Dynamic Business

EXCLUSIVE REPORT **DELOITTE TOP 200** AWARDS

Visionary Leadership
Sir Richard Taylor and Tania Rodger

Accelerating growth

Company of the Year

Judges' Recognition Award
John Loughlin

Diversity and Inclusion Leadership
NZME
Te Rito programme

Young Executive of the Year
Penny Dell
ANZ

Chief Executive of the Year
Grant Webster
Tourism Holdings

Dynamic Business 2023

The glitz and glamour of this year's Deloitte Top 200 Awards ceremony returned last night. For on-camera interviews of the winners with NZME's Duncan Bridgeman, Liam Dann and Tamsyn Parker, go to nzherald.co.nz/business

An ambitious path to the future

The election of a new Government means new energy and the opportunity for business to play a greater role in shaping a prosperous New Zealand.

The *Herald*'s Dynamic Business report Accelerating Growth explores some options New Zealand might pursue to get the country moving on an ambitious path.

This includes a challenge to New Zealand from leading United States businesswoman Indra Nooyi who was brought to Auckland last week by Air New Zealand.

Nooyi — see story on adjoining page — came with a delegation of globally rated businesspeople who suggested leaders here come up with their own plan to accelerate growth and retain more of our best and brightest.

In the short-term, it is important that Government-led actions which are critical to getting on top of the "cost of living" crisis proceed at pace so that businesses can devise new strategies and embark on their own ambitious growth paths without being weighted down by the cost of excessive regulation.

As leading economist Cameron Bagrie points out, a major reset is starting. But the most important aspect will be taking the nation along for the ride for what could be a long and rewarding journey if we are bold but sensible and fair.

The Coalition Government has now got down to implementing its first 100 days agenda. Much of this is concentrated on clearing the decks. The Lake Onslow project has been canned and work on Auckland's Light Rail and Let's Get Wellington Moving projects are stopped. The Resource Management reforms will be repealed and fair pay agreements will go. There is much more.

Finance Minister Nicola Willis' own agenda is critical, with its focus on public sector costs and legislation on the tax cuts package.

Prime Minister Christopher Luxon and his external facing ministers, Deputy Prime Minister Winston Peters who holds the foreign affairs portfolio and his associate, Trade Minister Todd McClay, have signalled an ambitious offshore programme focused on driving up exports and cementing links with India, in particular, and traditional friends like the United States and Australia.

There is a significant opportunity for New Zealand to expand into newer, high-value areas — like green technologies, high-value sustainable agricultural exports and partnerships, space and education — but moving ahead requires insight into the changing global environment, and above all, ambition.

We are once again proud to showcase, in this report, the winners and finalists in the 2023 Deloitte Top 200 awards.

Enjoy the report.

Fran O'Sullivan

Executive Editor

Executive Editor: Fran O'Sullivan
Writers: Bill Bennett, Duncan Bridgeman, Liam Dann, Tim McCready, Tamsyn Parker and Graham Skellern
Subeditor: Isobel Marriner
Layouts: Isobel Marriner
Cover: Richard Dale
Graphics: Richard Dale
Proofs: Natalia Rimell
Online: Tennessy Weir
Advertising: Neil Jackson and Kelly Spice

Deloitte Top 200 Awards Judging Convenor: Fran O'Sullivan
Judges: Ross George, Jonathan Mason, Paviour-Smith and Hinerangi Raumati-Tu'ua
Research: Tim McCready
New Zealand Herald Media Partnership Manager: Emily Travers

The Dynamic Business report is supported by advertising sponsorship. Sponsors include: Auckland Business Chamber, Comvita, Deloitte, Hitrak, Russell McVeagh and the University of Auckland Business School.

It's time to get a plan for NZ

The country needs a fix — and high-flying international businesswoman Indra Nooyi has some suggestions.

Dynamic Business
Fran O'Sullivan

> If you don't invest and grow, it's gradual and then suddenly you fall off the wagon.
>
> Indra Nooyi

Indra Nooyi, one of the world's most powerful businesswomen has a stark message for New Zealand business: Get a plan.

Invited to New Zealand by Air New Zealand to stimulate action by the country's top CEOs and Chairs into how this declining country can unite to stimulate growth, Nooyi came armed with a research report from BCG.

The research was supplemented with the findings of focus groups of young Kiwis either working or studying in US universities.

It suggested New Zealand could be divided into three groups: A complacent and well-off older group of New Zealanders who believed New Zealand was a good place to be and did not want anything turned upside down. They were happy with their share of the pie.

Another younger group of New Zealanders who did want to grow the pie but were concerned older New Zealanders were not interested, so they were more likely to leave to build their futures elsewhere.

Then a third, not so well off group, many Māori and Pasifika, who were less concerned about the size of the pie than needing a larger slice just to get by.

As Air New Zealand CEO Greg Foran later observed, "if you don't actually work out how to grow that pie you are not creating an environment of growth and oxygen and what happens is that you will lose your talent because they want to go somewhere where there is growth and oxygen."

Warned Nooyi: "If you don't invest and grow, it's gradual and then suddenly you fall off the wagon."

Nooyi doesn't do anything by halves

Nooyi is rated as one of the world's top CEOs for her leadership of global behemoth PepsiCo for 12 years. The first woman of colour and first immigrant to head a Fortune 50 company.

She is renowned as a strategist — her masterclass sessions are a must. These days she serves as a director of Jeff Bezos' Amazon, Philips and the International Cricket Council.

In this phenomenally busy life how did she make time to come down to Auckland and share some insights with New Zealand's foremost business leaders on how to Accelerate New Zealand?

The answer is Foran.

Nooyi is a personal friend and business colleague of the Air New Zealand CEO, who formerly led Walmart's US$300 billion a year United States business before leaving in 2019 to head a small airline down under.

