (NZX:PCT)	521.5
17	Sumitomo Forestry	511.8
18	LWC (ASX:APE)	499.8
19	Xero (ASX:XRO)	492.7
20	Synnex	470.6

Most improved revenue

Meat company Hellers (ranked 141st in the Top 200 Index) has reported the most improved revenue, increasing revenue to $269m in 2021 compared to $101m in 2020.

This increase has seen Hellers enter the Top 200 Index for the first time.

Newcomer to the Index, Wilmar Gavilon (143rd), is ranked second for most improved revenue. Wilmar Gavilon had reported revenue of $172m in 2020 which has now increased to $267m in 2021, representing a 55.1 per cent increase in revenue.

Fisher & Paykel Healthcare (22nd) has seen a similar increase in revenue, reporting an increase of 53.0 per cent from $1,273m in 2020 to $1,948m in 2021 which places it third for most improved revenue. Fisher & Paykel Healthcare occupied 16th position for most improved revenue in 2020.

Microsoft (72nd) is the only other company to be included in the most improved revenue index for two years in a row.

A2 Milk and Xero had been included in the most improved revenue index for the last four years, however they are not included in 2021.

Pushpay (142nd), My Food Bag (196th), Synnex (190th) and Tasman Liquor (152nd) are new entrants to the Deloitte Top 200 Index in 2021, and also feature in the most improved revenue index.

Hellers, Microsoft, Precinct Properties, Synnex and Tasman Liquor are included in both the most improved profit and most improved revenue index in 2021.

#	Name	%
1	Hellers	166.4
2	Wilmar Gavilon	55.1
3	F&P Healthcare (NZX:FPH)	53.0
4	China Forestry	40.1
5	Pushpay (NZX:PPH)	35.5
6	Microsoft	35.5
7	McConnell Dowell	32.1
8	Precinct Properties (NZX:PCT)	31.6
9	Freightways (NZX:FRE)	26.9
10	Meridian Energy (NZX:MEL)	26.2
11	Synnex	24.7
12	My Food Bag (NZX:MFB)	24.4
13	Genesis Energy (NZX:GNE)	24.3
14	DHL	24.0
15	Contact Energy (NZX:CEN)	23.9
16	Westland Dairy	23.1
17	Tasman Liquor (ASX:MTS)	22.4
18	Mitre 10	22.0
19	Hallenstein Glasson (NZX:HLG)	21.9
20	Electrix	20.6

	#			Revenue		EBITDA	EBIT
	2021	2020	Name	$m	% change	$m	$m
▲	51	58	Xero (ASX:XRO)	828	15.3	92	(37)
▲	52	69	Freightways (NZX:FRE)	801	26.9	163	98
▲	53	80	China Forestry	790	40.1	14	13
▼	54	44	Tasman Steel (ASX:BSL)	786	(13.9)	40	(234)
▲	55	70	Westland Dairy	774	23.1	(35)	(62)
▪	56	-	Heinz	768	2.8	84	44
▲	57	59	Coca-Cola	754	5.5	173	129
▼	58	49	Pacific Aluminium (ASX:RIO)	736	(12.2)	(66)	(323)
▪	59	-	Vulcan Steel	732	14.2	132	102
▼	60	52	Sky TV (NZX:SKT)	725	(3.1)	187	79
▲	61	75	Kmart (ASX:WES)	721	20.2	132	99
▲	62	67	Skycity (NZX:SKC)	713	11.2	327	226
▼	63	54	Ravensdown	711	(4.4)	52	21
▼	64	61	Kiwirail	710	11.0	504	45
▲	65	73	Sime Darby Motor	702	15.0	38	19
▼	66	65	Briscoe Group (NZX:BGP)	702	7.5	148	116
▼	67	64	Ingram Micro	701	7.3	28	23
▼	68	56	Two Degrees	700	(4.5)	172	59
▲	69	82	HEB Construction	648	16.9	18	1
▪	70	-	New Zealand Health Group	639	8.9	32	14
▼	71	62	Lion	633	(2.8)	14	(273)
▲	72	95	Microsoft	626	35.5	40	35
▼	73	63	Caltex (ASX:ALD)	610	(7.6)	70	52
▼	74	68	Tegel	602	(5.6)	40	(9)
▼	75	74	Imperial Tobacco	594	(1.1)	(1)	(8)
▼	76	71	Samsung	591	(3.9)	11	10
▼	77	76	Market Gardeners	569	(1.1)	32	15
▼	78	77	Beca	564	(1.0)	92	78
▼	79	78	Green Cross Health (NZX:GXH)	560	(1.6)	59	35
▼	80	60	Methanex	547	(21.7)	24	(43)
▲	81	94	Taumata Plantations	517	11.5	374	360
▲	82	93	CDC Pharmaceuticals	506	8.8	6	5
▼	83	57	OMV	504	(30.1)	249	(745)
▲	84	87	Waste Management	503	(3.1)	148	75
▼	85	72	Ford	499	(18.8)	12	9
▼	86	66	Kaingaroa Timberlands	496	(23.8)	425	400
▼	87	84	DB Breweries	486	(9.0)	73	43
▲	88	104	Steel & Tube (NZX:STU)	480	14.9	39	22
▼	89	55	CPB Contractors	474	(35.6)	(141)	(144)
▲	90	101	Nestle	472	9.0	45	35
▼	91	83	Sanford (NZX:SAN)	469	(14.0)	75	40
▼	92	91	Scales Corp (NZX:SCL)	467	(3.0)	61	38
▼	93	81	LWC (ASX:APE)	465	(16.5)	24	15
▲	94	98	Frucor Suntory	464	3.2	47	21
▼	95	92	Asahi	462	(0.8)	40	29
▲	96	103	Viterra NZ	454	9.7	32	28
▲	97	102	Ryman Healthcare (NZX:RYM)	452	7.2	457	424
▼	98	89	Powerco	442	(10.5)	174	60
▼	99	85	Matariki Forestry	439	(17.6)	135	116
▼	100	86	Oceana Gold	439	(15.7)	172	73