Some people tend to discount Foran's influence within New Zealand — ignoring that he retains a stellar business reputation in the United States and a first-class Rolodex, and is a passionate Kiwi with a personal commitment to using his networks to help this country succeed.

The Nooyi delegation

Nooyi brought with her some well-connected business pals: Matt McCooe, a venture capitalist, entrepreneur and CEO of Connecticut Innovations; Seema Hingorani, a diversity disruptor who is founder and chair of Girls Who Invest and managing director at Morgan Stanley Investment Management; Fred Hochberg, a businessman and civic trailblazer and his life partner, educator and arts activist Tom Healy.

(From top) Indra Nooyi holds the floor at the Bold Steps Empowering Women conference where she explored the challenges and the triumphs of her rise to the top and how this experience led her to be a champion for a care-focused economy. US businessman Fred Hochberg and Air New Zealand CEO Greg Foran, at the United States Business Summit. Educator and arts activist Tom Healy, diversity disruptor Seema Hingorani and venture capitalist Matt McCooe at the summit; Greg Foran, Air New Zealand Chair Dame Therese Walsh and Indra Nooyi.

Over three days they took part a private soiree with nearly 100 of New Zealand's leading CEOs and Chairs where they laid out the results of that confronting research on New Zealand and challenged them to "get a plan"; took part in the United States Business Summit, and followed that by participating in the Bold Steps Empowering Women conference, where New Zealand women pay more than $1000 a head to be inspired and learn to succeed.

Some of those at the Air New Zealand event had met Nooyi before when she was star speaker at a CEO mission the airline took to New York in October 2022.

Her message then, "It is time to get your swagger back," resonated.

Get a plan

What Nooyi's group came up with was a recommendation for a multi-year economic strategy that could survive political wind-shifts.

Perhaps easier said than done in New Zealand's current environment where much of the Coalition Government's First 100 days action plan is focused on axing its predecessor's policies and projects.

The group had taken that into account.

They recommended, as an example, the steps business activists took in Connecticut where they formed a 10-point economic action plan. Then "went on the warpath", convincing the Governor and the State Government to implement it.

Isn't this one for Christopher Luxon?

This should be right up the Prime Minister's alley.

Luxon is a keen student of what makes other nations succeed — particularly small nations. He had earlier joined New Zealand Initiative study tours to Switzerland and Denmark. Luxon has also been to Ireland and Singapore to take some lessons from their success into how to accelerate growth.

He pulled out of the business dinner with Nooyi this week — the workload of getting his new Government in place was just too intense.

But while he was not in the room, the Prime Minister should take account of who was. Air New Zealand's guests included: Fonterra chairman Peter McBride and CEO Miles Hurrell, Mainfreight CEO Don Braid, Auckland Airport CEO Carrie Hurihanganui, Auckland University Vice-Chancellor Dawn Freshwater, NZME and Stuff bosses Michael Boggs and Sinead Boucher, Climate Change Commissioner Rod Carr, who furiously took notes throughout the addresses, and BusinessNZ CEO Kirk Hope who is pulling together a green paper on New Zealand's future. In total, close to 100 CEOs, Chairs and Directors of our most powerful companies.

Every intelligent person knows the country needs a fix.

Someone should send him the Nooyi report. Could make inspiring Christmas reading.

● *Disclosure: Fran O'Sullivan co-hosted the United States Business Summit in partnership with Simon Bridges from the Auckland Business Chamber. She was a guest of Air New Zealand on the CEO mission flown direct from Auckland to New York in October 2022 to explore business connections.*

Turning disadvantage to advantage

We have at least five reasons for optimism, says **Simon Bridges**

There has been a fair amount for business to grumble about recently. But right now, I reckon there are also objective grounds for business and economic optimism locally.

Business confidence is going the right way again, and this sentiment matters in terms of businesses' intentions to invest and grow what they are doing at a micro level, so that the economy grows at a macro one. Globally and here we see talk of a "soft landing" for the economy, something that seemed implausible a year ago.

Additionally, with an Auckland hat on, I can certainly construct a case for an exciting few years ahead to the end of the decade. Our international convention centre will be ready to go in a year or so – I doubt we understand what a spur to economic activity this will be, bringing in thousands regularly for conferences and the like, and revitalising its part of the city centre.

Likewise, the CRL opens another year or so after that. It has the capacity to be a massive enabler of city regeneration and renewed economic activity. And again, because we can't see it in action yet, I doubt we understand just how much so.

More fundamentally, I have a view that New Zealand's long run strategic disadvantage – we are the smallest, most remote developed country in the world (by quite a way if you are asking) – is about to become our biggest advantage.

There is no doubt we live in a deeply troubled world right now. Talk of a third world war is less ridiculous than it's been in decades. And with more elections for more peoples next year than at any other time in history, according to *The Economist*, the forecasts on how these may go is troubling. *The Economist* also says that were a US election held tomorrow, Trump would win, and this has the capacity to send the States and the world into something of a tailspin.

As stated, our distance, relative smallness and prosperity can be sources of real comparative advantage. Watch the wealthy want to come here for holidays, to live and to invest. We need and can grow off all this. Just as Bill Foley has come and invested in things like wine and now a football team, so others can also come and make our place a better one.

In the same vein, I see at least five things about the new Government which provide more real reason for optimism, in no particular order.

Inward investment

New Zealand needs more inward investment and it's exciting to see in the National/Act agreement a plan for reform of our overseas investment regime. This needs to be wide to ensure that the scale of what we need can be achieved. We need the next Bill Foleys of this world, and when they come, we need them to be able to invest.

At the Auckland Business Chamber we've been gearing up in anticipation. Our international team is growing to ensure we can increasingly facilitate more inward business interest and act as an honest broker in advising about the scene here and the specific opportunities. I predict 2024 to be the start of years of harvest on this.