Profit after tax				Total assets			Return on assets	Total equity		Return on equity	Debt to equity	Balance date
#	$m	%	% change	#	$m	% change		#	$m			
99	20	2.4	492.7	31	2,024	75.4	1.2	41	746	3.4	1.7	Mar-21
44	50	6.2	4.8	56	1,044	(0.6)	4.7	72	341	15.1	2.1	Jun-21
165	3	0.4	636.1	139	295	9.2	1.1	146	77	4.1	2.9	Dec-20
197	(243)	(30.9)	(454.4)	74	818	(18.6)	(26.6)	196	(4)	(144.9)	215.0	Jun-20
189	(73)	(9.4)	6.6	77	781	8.3	(9.7)	86	282	(28.0)	1.8	Dec-20
74	29	3.8	268.9	66	898	0.6	3.3	47	581	5.0	0.5	Dec-20
29	92	12.2	12.4	67	895	8.2	10.7	69	361	29.2	1.5	Dec-20
199	(366)	(49.7)	(16.8)	148	265	(55.7)	(84.6)	200	(171)	(3,066.2)	2.6	Dec-20
36	65	8.9	126.0	98	582	4.7	11.4	113	154	44.9	2.8	Jun-21
46	48	6.6	130.3	87	702	(16.4)	6.2	61	423	11.9	0.7	Jun-21
33	68	9.5	90.4	107	518	5.9	13.6	101	208	31.3	1.5	Jun-21
23	156	21.9	(33.6)	24	2,806	0.6	5.6	16	1,651	10.1	0.7	Jun-21
114	15	2.2	10,213.8	91	635	(1.5)	2.4	54	492	3.2	0.3	May-21
52	43	6.0	118.6	27	2,388	34.8	2.0	17	1,630	3.2	0.5	Jun-21
130	10	1.5	(42.8)	109	488	66.5	2.6	135	104	10.4	3.7	Jun-20
32	73	10.4	17.0	89	649	(6.8)	10.9	92	259	25.6	1.5	Jan-21
113	16	2.3	32.7	135	320	13.8	5.3	107	183	9.0	0.7	Dec-20
69	31	4.5	(62.5)	72	838	2.7	3.8	93	256	12.3	2.3	Dec-20
160	4	0.7	(22.3)	147	266	31.9	1.9	175	36	12.6	6.3	Dec-20
150	7	1.0	(40.0)	150	237	42.0	3.2	184	25	25.1	8.6	Jun-20
196	(225)	(35.6)	(1,774.0)	57	1,032	(21.9)	(19.1)	55	484	(37.8)	1.1	Dec-20
80	27	4.4	808.4	121	403	41.0	7.9	134	105	30.9	2.8	Jun-20
68	32	5.2	(3.5)	105	530	11.4	6.3	110	169	18.8	2.1	Dec-20
184	(17)	(2.8)	78.4	76	804	(4.7)	(2.1)	76	324	(5.1)	1.5	Dec-20
181	(11)	(1.8)	(125.6)	137	307	22.2	(3.9)	147	76	(13.2)	3.0	Sep-20
147	7	1.2	(18.7)	178	156	17.6	4.7	160	59	12.4	1.7	Dec-20
148	7	1.2	(40.4)	128	369	1.7	1.9	115	151	4.6	1.4	Jun-21
42	53	9.4	(0.2)	143	285	(3.1)	18.4	133	105	47.1	1.7	Mar-21
97	21	3.8	24.1	130	365	(3.1)	5.7	116	150	14.8	1.4	Mar-21
187	(39)	(7.1)	(128.3)	100	554	(17.7)	(6.3)	199	(39)	(800.3)	15.3	Dec-20
12	225	43.5	342.8	25	2,624	8.7	8.9	36	843	30.7	2.1	Jun-21
162	4	0.8	437.1	186	108	(5.1)	3.5	188	21	21.6	4.2	Mar-21
200	(567)	(112.6)	(1,339.6)	34	1,916	(32.4)	(23.9)	156	63	(188.0)	29.7	Dec-20
175	(0)	(0.1)	(101.5)	43	1,616	1.9	(0.0)	82	303	(0.1)	4.3	Dec-20
132	10	1.9	1,956.1	168	182	(24.1)	4.6	169	45	23.2	3.1	Dec-20
11	272	54.8	124.1	14	5,229	12.7	5.5	9	2,736	10.5	0.9	Jun-20
67	32	6.5	6.3	119	413	(2.1)	7.6	129	112	28.2	2.7	Dec-20
112	16	3.4	126.9	129	369	6.5	4.5	104	197	8.5	0.9	Jun-21
193	(104)	(21.9)	(1,073.5)	118	423	31.3	(27.8)	174	37	(1,122.2)	10.4	Dec-20
78	27	5.8	(11.4)	154	218	18.8	13.6	185	25	101.9	7.9	Dec-20
92	22	4.8	(46.2)	63	932	13.5	2.6	45	612	3.7	0.5	Sep-20
84	27	5.7	(45.3)	96	586	4.9	4.6	66	378	7.2	0.5	Dec-20
129	11	2.3	499.8	173	170	18.9	6.9	171	43	29.4	3.0	Dec-20
110	16	3.5	397.4	84	715	3.6	2.3	52	509	3.2	0.4	Dec-20
83	27	5.8	(14.0)	133	324	5.7	8.4	106	195	14.7	0.7	Dec-20
94	22	4.8	76.3	136	316	20.5	7.5	117	145	16.1	1.2	Dec-20
5	423	93.5	59.8	5	9,172	19.5	5.0	8	2,829	16.5	2.2	Mar-21
158	5	1.1	(94.4)	22	3,095	(0.3)	0.2	84	298	1.6	9.4	Mar-21
31	77	17.6	(47.4)	39	1,828	5.1	4.3	26	1,172	6.3	0.6	Dec-20
54	41	9.3	5.6	85	710	38.5	6.7	149	68	89.7	9.4	Dec-20

Top 200 Indices

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.

Lotto NZ (ranked 26th in the Top 200 Index) holds the top spot for ROA for the third year in a row after newly entering the Top 200 Index in 2019. It has maintained a strong ROA of 194.7 per cent in 2021 compared to 214.0 per cent in 2020. The high ROA is driven by a 25.5 per cent increase in profit after tax from $333m in 2020 to $378m in 2021, with total assets of $199m in 2021.

Holding the second spot for ROA for the second year in a row is TAB (121st) – despite a decrease in its ROA to 94.5 per cent from 102.6 per cent. This is driven by an increase in total assets from $136m in 2020 to $208m in 2021, and an increase in profit after tax from $137m in 2020 to $163m in 2021.

Third place is held by newcomer Aurecon (200th) with a ROA of 35.3 per cent.

Fisher & Paykel Healthcare (22nd) placed fourth in terms of ROA, rising from fifth place in 2020. Its ROA has increased from 21.8 per cent in 2020 to 29.9 per cent in 2021, which is consistent with its increase in profit.

The general trend of increasing return on assets falls in line with the 21.6 per cent increase in average profits, with third to 20th places for 2021 increasing year-on-year against third to 20th places in 2020. Only Lotto NZ and TAB, ranked first and second respectively, saw a reduction in ROA year-on-year.

#	Name	%
1	Lotto NZ	194.7
2	TAB	94.5
3	Aurecon	35.3
4	F&P Healthcare (NZX:FPH)	29.9
5	Visy Glass	25.7
6	Zespri	24.4
7	Pushpay (NZX:PPH)	23.7
8	Mars NZ	18.8
9	Apple	18.5
10	Beca	18.4
11	TVNZ	17.7
12	Hallenstein Glasson (NZX:HLG)	16.2
13	Allied Foods	14.7
14	Electrix	14.4
15	Skellerup (NZX:SKL)	14.1
16	Nestle	13.6
17	Kmart (ASX:WES)	13.6
18	Unilever	12.8
19	APHG NZ Investments	12.4
20	Ngai Tahu	11.9

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 is 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.

Lotto NZ (ranked 26th in the Top 200 Index) has taken the top spot for return on equity, moving from second place in 2020, with a return on equity percentage of 661.8 per cent.

TAB (121st), has moved up from third place to second place for its return on equity of 416.5 per cent.

Bunnings (31st) has dropped from top spot to third place with a return on equity of 264.7 per cent for 2021.

Kiwifruit marketer Zespri (7th) has risen to fourth place from sixth, with a return on equity of 105.0 per cent.

Nestle (90th) has maintained its fifth-place spot with a return on equity of 101.9 per cent.

#	Name	%
1	Lotto NZ	661.8
2	TAB	416.5
3	Bunnings (ASX:WES)	264.7
4	Zespri	105.0
5	Nestle	101.9
6	Harvey Norman (ASX:HVN)	95.0
7	Oceana Gold	89.7
8	Aurecon	80.9
9	Gas Services NZ	53.9
10	Apple	47.5
11	Mondelez	47.1
12	Beca	47.1
13	Vulcan Steel	44.9
14	Visy Glass	43.0
15	F&P Healthcare (NZX:FPH)	42.0
16	Pushpay (NZX:PPH)	41.7
17	Electrix	40.8
18	Toyota	40.8
19	Synnex	40.1
20	OfficeMax	37.9