Private sector infrastructure

There is a consensus we have an infrastructure deficit, an ambition to do great things, but with an understanding that the Crown can't pay for it all. Work to bring (both domestic and international) private sector know how, funding and finance to big infrastructure like never before has the capacity to be this government's most enduring positive legacy. Chris Bishop, Shane Jones, and Simeon Brown: we are all ready to help you do this as quickly as possible.

> Talk of city and regional deals can be turned into reality, enabling more prosperous, vibrant cities and communities through greater partnership and more funding tools.
>
> Simon Bridges, Chief Executive Officer, Auckland Business Chamber

Local government city deals

Across the board in the new government there seems appetite to really change up how it works with local government. Talk of city and regional deals can be turned into reality, enabling more prosperous, vibrant cities and communities through greater partnership and more funding tools.

Technology

It is fair to say that Judith Collins has entirely grasped how important this area is for New Zealand's economy. At the Auckland Business Chamber we agree, and to that end we will shortly be releasing a report on how Auckland can be a world class tech hub, with technology becoming our region's number one sector. Opportunities in areas such as creativetech, fintech, and healthtech are huge if we are prepared to do what it takes to succeed.

Cutting red tape

David Seymour's regulatory reduction agenda is sure to be a winner with business. Too much red tape adds cost and saps confidence. By doing things such as repealing fair pay agreements and reforming employment and other health and safety laws, the government will create a better business environment

A final thought. Chris Luxon has made clear he and his Ministers want a new way with deeper engagement and collaboration with business and the private sector. This is required for all of the above to move closer to reality. Partnering is key.

One thing John Key's Government did which was very effective in his early days was a jobs summit (held within months of his election) where business and wider private organisations came to the table and ideas were put forward without fear or favour.

This resulted in initiatives such as a national cycleway, a home insulation fund, irrigation systems and more. There is room for such a summit 2.0, to ensure we accelerate growth around such things as overseas investment, infrastructure, our cities, and technology. Such a move would be yet another reason for optimism.

● *Auckland Business Chamber is an advertising sponsor of the Herald's* Dynamic Business report.


Winston Peters


Todd McClay

'New Zealand is open for business'

Tim McCready

Key Coalition Ministers have articulated a unified vision for New Zealand's future that embraces innovation, value uplift, and enhanced diplomatic ties with the United States and beyond.

The have also pledged to undertake a record number of trade missions in the Government's first term — more than any other government in the history of New Zealand.

Speaking at last week's United States Business Summit, Foreign Affairs Minister Winston Peters and Trade Minister Todd McClay delivered their first major speeches to a packed room full of business leaders since the Government's formation.

Peters outlined specific actions to unlock economic potential, including maximising the value of bilateral trade, resolving barriers to trade, and strengthening supply chains. He stressed the importance of collaboration in industries that are key to building a more prosperous and secure future, including critical technologies and space.

He also spoke of the enduring and special relationship between New Zealand and the United States.

Drawing parallels between our shared democratic traditions, he highlighted the shared commitment to values such as human rights, freedom of speech, free and fair trade and the rule of law.

"Because of these common values and democratic traditions, it's hardly surprising that our global interests so often correspond, and that we have repeatedly worked together in times of international crises and in the face of major global challenges," he said. "And we will continue to do so."

Underlining the strategic importance of the Pacific in bilateral relations, Peters commended recent initiatives such as the opening of US embassies, the return of the US Peace Corps, and increased security commitments in the region.

However, he urged for a more intensified engagement to address strategic and security challenges in the Indo-Pacific, emphasising a shared interest in stability and prosperity.

McClay echoed the importance of trade as an essential engine for growth, and its role in expanding economic opportunities, lifting incomes, and strengthening the country's ability to respond to shocks.

"We therefore have a strong and clear message for our partners," he said. "New Zealand is open for business. We will engage with you. We will be active offshore to work for New Zealand businesses and to drive investment in both directions."

McClay noted that Government's role is much broader than facilitating market access. "It is about shaping the brand and the story behind it. Opening doors, helping to make connections, and supporting New Zealanders to do well on the world stage."

McClay outlined the new Government's trade strategy, aiming to drive export value, expand market access, and resolve trade barriers.

"I am going to seek urgent advice from officials as to how and what else we can do to supercharge this support to business," he said. "We are determined to break down the barriers that are such a drag on productivity and growth."

He recalled that in 2016, one of his first responsibilities as a new trade minister was hosting a 12-country ministerial meeting followed by a ceremony in Auckland for the Trans-Pacific Partnership Agreement.

He underscored the significance of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as the best option for the United States to embed itself in the Indo-Pacific economic architecture.

"We will all be aware that the US ultimately decided not to join the agreement," he said. "It remains my hope to someday be able to welcome them.

In the meantime, McClay said New Zealand remains focused on other ways in which the US can actively engage in the economic architecture of the Indo-Pacific, particularly through the Indo-Pacific Economic Framework (IPEF).

"On the numbers alone, it is huge: 14 countries, six G20 economies including the US and India, 50 per cent of New Zealand's exports, 40 per cent of global GDP. To state the obvious, when the US is running with a regional economic initiative of this scale — one that includes rule-making — you can't afford to not be at the table."

As New Zealand navigates the shifting tides of trade globally, these two key Ministers responsible for New Zealand's international efforts have signalled a resolute focus on growth and adaptability to deal with whatever global challenges might come our way.

It's happy hour for economists in NZ now

Economists are a sceptical bunch, but with this coalition's founding documents, we may be on the winning side, writes **Oliver Hartwich**

Economics enjoys the reputation of being the "dismal science". And yes, there is hardly a policy in which economists cannot find a flaw

To a degree, this is understandable. When you have studied economics, the world around you looks like a madhouse. All too many government policies, often introduced with laudable goals, simply do not make sense.

As the wife of one of my economist colleagues likes to joke: "Don't marry an economist. It is seriously depressing being married to one."

So as economists, we must savour those few moments when there is reason for optimism. The formation of this new coalition government is one of those rare occasions.

But before I get to that, I should start with a political disclaimer.

As much as it may surprise some, I do not want this column to sound party-political. Over my career, I have seen plenty of nonsensical policies from both the left and the right. And now and then, I have equally witnessed good policies from both left and right-wing parties.

Neither side of politics has a monopoly on good or bad ideas.

That said, the policies introduced under the previous Government, especially those from its second term, were generally awful. Not because they came from a Labour-led government but because they were poorly designed and executed.

The previous Government's policies often lacked clear problem definitions. They usually did not even have a rudimentary analysis of costs and benefits. Their implementation was delayed, botched and chaotic.

The current state of New Zealand can be attributed to the poor policymaking of the past two terms.

For economists, it was doubly frustrating. If you are trained to look at public policy problems from an economic perspective, you could spot with the naked eye where the previous Government was going wrong. But even more frustrating was knowing that even bad policies, once introduced, are often hard to repeal.

Even the most nonsensical policies always have a few people benefiting from them. The textbook example are US sugar tariffs and import restrictions. Fewer than 5,000 farms benefit from this policy, but some 330 million Americans pay for it through higher prices. Yet, a repeal is elusive because the few people affected would make too much noise.

So, as economists, we are used to fighting against bad policies being implemented. And we are used to bad policies being kept on the books, even when governments change.

This brings me back to the new New Zealand Government and why it is such a breath of fresh air.

The previous Government bequeathed a comprehensive set of bad policies. They were not bad because they did not mean well (they did). They were bad because they could never work.

The path of least resistance for any new Government would have been to keep those bad policies on the statute books and move on. That is how politics usually works. Not so for this new Government.

Instead, in its coalition agreements and 100-day plan, the new Government aims to rectify most of the significant policy mistakes of recent years — from the small to the big ones. And it has signalled that it will do so even when public opinion (or sometimes published opinion) will likely be against it.

> It will be music to the ears of economists to read in the National/New Zealand First agreement a commitment to "making decisions based on sound public policy principles, including problem definition, rigorous cost benefit analysis and economic efficiency.
>
> Oliver Hartwich

Take the smokefree legislation, for example. Few people would be against policies to reduce smoking. Still, the previous Government's smoke-free policies were nonsensical in many ways, so are part of the new Government's policy bonfire, even though it will hardly earn them brownie points with the commentariat.

The same goes for the ridiculously expensive pumped-hydro scheme at Lake Onslow.

And the equally grotesquely expensive Auckland light-rail project.

And the unjustified income insurance proposal.

And even the ban of pseudoephedrine-based cold medicines, which was introduced under the Key government and was then kept by Labour.

We could continue the list with big ticket items like the new planning laws that replaced the old Resource Management Act.

Introduced in haste to seize the opportunity of Labour's outright majority the legislation was so complicated and lacking in sound policy principles, it was a regulatory disaster.

It will be gone over the coming 100 days — and a good thing, too.

The same is true for the Reserve Bank's dual mandate. Who could be against a central bank aiming for low unemployment? Apart from economists, that is, who know that a central bank cannot do much about it. Even so, that goal is out, and we will hopefully see a return to sensible monetary policy (with or without a new RBNZ governor).

By simply cleaning up the plethora of policy mistakes made by its predecessor, the new Government will create a better country without doing anything new. Maybe that does not sound that great. But it is more than economists are used to.

Yet, it is not sufficient to be without vices; virtues are equally important.

Fortunately, this new Government does have some virtues. Or, at least, it professes to have them.

After the disastrous experience of the past Government, it is encouraging to read in the coalition agreements that the new Government commits itself to better principles of policymaking.

It will be music to the ears of economists to read in the National/New Zealand First agreement a commitment to "making decisions based on sound public policy principles, including problem definition, rigorous cost benefit analysis and economic efficiency".

And to read that "the Government will set clear public service targets and regularly report on progress towards these objectives".

Indeed, "decisions will be based on data and evidence, with programmes regularly assessed to see if they are delivering results".

Even non-religious economists can only say 'Hallelujah!' in response to all of that.

Economists are a fairly sceptical bunch. We are used to the madness around us, and we are prone to being disappointed even by our friends in politics.

But with this coalition's founding documents, we may be on the winning side this time.

Perhaps. Just this once. Please.

● *Dr Oliver Hartwich is the Executive Director of The New Zealand Initiative (www.nzinitiative.org.nz).*

Get the balance right between the economy and social ledger

Policy will not 'stick' if New Zealand remains divided and uncertainty from election to election will undermine investment, writes **Cameron Bagrie**


Photo / Alex Burton

Cameron Bagrie heads Bagrie Economics, a premier boutique research firm dedicated to providing independent and authoritative analysis of the New Zealand economy. The firm prides itself on delivering straightforward, no-spin evaluations of economic trends and data. **www.bagrieeconomics.co.nz**

The incoming Government has set out a major agenda to fix the economy. Get rid of inflation – no easy task – and the economy will move into upswing mode.

The bigger challenge is the trend in growth and raising living standards and where the thrust of policy must be directed.

We all know the old chestnuts of infrastructure, importance of research and development, trade, productivity, addressing the cost-of-living crisis, the need to digitise the economy and compliance. Those are known. I'm more interested in areas that are underappreciated we need to turn the dial on.

Top of the list is bringing the economy and society back together.

A divided society is economically unhealthy. We need an obsession with lifting education outcomes, a new strategy to navigate a divergent world, unlock natural endowments and shift our economic model away from selling more expensive houses to each other. These are dials we need to turn aggressively.