	#			Revenue		EBITDA	EBIT
	2021	2020	Name	$m	% change	$m	$m
▲	101	119	DHL	436	24.0	48	25
▼	102	100	Ventia	430	(1.1)	4	(96)
▲	103	107	Mitsubishi Motors	429	9.7	26	23
▼	104	99	Pan Pac Forest	427	(4.0)	66	46
▲	105	112	GPC Asia Pacific	420	11.5	60	34
▼	106	105	Inghams (ASX:ING)	406	0.1	62	23
▲	107	110	Vocus (ASX:VOC)	402	5.3	61	33
▲	108	118	Kura	399	10.8	86	55
▼	109	97	Danone	399	(11.7)	37	14
▲	110	117	Tatua Co-op Dairy	390	7.0	38	22
▲	111	127	Oceania Dairy	387	16.1	27	1
▲	112	122	WSP	381	11.2	66	42
▲	113	115	Northpower	365	(1.2)	67	34
▼	114	111	Mazda	362	(4.9)	10	9
▼	115	106	Tourism Holdings (NZX:THL)	359	(10.4)	41	(8)
▲	116	126	Move Logistics (NZX:MOV)	353	5.8	61	13
▲	117	138	Hallenstein Glasson (NZX:HLG)	351	21.9	85	49
▲	118	129	TVNZ	340	9.4	244	69
▲	119	133	Port of Tauranga (NZX:POT)	338	12.0	188	153
▲	120	125	Bupa	335	(0.9)	65	49
▼	121	120	TAB	328	(5.3)	187	165
▼	122	114	NZME (NZX:NZM)	322	(13.2)	61	27
▲	123	148	Electrix	321	20.6	35	20
▲	124	140	City Care	319	12.0	21	8
▲	125	128	Pact Group (ASX:PGH)	306	(1.9)	74	49
▲	126	151	APHG NZ Investments	305	16.0	81	60
▲	127	132	Delegat Group (NZX:DGL)	303	(0.1)	118	95
-	128	-	Ngai Tahu	300	2.4	259	227
▲	129	130	OfficeMax	298	(3.7)	21	10
▲	130	137	EnviroWaste	294	0.5	75	32
▲	131	187	McConnell Dowell	291	32.1	11	6
▲	132	134	Orion	290	(3.6)	111	58
▲	133	136	Wesfarmers Industrial (ASX:WES)	289	(1.3)	31	18
▼	134	109	Spotless (ASX:DOW)	287	(25.7)	24	11
▲	135	153	Millstream Equities	286	9.4	20	(8)
▲	136	162	Skellerup (NZX:SKL)	280	11.2	68	56
▲	137	143	Allied Foods	279	8.0	33	23
▼	138	124	Mercedes-Benz	278	(18.6)	4	3
▼	139	79	Auckland Airport (NZX:AIA)	276	(51.1)	684	558
▲	140	172	Constellation NZ	269	(0.9)	107	42
-	141	-	Hellers	269	166.4	38	28
-	142	-	Pushpay (NZX:PPH)	267	35.5	78	68
-	143	-	Wilmar Gavilon	267	55.1	2	0
▲	144	166	NZPM Group	263	6.8	26	15
▲	145	193	Mitre 10	261	22.0	16	2
▲	146	156	URC Holdings	261	1.2	47	30
▼	147	144	Martin-Brower Holdings	256	(6.6)	4	2
▼	148	88	Holden	255	(49.6)	(51)	(55)
▲	149	154	Linde Holdings	254	(1.9)	89	55
▼	150	139	Turners Automotive (NZX:TRA)	253	(11.3)	17	5

Profit after tax				Total assets			Return on assets	Total equity		Return on equity	Debt to equity	Balance date
#	$m	%	% change	#	$m	% change		#	$m			
120	14	3.3	93.2	140	295	5.8	5.0	167	49	33.8	5.0	Dec-20
191	(95)	(22.1)	(868.0)	166	187	(22.4)	(44.3)	198	(32)	(605.4)	6.9	Dec-20
106	18	4.2	54.8	153	221	25.7	9.0	127	116	16.7	0.9	Mar-21
72	31	7.2	27.0	52	1,252	11.2	2.6	35	938	3.4	0.3	Mar-21
105	18	4.3	25.3	93	601	6.6	3.1	95	239	7.9	1.5	Dec-20
127	11	2.8	1.6	120	409	88.8	3.7	120	136	8.8	2.0	Jun-20
115	15	3.8	(29.3)	101	553	9.8	2.9	79	308	6.3	0.8	Jun-20
76	29	7.3	(9.1)	60	982	19.5	3.2	53	499	6.2	1.0	Sep-20
140	9	2.1	(47.8)	117	447	(0.8)	1.9	70	357	2.4	0.3	Dec-20
118	15	3.8	21.4	138	298	16.6	5.4	143	84	20.5	2.5	Jul-20
137	9	2.3	186.1	113	462	2.5	2.0	63	408	2.2	0.1	Dec-20
93	22	5.7	47.5	122	398	7.2	5.6	124	122	19.5	2.3	Dec-20
103	19	5.1	13.1	97	585	2.5	3.2	81	304	6.3	0.9	Mar-21
151	6	1.8	(8.9)	182	122	(10.2)	5.0	150	67	9.9	0.8	Mar-21
182	(15)	(4.0)	(153.1)	104	538	(17.7)	(2.4)	78	313	(4.6)	0.7	Jun-21
170	1	0.4	(48.1)	132	338	(2.0)	0.4	173	38	3.5	7.9	Jun-21
62	33	9.5	20.0	163	199	(5.7)	16.2	141	89	37.8	1.2	Aug-21
39	59	17.4	329.3	124	376	27.7	17.7	83	298	22.4	0.3	Jun-21
28	102	30.3	15.4	29	2,081	12.6	5.2	23	1,397	7.9	0.5	Jun-21
43	52	15.5	174.3	41	1,629	12.7	3.4	38	827	8.1	1.0	Dec-20
21	163	49.6	18.9	160	208	52.1	94.5	163	53	416.5	2.9	Jul-20
121	14	4.4	108.6	131	338	(4.4)	4.1	122	132	11.5	1.6	Dec-20
102	19	5.9	118.6	177	157	46.7	14.4	164	52	40.8	2.0	Dec-20
156	6	1.8	0.2	181	130	0.6	4.3	157	61	9.4	1.1	Jun-21
81	27	8.9	4.7	99	569	13.9	5.1	142	89	27.0	5.4	Jun-20
55	40	13.3	17.5	127	370	32.1	12.4	89	270	16.6	0.4	Dec-20
38	62	20.5	(5.0)	70	885	6.9	7.3	59	454	14.4	0.9	Jun-21
13	215	71.5	879.6	38	1,845	5.2	11.9	18	1,604	14.2	0.2	Jun-21
145	7	2.3	533.9	171	173	37.7	4.7	186	22	37.9	6.9	Dec-20
124	13	4.5	(32.0)	71	869	8.8	1.6	94	255	5.3	2.4	Dec-20
159	4	1.5	2.6	183	118	29.9	4.3	183	25	19.6	3.7	Jun-20
63	33	11.4	(31.3)	51	1,281	3.0	2.6	44	678	4.9	0.9	Mar-21
126	12	4.1	(7.5)	162	200	16.7	6.5	145	80	15.8	1.5	Jun-20
163	3	1.1	(65.9)	145	285	(10.8)	1.1	165	50	4.6	4.7	Jun-20
180	(10)	(3.6)	(156.7)	79	772	6.7	(1.4)	48	569	(1.8)	0.4	Jun-20
56	40	14.4	38.2	144	285	0.4	14.1	105	196	21.1	0.5	Jun-21
95	21	7.7	75.0	176	157	15.5	14.7	130	109	19.7	0.4	Aug-20
169	2	0.6	(43.1)	192	94	(46.5)	1.3	187	22	7.3	3.3	Dec-20
3	464	168.1	139.4	3	9,783	5.2	4.9	1	7,934	6.4	0.2	Jun-21
53	42	15.7	67.5	90	644	(21.2)	5.8	67	374	11.5	0.7	Feb-21
123	14	5.1	2,167.5	134	322	32.6	4.8	128	114	12.8	1.8	Jun-20
50	46	17.4	88.0	174	167	(25.6)	23.7	121	134	41.7	0.2	Mar-21
173	0	0.1	286.9	167	184	188.3	0.2	178	32	0.7	4.8	Dec-20
149	7	2.6	2,404.8	179	156	6.2	4.5	182	27	28.0	4.7	Mar-21
171	1	0.5	172.3	58	1,023	17.6	0.1	118	144	0.9	6.1	Jun-21
104	18	7.0	158.0	73	828	1.8	2.2	75	330	5.7	1.5	Dec-20
172	1	0.4	28.6	197	73	5.3	1.5	191	10	11.4	6.6	Dec-20
188	(58)	(22.9)	(450.2)	185	115	(50.6)	(33.6)	170	45	(79.2)	1.6	Dec-20
57	38	14.8	13.5	88	690	0.1	5.4	64	407	9.2	0.7	Dec-20
82	27	10.6	28.2	83	718	1.4	3.8	97	234	11.8	2.1	Mar-21

Top 200 Indices

The newcomers

This year, 22 companies were added to the Deloitte Top 200 Index. This compares to last year when 13 companies debuted on the Index.

Heinz entered the Index at the highest rank (ranked 56th in the Top 200 Index) with revenue of $768m.

Also entering the Top 200 Index within the top 100 companies were metals distributor and processor Vulcan Steel (59th) with revenue of $732m, and New Zealand Health Group (70th) with revenue of $639m.

#	Name	$m
56	Heinz	768
59	Vulcan Steel	732
70	New Zealand Health Group	639
128	Ngai Tahu	300
141	Hellers	269
142	Pushpay (NZX:PPH)	267
143	Wilmar Gavilon	267
152	Tasman Liquor (ASX:MTS)	250
166	Gas Services NZ	229
179	Kia Motors	212
183	Oceania Healthcare (NZX:OCA)	211
187	Kuehne + Nagel	201
189	Precinct Properties (NZX:PCT)	200
190	Synnex	199
191	First Gas	198
192	Dulux	197
194	Sealed Air	193
195	Comvita (NZX:CVT)	192
196	My Food Bag (NZX:MFB)	191
197	Honda	191

Just missed the cut

The 200th place in the 2020 Deloitte Top 200 is Aurecon, which recorded $189m in revenue. In last year's Top 200 Index, Airwork was ranked 200th with revenue of $200m in 2020.

Abano Healthcare (ranked 201st in the Top 200 Index), Whakatane Mill (202nd) and Wilson Parking (203rd) just missed the cut by $1m.

Scott Technology (204th), Suzuki (205th) and China Merchant Properties (206th) were close to breaching into the Top 200 Index in the current year, all achieving revenue around the $186m mark.

Of these companies, Abano Healthcare and Scott Technology have fallen out of the Top 200 in 2021, previously holding 168th and 182nd place in 2020 respectively.

#	Name	$m
1	Abano Healthcare	189
2	Whakatane Mill	188
3	Wilson Parking	188
4	Scott Technology (NZX:SCT)	186
5	Suzuki	186
6	China Merchants Properties	186
7	EastPack	184
8	CablePrice	184
9	OneFortyOne	183
10	DKSH	183
11	Compac Holdings	182
12	Goodman Property (NZX:GMT)	182
13	Mediaworks	179
14	Nokia	178
15	Summit Forests	177
16	Bakels Edible Oils	176
17	Daiken	169
18	Sumitomo Chemical	169
19	NTT	168
20	Fujitsu	161

In last year, not now

After its entrance in the Top 200 Index in 2019, Scentre wasn't in this year's index (in 2020 it ranked 90th). Until last year, the owner and operator of Westfield retail destinations was in the most improved performance index for two years in a row.

Shell has also dropped out of the index this year after ranking 149th in 2020. In 2019 it appeared in the top profit index, recording a figure of $1,397m.

Kordia didn't feature in the Top 200 index this year. In 2020 it reappeared on the index ranked 183rd, after falling from the index again in 2019.

Horizon Energy (2020: 163rd) and Scott Technology (2020: 182nd) also did not make the list this year after entering last year's index.