Setting the scene

New Zealand has gone from being one of the most productive to one of the least productive in the OECD. Weak productivity means low wages. Our economic model has been reliant on immigration aka bums on seats, and rising terms of trade. We export food and import manufacturing goods and relative prices have favoured the former over the latter. If that turns, we are in serious trouble.

The election was a promise fest as opposed to discussion on the big issues including productivity, export performance, and limited discussion on geopolitical shifts around the globe which will materially impact trading nations.

The two mainstream political parties captured around 65 per cent of the vote, a sign the "centre" lacked vision and ideas.

The growth in the political periphery is a manifestation of a divided economy and society, and complicates the pending economic reset.

A host of economic and social variables signal we are out of our economic lane. They include inflation, a gargantuan current account deficit, unsustainable local government finances, difficult trade-offs returning the Crown accounts to surplus, poor infrastructure, real concerns over crime, law and order, and one in nine people of working age population on a benefit.

Division is rife. Young versus old. Homeowner versus those aspiring to be. Landlord versus renter. Rural versus urban. Māori versus non-Māori.

That division drives activism and disruption.

The reset

Any rest involves change, and we need to see a lot of it.

Economists talk about economic policies to raise living standards, along with the OECD, International Monetary Fund, various think tanks and Treasury, but unless you take society and the nation along for the ride, you are not doing much more than "Whistling Dixie".

We need unity

Out of this inflation mess there must be some basics we should be able to agree on across the political spectrum. Continued, or greater division will just see the reciprocal of Groundswell marches.

Policy will not "stick" if New Zealand remains divided and uncertainty from election to election will undermine investment.

A former Minister of Finance once told me the third or fourth best policy option was often the best. It might not be economically pure, but it will stand the test of time and deliver certainty.

Wellbeing obviously needs an economic base. We swung too far towards wellbeing at the expense of the economic base as ideology ruled and we are now paying the price. We cannot fly completely the other way "fixing the economy" and letting social challenges lag which is now a risk. No political party appears to get the balance right, but that balance is critical to forming unity. Tax relief but indexing benefits to consumer inflation will drive division.

We should surely be able to agree on the importance of kids and education across the political spectrum. Highlight kids and our economic future as starting point for consensus policy. Get all parties under a big tent on that one. One of the most important things in life is time. Without your health, and the health system is in disarray, time is worth zero. I'd back fixing health over tax relief.

Equality of outcome is not the target. The target is equality of opportunity, then the race of life is on. Māori and Pasifika kids do not get the same opportunity education, housing or health-wise and require even more funding.

New Zealand cannot turn the dial on global emissions but is prepared to play its part as a global citizen. That include city-folk, not just farmers. Urbanites should look up what a farm management (environment) plan entails and consider what an urban equivalent could look like. Climate change is everyone's responsibility not just the major emitters.

Education

Education today will define the economy and society in 30 years. We are in trouble. Pisa (the Programme for International Student Assessment test scores, measuring 15-year-olds in reading, maths and science) scores have been declining for more than a decade.

> A divided society is economically unhealthy. We need an obsession with lifting education outcomes, a new strategy to navigate a divergent world, unlock natural endowments and shift our economic model away from selling more expensive houses to each other.
>
> Cameron Bagrie

Less than half of students regularly attended school regularly in term 2, 2023 (defined as 90 per cent attendance), but more disturbing was the tail in the data. One in nine attended less than 70 per cent of the time, and more than one-in-five Maori and Pasifika students were absent for more than 20 per cent of the time.

A quarter of our school leavers left without NCEA 2, considered the minimum level for work and, or study. That is an economic and social bomb set to explode.

The new Government has made education a priority. That needs to be upgraded to a top three priority and a clear message sent.

Start with a cleanout of the Ministry of Education. You are not going to address problems in education by structured literacy, charter schools or Teaching Basics Brilliantly alone. Poor education is a byproduct of other social failures. That comes back to getting that balance right between the economy and social ledger.

Set out a 20-year remuneration trajectory that recognises teachers' value to entice more people into teaching, but money needs to be matched by assessment. Use data is drive decisions. We need ambition and a high bar, not a low one. The curriculum is critical. The Government has a plan, but it needs to be put on steroids.

Define and deliver on export strategy

Various trade deals, including India, are being mooted, which is encouraging. New Zealand's export performance has been poor, declining at a share of gross domestic product and it receives insufficient attention.

The world is changing. Geopolitical and geostrategic forces are having a major impact. Power is replacing a rules-based system. Trade in security is now trumping the economics of trade. Just in time is being replaced by just-in-case as onshoring, nearshoring and friend-shoring take place.

More concerns are being expressed about China's influence, a nation that takes around 27 per cent of our merchandise exports.

Climate is restraining traditional pastoral production, but New Zealand could also benefit, in a relative sense, from climate change in areas such as horticulture.

Amidst the global financial crisis, New Zealand pulled together for a talk and do-fest. Now is the time for an export-focused one to define a new strategy but also how we manage risks associated with a divergent world, including energy security.

Unlock endowments

Any business tries to set a strategic plan around unique areas of advantage. It defines your ability to compete in areas.

New Zealand is blessed with a huge natural endowment, including productive land, water, renewable energy, a large economic exclusive zone, and many minerals.

We need to get more out of such comparative advantages. An example would be to turbo-charge water storage in Hawke's Bay.

Capital

Better infrastructure forms the basis of our capital stock, and we face a huge uphill battle improving and financing it. We appear to be inching towards a better model, emphasis on the word "inching".

An under-appreciated area is our economic model, which has been selling more expensive houses to each other for 30 years and a housing centric balance sheet.

It is a flawed model that accentuates economic and social division. Fixing it means looking at the tax system, banking system (including bank profits, excluding retail banking) and regulatory settings (including risk weights on bank capital), and the pricing and taking of risk. But you cannot just discourage housing. Investing in the real productive economy needs to be attractive. New Zealand has an unattractive corporate tax rate and underdeveloped capital markets.