PY#	Name	PY$m
90	Scentre (ASX:SCG)	485
96	Oregon Group	452
108	Orora (ASX:ORA)	390
113	Emirates Airlines	375
116	Toll	368
123	Mediaworks	341
131	Tetra Pak	304
145	Singapore Airlines	273
147	Stuff	269
149	Shell	264
152	Trade Me	263
163	Horizon Energy	251
167	Dairy Goat Co-op	246
168	Abano Healthcare	244
169	CablePrice	244
179	CDL Hotels	230
181	Simsmetal Industries (ASX:SGM)	220
182	Scott Technology (NZX:SCT)	225
183	Kordia	223
185	Westcon	222

	#			Revenue		EBITDA	EBIT
	2021	2020	Name	$m	% change	$m	$m
▲	151	175	Seeka (NZX:SEK)	251	6.2	43	24
-	152	-	Tasman Liquor (ASX:MTS)	250	22.4	6	4
▲	153	164	Pamu	250	(0.4)	85	55
▲	154	159	LIC	249	(2.0)	55	32
▼	155	142	Mars NZ	248	(11.5)	58	50
▼	156	141	British American Tobacco	248	(12.9)	24	23
▲	157	173	Kerbside Papers	245	2.8	13	(8)
▲	158	189	Philip Morris	245	11.5	2	1
▲	159	161	Unison Networks	240	(5.1)	96	60
▼	160	146	C B Norwood	239	(12.1)	(1)	(6)
▲	161	170	Kiwi Property (NZX:KPG)	234	(4.0)	258	258
▼	162	121	Refining NZ (NZX:NZR)	234	(32.2)	50	(260)
▼	163	157	AsureQuality	233	(8.9)	37	28
▼	164	158	Metro Performance Glass (NZX:MPG)	232	(8.9)	39	19
▲	165	194	Progress Capital	231	8.2	38	32
-	166	-	Gas Services NZ	229	7.2	53	37
▲	167	171	Fleet NZ (ASX:ECX)	229	(5.3)	118	41
▼	168	160	Sumitomo Forestry	228	(9.8)	40	28
▼	169	135	Nissan	228	(22.3)	19	18
▲	170	180	Weyville Holdings	228	(0.1)	8	(0)
▲	171	178	Ixom Operations	226	(3.8)	45	32
▼	172	165	McDonald's	224	(9.3)	107	85
▲	173	199	NZ Sugar	223	10.6	34	26
▲	174	177	JB Hi-Fi (ASX:JBH)	223	(5.7)	5	(15)
▼	175	174	Bridgestone	221	(7.0)	30	14
▲	176	190	Baxter Healthcare	214	(2.2)	13	8
▲	177	195	Visy Glass	213	0.5	136	102
▲	178	188	Ports of Auckland	213	(3.1)	98	66
-	179	-	Kia Motors	212	7.0	13	12
▲	180	191	Unilever	212	(2.4)	23	19
▲	181	197	Mondelez	211	3.2	18	13
▲	182	200	Airwork	211	5.5	95	41
-	183	-	Oceania Healthcare (NZX:OCA)	211	8.7	110	97
▼	184	155	IBM	208	(18.6)	28	17
▼	185	176	Juken	206	(13.2)	24	14
▼	186	150	Accordant Group (NZX:AGL)	205	(22.0)	24	12
-	187	-	Kuehne + Nagel	201	7.7	10	6
▲	188	196	Sistema	201	(2.8)	61	41
-	189	-	Precinct Properties (NZX:PCT)	200	31.6	194	177
-	190	-	Synnex	199	24.7	4	3
-	191	-	First Gas	198	4.0	100	57
-	192	-	Dulux	197	3.6	33	23
▼	193	192	Asaleo Care (ASX:AHY)	196	(4.1)	31	16
-	194	-	Sealed Air	193	0.9	21	15
-	195	-	Comvita (NZX:CVT)	192	(2.1)	26	15
-	196	-	My Food Bag (NZX:MFB)	191	24.4	15	11
-	197	-	Honda	191	(2.3)	14	10
-	198	-	NZ Investment Holdings	191	(0.8)	34	27
▼	199	184	Compass Group	190	(14.4)	13	5
-	200	-	Aurecon	189	(5.0)	43	35