The bottom line

A major reset is starting.

The most important aspect will be taking the nation along for the ride for what could be a long and rewarding journey if we are bold, but sensible and fair.

Why growth in the Māori economy matters — what should 2040 look like?

June McCabe

For more than two decades I have been an advocate for accelerating Māori economic development to grow intergenerational opportunities with Māori. The concept of the Māori economy was borne out of work commissioned in 2003 to demonstrate the positive contribution of Māori to the wider New Zealand economy.

I was honoured then to be involved and again now in 2023 on behalf of the 78-strong National Iwi Chairs Forum — looking at the constraints of poor access to resources and capital at every stage of enterprise development — under the committee for Māori Access to Capital.

To comprehend the scale of the opportunity, we commissioned a baseline assessment of the Māori economy and its potential. It reveals that the Māori economy is only a third of what it could be.

Today, the Māori economy, with $23 billion of GDP and $91b of economic assets, is growing at 8 per cent per annum. But as much as we celebrate that above-average growth, it could be faster and achieve a much larger impact. The Māori economy is just 6 per cent of New Zealand GDP and 7 per cent of the economic assets. This compares to the current 17 per cent share of the New Zealand population and projected 20 per cent share of population in 2040. We could, and should, close this value gap.

Add to this gap the future values and wellbeing gaps that exist between Māori and non-Māori, and we start to see a significant difference between what is and what could be.

Through our work, we estimate value of the gaps at $47b of GDP per annum — $167b of economic assets and $5.3b of Māori incomes. The annual cost of lower wellbeing is estimated at $8b-$12b per annum. With current trends it will take 60-100 years to close the value gap.

New Zealand is clearly at a crossroads

We could continue to rely on incremental growth. Or we could seize the opportunity to properly invest and witness a transformational change for New Zealand.

Throughout the decades it has been obvious to me that collective ownership creates barriers or asymmetries on the demand side and supply side in our financial systems and capital markets. Banks need guarantees that can be liquidated.

> We could continue to rely on incremental growth. Or we could seize the opportunity to properly invest and witness a transformational change for New Zealand.

Capital markets need shareholding and the rigour of public reporting.

On the demand side capability and capacity constraints prevail and Māori governance structures are not well understood within these systems.

It's not just capital. It's well documented how difficult it is build and run small businesses (SMEs) in New Zealand. The level of compliance, the mental health strain and the financial vulnerability are hard for anyone, but especially for Māori in part due to limitations of using collective ownership of assets as security.

If we find a way to properly capitalise Māori business — from SMEs right through to enterprise level — we estimate an increase in GDP of $25b. This includes a spike in Māori self-employed of 70,000 — a 100 per cent increase on what we have now.

Just think about what that means: self-reliance, pride, income for families, training and employment.

Many could become employers and scale up to become enterprise scale.

There is already $123 billion in GDP from existing Māori enterprises.

Accelerating Māori access to capital could be firing up these, but it's just too hard. We want to remove complexity and systemic constraints and deliver the resources directly to the Māori enterprises.

By 2040, Māori will occupy 20 per cent of the population up from 17 per cent now and will increase the workforce by 220,000. We are obligated to ensure rangitahi arrive entrepreneurial, educated and ready to lead.

If we continue with business-as-usual we will miss out the opportunity for economic growth, which we estimate to be $11b of revenue.

So, how can this be fixed?

The good news is that this problem is not unique. It fits within the definition of a capital market failure. Collaborative structural solutions can be found and co-investment is clearly an option. Our work is focused on system interventions and measuring these against the Māori economy baseline. What gets measured gets managed.

This is a pivotal time for New Zealand. In 17 years, by 2040, Māori will contribute 70 per cent of workforce growth and 80 per cent of self-employed growth, and it should be 18 per cent of NZ economic growth. The Māori economy matters to NZ.

As a nation, we are moving towards a "post-settlement" society. It's exciting to see Māori using our assets, both human and material, to lead New Zealand sectors.

What's more, with an intergenerational vision that extends hundreds of years and values such as kaitiakitanga and whanaungatanga at their core, Māori enterprises are modelling the regenerative practices that all organisations must follow to be resilient and sustainable.

I'm nervously excited about the next 17 years.

I feel like I'm standing on a burning platform of historical failures and witnessing a future where Māori are fulfilling our social and commercial potential. Critical decisions need to be made before then. We have a responsibility to and for future generations.

Where aspiration meets potential where the levers for change and innovation are at the ready, and a New Zealand that commands an equal and equitable society for all.

● *June McCabe is an independent company director.*

A vital element of our prosperity

NZ's infrastructure deficit is over $200 billion — that's a big number and a multi-generational challenge, says **Nick Leggett**, chief executive of Infrastructure New Zealand.

New Zealanders are expecting a lot from the new Government when it comes to the delivery of infrastructure. Not only must it produce significant improvements in the short term, but it must establish the mechanisms for sustainable infrastructure delivery over the next 30 years.

Neither task will be easy, but if New Zealand is to prosper economically, socially and environmentally in the 21st century, then Christopher Luxon and his Government must succeed.

We know the problems; we can all see them in our communities. Public infrastructure, such as schools and hospitals, is ageing and struggling to meet the needs of a modern society. Transport infrastructure, whether it be public transport in our cities or the roads that link the country together, have not kept pace with a growing population. Much of our three waters and underground infrastructure has been neglected for decades and regularly fails in some parts of the country. Additionally, the means to provide higher-density, affordable housing in our cities remains unresolved.

The conservative estimate for this infrastructure deficit is over $200 billion. To put that in perspective, New Zealand's annual GDP is currently $250b, so it's a big number and a multi-generational challenge.