Profit after tax				Total assets			Return on assets	Total equity		Return on equity	Debt to equity	Balance date
#	$m	%	% change	#	$m	% change		#	$m			
116	15	6.0	120.1	125	375	1.9	4.1	108	176	9.1	1.1	Dec-20
166	3	1.0	1,863.2	198	63	71.8	5.1	189	19	18.0	2.4	Apr-21
77	29	11.6	220.8	32	1,975	1.9	1.5	24	1,380	2.1	0.4	Jun-21
89	24	9.5	35.0	123	382	0.5	6.2	85	294	8.1	0.3	May-21
60	34	13.6	19.5	175	163	(17.3)	18.8	138	101	32.8	0.6	Feb-21
131	10	4.0	(59.8)	126	375	(60.3)	1.5	123	124	7.6	2.0	Dec-20
183	(16)	(6.5)	35.7	111	480	28.6	(3.7)	197	(29)	(60.1)	17.4	Jun-20
174	0	0.0	(89.1)	195	82	(7.6)	0.0	195	1	2.4	63.5	Dec-20
64	33	13.7	2.9	64	920	(0.8)	3.6	58	464	7.2	1.0	Mar-21
179	(4)	(1.8)	(670.4)	159	209	18.6	(2.3)	151	67	(6.3)	2.1	Dec-20
16	197	84.0	205.3	21	3,366	6.7	6.0	13	2,135	9.6	0.6	Mar-21
195	(198)	(84.8)	(4,860.6)	54	1,168	(16.9)	(15.4)	49	564	(30.0)	1.1	Dec-20
100	20	8.4	(2.1)	172	172	8.2	11.8	136	103	20.7	0.7	Jun-21
141	9	3.7	110.8	149	238	(7.9)	3.4	144	84	10.7	1.8	Mar-21
88	24	10.3	27.7	156	216	18.5	11.9	131	107	25.5	1.0	Dec-20
96	21	9.3	662.8	94	593	12.4	3.8	166	50	53.9	11.0	Sep-20
128	11	4.8	227.9	86	706	(1.2)	1.6	114	154	7.5	3.6	Sep-20
85	26	11.2	511.8	108	509	0.2	5.0	57	474	5.4	0.1	Dec-20
119	15	6.4	194.6	146	271	11.8	5.7	102	204	7.5	0.3	Mar-21
177	(2)	(0.9)	(157.3)	158	211	(1.3)	(0.9)	137	102	(1.8)	1.1	Jun-20
98	20	8.8	53.6	157	216	(4.3)	9.0	154	64	28.8	2.4	Sep-20
41	56	24.8	(21.1)	103	539	4.2	10.5	91	263	23.6	1.0	Dec-20
101	19	8.6	(0.3)	169	181	4.8	10.8	111	157	12.4	0.1	Dec-20
185	(23)	(10.1)	(3,065.6)	200	49	2.8	(46.5)	192	7	(118.6)	6.2	Jun-20
143	8	3.5	(37.4)	161	207	(6.7)	3.6	139	96	8.0	1.1	Dec-20
153	6	2.7	(12.5)	191	100	7.7	6.0	159	60	10.2	0.7	Dec-20
26	103	48.4	2,283.2	115	451	28.6	25.7	68	366	43.0	0.2	Dec-20
51	46	21.4	98.1	44	1,591	9.6	3.0	33	964	5.1	0.7	Jun-21
142	9	4.0	(7.7)	187	105	56.0	9.9	180	30	32.5	2.5	Dec-20
125	13	6.1	106.0	189	102	1.6	12.8	155	63	21.7	0.6	Dec-20
157	5	2.4	96.3	180	147	(4.7)	3.3	190	13	47.1	10.2	Dec-20
65	33	15.5	23.6	78	776	18.0	4.6	88	275	12.2	1.8	Dec-20
27	103	48.8	852.4	37	1,884	21.6	6.0	37	835	14.4	1.3	Mar-21
133	10	4.6	(51.8)	141	288	(1.1)	3.3	125	120	8.3	1.4	Dec-20
138	9	4.3	8.3	102	542	8.8	1.7	74	339	2.8	0.6	Mar-21
152	6	3.0	131.5	193	90	(33.6)	5.5	172	40	16.8	1.2	Mar-21
161	4	2.0	(71.4)	184	115	7.7	3.7	148	71	5.9	0.6	Dec-20
122	14	7.1	(23.5)	65	913	(2.6)	1.5	77	317	4.6	1.9	Dec-20
19	188	93.9	521.5	18	3,456	8.5	5.7	11	2,221	9.1	0.6	Jun-21
168	2	0.9	470.6	196	76	11.2	2.6	193	6	40.1	12.6	Dec-20
107	17	8.7	(14.2)	35	1,908	1.5	0.9	153	66	29.7	27.9	Sep-20
117	15	7.6	31.3	152	230	31.9	7.4	140	92	17.8	1.5	Dec-20
136	9	4.7	230.9	151	235	5.5	4.0	152	67	13.4	2.5	Dec-20
134	10	5.0	(20.7)	155	217	(3.0)	4.3	112	155	6.4	0.4	Dec-20
135	9	4.9	197.7	142	287	0.1	3.3	100	222	4.4	0.3	Jun-21
167	2	1.3	(70.1)	188	102	(6.6)	2.3	162	54	4.3	0.9	Mar-21
155	6	3.0	1,300.6	170	174	0.4	3.2	132	106	5.4	0.6	Mar-21
111	16	8.5	5.8	165	192	(0.3)	8.4	161	57	33.3	2.4	Dec-20
164	3	1.7	(57.7)	194	89	17.1	3.9	177	34	10.0	1.6	Sep-20
87	25	13.1	(1.1)	199	62	(20.4)	35.3	181	29	80.9	1.1	Jun-21

DELOITTE TOP 200 INDEX

General criteria
To be included in the Deloitte Top 200 Index or the Deloitte Top 30 Financial Institutions Index, entities must operate for a commercially determined profit and must be a for profit entity as defined by the External Reporting Board (XRB). The following general points apply to all the Deloitte Top 200 indices.

- The audited financial statements 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 inclusion of separate results is deemed to be more meaningful because the entity in question competes 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.

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. 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, right of use assets 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.

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.

COVID-19 considerations
The ongoing impacts of the Covid-19 pandemic has created a challenging operational environment for everyone across Aotearoa New Zealand. The Covid-19 disruption has continued to impact the business community and individual company performances and therefore may have affected the ranking of some companies on the 2021 Top 200 indices.

Please note while the publication of the 2021 indices was delayed to March 2022 due to the Covid-19 pandemic, the indices, and subsequent award finalist selections, are based on financial information supplied up to 26 November 2021.

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TOP 30 FINANCIAL INSTITUTIONS INDEX

The Top 30 Financial Institutions Index sees three new additions: UDC Finance (ranked 14th in the Top 200 Index), Cigna (23rd) and Nelson Building Society (29th).