The good news for the new Government is that New Zealanders are on-board with the need for greater investment in infrastructure. Polling Infrastructure New Zealand undertook earlier in the year indicates 70 per cent of people do not think New Zealand has invested enough in infrastructure over the past 10 years. The conversation therefore turns to how do we plan, fund and deliver the infrastructure we need.

The new Government must corral the complex web of public sector organisations involved in infrastructure delivery by following through on the National-New Zealand First Coalition Agreement and establishing and properly empowering a central government infrastructure agency.

This agency should be tasked with co-ordinating central government's infrastructure planning, fast consenting, and co-ordinating funding and investment, all of which will ultimately improve government as an infrastructure client.

This central government infrastructure agency can act as a system steward actively promoting accountability and cross-entity collaboration by taking a leadership role in the system as a whole.

It can achieve better governance, greater use of partnerships with local government, iwi, communities and private sector, and better decision-making, including accounting for long-term societal benefits.

It is estimated that to clear New Zealand's infrastructure deficit will take $31b in investment each and every year for the next thirty years. No matter how we prioritise government spending or are committed to direct government borrowing, there is no way central government can fund this on its own. Consequently, partnerships that utilise private capital will become critical.

Infrastructure New Zealand is recommending that the new Government takes immediate action to encourage such partnerships. This should be done by:

- Reviewing existing projects for potential private financing and delivery, including for traditional projects like schools and roads, as well as in new sectors such as public transport infrastructure, healthcare and climate resiliency upgrades.
- Mandating the consideration of alternative financing methods for public infrastructure projects over $100 million at the business-case stage.
- Evaluating and refining the commercial framework for private-public deals, including by looking to updated partnering models being used in Australia such as community partnerships, precinct partnerships and economic partnerships.

The provision of new roads such as the Hamilton Ring Road brings about social and environmental benefits alongside increased economic activity; an expanded infrastructure pipeline at Waterview will deliver efficiencies and provide for significantly greater productivity in infrastructure.

Infrastructure New Zealand wants to see in the pipeline, projects that will enhance our resilience to climate change and maintain essential services must be front of the queue.

Nick Leggett

The public-private partnership (PPP) model can be redesigned to include better risk-sharing and a rebasing mechanism for affordability thresholds. Other models of private financing must also be considered. These include leasing arrangements where the public sector oversees project planning and maintains ownership of assets and land, and the use of soft loans, which worked so successfully in the roll out of Ultra-Fast Broadband.

Expanding the current national infrastructure project pipeline will also be critical. Currently the pipeline includes around $96b worth of infrastructure projects, the majority of which are planned for the next three to five years. To enable the infrastructure sector to expand with confidence the new Government needs to expand this pipeline decades into the future.

This will enable far better planning, longer timeframes to secure investment and the ability for infrastructure providers to build up capacity and capability.

The current boom-bust cycle, where periods of intense activity are followed by uncertainty not only leads to a loss of skilled workers to overseas opportunities but is inefficient and expensive.

Analysis that Infrastructure New Zealand released in October suggests a more certain infrastructure pipeline could lead to productivity and savings improvements of between $2.3 billion and $4.6b per year through to 2031.

The overall result of this is somewhere between $16 and $33b extra to spend on infrastructure investment during that time, the equivalent of 10 to 20 Waterview Tunnels.

New Zealand is ranked in the bottom 10 per cent of OECD nations where it comes to getting value from our infrastructure spend, so there is significant opportunity for the new Government to make improvements here.

When it comes to specific projects Infrastructure New Zealand wants to see in the pipeline, projects that will enhance our resilience to climate change and maintain essential services must be front of the queue.

Lloyds of London recently ranked New Zealand second only to Bangladesh for its vulnerability to natural hazards in terms of average annual losses compared to the size of the economy.

Mitigating this will take a massive joined up effort by central and local government both in the provision of new infrastructure and the upgrade of existing infrastructure.

We will also need to be very realistic about our changing world. Some hard conversations will need to take place as we may need to accept the permanent loss of infrastructure in some parts of the country. For instance, is it prudent to fully rebuild a road that will continue to be washed away?

Right across the country, communities are experiencing severe local government rate increases and it is obvious that current local government funding arrangements are not incentivising delivery of world class infrastructure.

It's time to change the way we think about the role of local authorities and fundamentally rebalance the relationship between central and local government.

We see the establishment of city and regional deals, as set out in the National-Act Coalition Agreement, as a means to help solve this problem.

To be successful, these deals must be long term and provide new funding tools for local government and allow local authorities to be major deliverers, with significant new planning powers in transport and housing. Central government's role will be to develop the deals into a nationally coherent, high-level plan and provide the necessary oversight, investment pathways, co-ordination and expertise to ensure project delivery.

How will the new Government know they have been successful?

The system will deliver us more for less, and the infrastructure market will have the confidence to grow its capability and therefore the capacity to deliver an increased pipeline. Better still, when governments change, the system will be trusted by successive administrations.

In considering the relationship with local government, it will also be up to the new Government to move us past the current debate over co-governance and the centralisation of water management and institute a system through which water infrastructure can be adequately funded. This can be achieved by separating the assets from council balance sheets while maintaining a form of influence acceptable to local communities.

It is often said that infrastructure can be the driver of our economic recovery, but the reverse is also true. Poor decision-making and an overly risk averse public service can see projects delayed or poorly executed. This can lead to significant negative economic impacts.

If we take the Waikato Expressway as an example, a project that went through long delays and took 40 years to complete, estimates suggest that if it was delivered on time, it would have provided an additional $2.8b of economic activity to New Zealand.

Infrastructure New Zealand sees the delivery of modern, right-sized infrastructure not only as a means of economic stimulus but also as a means of providing social and environmental prosperity to our communities. Examples such as schools, hospitals, and wastewater services clearly demonstrate this.