The Top 30 have once again grown their total asset bases, this year by $34,081m from $601,873m in 2020 to $635,954m in 2021. This is a 5.7 per cent increase compared to the 7.9 per cent increase from 2019 to 2020.

The top bank is once again ANZ, holding assets of $179,744m, which has increased by 6.1 per cent from its 2020 total asset value of $169,416m. ANZ sits comfortably at the top spot with a $66,548m gap in total asset values between first place and second place (Westpac).

Furthermore, ANZ also outpaces all other banks in terms of profit and equity.

The second spot in the Index is now held by Westpac, moving up from third place in 2020, with total assets of $113,196m — an increase of 6.0 per cent from the previous year.

ASB has moved up to third place in 2021 from fourth place in 2020, with total assets of $112,645m, increasing by 7.1 per cent from the previous year.

BNZ has dropped to fourth place in 2021 from second place in 2020, with total assets of $112,310m.

All of the big four banks: ANZ, Westpac, ASB and BNZ have seen an increase in total assets in the current year. Of the big four banks, ASB has both the highest return on assets ratio at 1.2, and the highest return on equity ratio of 15.5.

Kiwibank has retained its fifth place spot, with total assets of $28,229m. Kiwibank's total assets have increased by 10.6 per cent from $25,510m in 2020.

Cumulative profits for the Top 30 financial institutions have decreased by 13.3 per cent from $6,014m in 2020 to $5,213m in 2021.

From the top four financial institutions, only ASB has an increase in profit year-on-year of 37.9 per cent from $958m to $1,321m.

ANZ reported a decrease in profit from $1,819m to $1,373m (-24.5 per cent), BNZ reported a decrease in profit from $1,022m to $762m (-25.4 per cent) and Westpac has decreased profit from $1,129m to $681m (-39.7 per cent). Cumulative equity has increased by 12.2 per cent from $49,934m in 2020 to $56,050m in 2021. The top 10 financial institutions have remained the same 10 entities from 2020 to 2021.

AMP Life has moved up to 9th place after dropping to 10th in 2020, switching places with MUFG Bank who is now in 10th place after ranking 9th in 2020.

	#			Total assets					Profit	
	2021	2020	Name	$m	% change	Return on assets	Total equity $m	Return on equity	after tax $m	Balance date
-	1	1	ANZ (NZX:ANZ)	179,744	6.1	0.8	15,869	9.1	1,373	Sep-20
▲	2	3	Westpac (ASX:WBC)	113,196	6.0	0.6	9,045	7.7	681	Sep-20
▲	3	4	ASB (ASX:CBA)	112,645	7.1	1.2	9,186	15.5	1,321	Jun-21
▼	4	2	BNZ (ASX:NAB)	112,310	2.9	0.7	8,657	9.2	762	Sep-20
-	5	5	Kiwibank	28,229	10.6	0.5	1,724	7.7	126	Jun-21
-	6	6	Rabobank	12,723	1.4	0.8	1,769	5.8	99	Dec-20
-	7	7	TSB Bank	8,789	7.5	0.5	726	6.1	43	Mar-21
-	8	8	HSBC	7,086	6.7	0.4	31	104.0	29	Dec-20
▲	9	10	AMP Life	6,594	4.4	1.0	743	8.6	63	Dec-20
▼	10	9	MUFG Bank	6,460	(0.9)	0.6	258	15.3	37	Mar-21
-	11	11	Heartland Bank (NZX:HBL)	5,678	6.8	1.6	762	11.9	87	Jun-21
-	12	12	IAG (ASX:IAG)	5,234	2.6	2.7	1,240	15.2	141	Jun-20
-	13	13	SBS Bank	4,832	(2.2)	0.8	389	11.4	41	Mar-21
-	14	-	UDC Finance	3,558	2.1	1.8	539	10.8	62	Sep-20
▼	15	14	AIA International NZ	3,341	6.1	(0.0)	1,130	(0.1)	(1)	Dec-20
▼	16	15	Co-operative Bank	3,122	4.8	0.5	223	7.4	16	Mar-21
▲	17	18	Bank of China	2,916	35.5	0.8	271	7.4	19	Dec-20
▲	18	19	JPMorgan Chase Bank	2,385	19.0	0.6	-	-	13	Dec-20
▲	19	22	Citibank	2,208	28.5	0.7	184	7.3	14	Dec-20
▼	20	17	ICBC	2,046	(10.3)	0.6	270	4.8	13	Dec-20
-	21	21	China Construction Bank	1,854	(0.5)	0.7	241	5.5	13	Dec-20
▼	22	20	Latitude Financial Services	1,717	(9.3)	1.1	62	39.6	21	Dec-20
-	23	-	Cigna	1,452	10.7	6.4	985	9.4	88	Dec-20
▼	24	23	Toyota Finance	1,293	(12.1)	1.9	231	11.9	26	Mar-21
▲	25	26	QBE Insurance (ASX:QBE)	1,239	5.5	2.9	366	10.1	35	Dec-20
▼	26	25	FlexiGroup (ASX:FXL)	1,214	(1.9)	1.9	191	9.8	23	Jun-20
-	27	27	Partners Life	1,132	5.2	1.8	595	3.6	20	Mar-21
-	28	28	Pastel Holdings	1,089	3.0	2.8	130	25.1	30	Dec-20
-	29	-	Nelson Building Society	948	9.5	1.0	92	10.8	9	Mar-21
▼	30	29	Swiss Re Life & Health	920	(12.4)	1.1	143	7.6	11	Dec-20

- *It is noted that certain financial institutions may have released unaudited earnings announcements that are not reflected in the indices or commentary above.*