Even the construction of a new road, while enhancing economic productivity by facilitating the smoother flow of people and goods, brings about social and environmental benefits by creating more efficient, safer connections within and between our communities.

Infrastructure is inherently risky and long term, which is why we must build up the skills across our economy, both in the private and public sectors, to ensure we possess the required knowledge and expertise to reduce the risk. The new Government must lead the way in meeting this challenge and in doing so will enjoy the full-throated support and active partnership of New Zealand's infrastructure industry.

Port of Tauranga plays the waiting game

The country's largest port wants to develop long-term growth opportunities with a $200m project, writes **Graham Skellern**

Port of Tauranga continues to hold its breath. The key to the port company's next stage of growth is building an extension to the container wharf on its own land, and doubling capacity.

Six years after first applying for construction consent under the old Resource Management Act and eight months after the Environment Court hearing, Port of Tauranga keeps waiting.

"Hopefully, we'll learn (the court decision) any day now," said Port of Tauranga chief executive Leonard Sampson. "It's been a long and frustrating process.

"Accelerating growth means providing resilient infrastructure and for us that comes back to the port development and berth extension. It will alleviate a bottleneck for New Zealand trade in terms of growth," Sampson said.

Port of Tauranga, which handles 1.2 million TEUs (20-foot equivalent units) a year, wants to extend the wharf 380 metres, not out into the harbour but back alongside its land towards the city's marine precinct.

"The area we are looking to have consented has been in the port development plan since the 1990s. There are containers all stacked up behind the area, but we can't put them on a ship because there's no berth," said Sampson. "It should have been very easy (the consenting) – that's the bizarre thing."

He's hoping the new Coalition government will prioritise infrastructure, develop a pipeline of critical projects and create a regulatory pathway for the projects to be completed in a timely fashion.

"I'm not just talking roads but rail, ports and coastal shipping. It's creating a strategic plan and an environment that business can get on and get things done. The port is a crucial infrastructure partner in the supply chain.

Port of Tauranga chief executive Leonard Sampson (left) with his predecessor Mark Cairns.

"New Zealand trade and exporters, dairy and meat farmers, kiwifruit growers, will pay the price if we don't develop the port. That's the challenge," said Sampson.

Port of Tauranga moves 70 per cent of New Zealand's dairy exports, 61 per cent of red meat, 85 per cent of kiwifruit and 30 per cent of the logs. It handles 42 per cent of the container trade, and all up nearly $50 billion of the country's exports goes through Port of Tauranga, representing 50 per cent of the total by value.

Sampson said: "We have no berth capacity to take more container ships. We are turning away three services a week and they have left the country, providing less shipping options for New Zealand exporters."

Given the green light for construction, Port of Tauranga is planning to provide 1150 metres (existing 770m) of container wharf – enough to take three large vessels carrying more than 7000 TEUs, four mid-sized ships of 4000-5000 TEUs or five coastal feeders. The container capacity will double to handling 2.5m TEUs a year.

When the port company applied for consent under the shovel-ready legislation in 2020 (it was declined and it didn't require government funding), the wharf extension would have cost $70m. It is now costed at $100m and together with automatic stacking cranes and other terminal equipment, the latest development plan will more than double in cost.

Sampson said it would take six to nine months to organise contractors and commence work after receiving a consent. Construction would take two years, meaning the longer container wharf would be in use during the 2026/27 financial year.

"Over the next 12-24 months business will be challenging because of the economic environment but beyond that we see a positive growth trajectory when we build new infrastructure," he said.

The new Ruakura Inland Port in Hamilton – a joint venture between the port company and Tainui Holdings – will provide significant opportunities with the population growth in the Golden Triangle, said Sampson.

Already, KMart has moved its national distribution centre there, and alongside it is a new export dairy warehouse.

KMart imports volumes through Auckland and the containers would then sit empty.

Now the containers are moved to Hamilton and re-loaded with exports through Tauranga. "The importing base is moving south," said Sampson. "There is a strong case for importers co-locating with exporters and this can only benefit the national supply chain with a more efficient and integrated network."

For the year ending June, Port of Tauranga – the largest in the country – achieved revenue of $420.9m, a 12.2 per cent on the previous year, and group net profit declined 5.2 per cent to $117.1m.

Total cargo volumes decreased 3.6 per cent to 24.7m tonnes, and container volumes were down 5.1 per cent to 1.18m TEUs. Exports were 15.7m tonnes, down 1.5 per cent, and imports 9m tonnes, a 7 per cent decrease. Ship visits increased 4.6 per cent to 1432.

Port of Tauranga said at the time of reporting that it looked forward to the return of productivity and capacity maximisation now that shipping schedule reliability was more consistent.

Total trade dipped 9 per cent to 5.8m tonnes in the first quarter of the 2024 financial year and will be offset by a record number of 112 cruise ship visits this summer. Port of Tauranga has provided full-year earnings guidance of $95m-$107m.

Speeding up the transformation

Can New Zealand become a market leader in digital sustainability, asks **Professor Ilhan Oshri**

The past decade has seen unprecedented digital transformation take place across the world as more and more businesses and organisations harness cutting-edge technology to improve sustainability and decrease negative environmental impacts.

Here in Aotearoa New Zealand, however, progress has lagged.

For the past three years, the Centre of Digital Enterprise (CODE) at the University of Auckland Business School has been examining how firms can become top performers in digital sustainability.

The Centre consequently developed a Digital Sustainability Index in partnership with Tata Consultancy Services, to track the adoption and leverage of digital technologies by enterprises, along with their social and environmental objectives.

It also evaluates and uncovers the factors critical to pursuing sustainable digital solutions.

The Index allowed us to study 195 companies with an annual turnover from US$151 million to over US$10 billion across 12 sectors and 10 markets in the Asia-Pacific region (Australia, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam).

We surveyed business leaders across the region, targeting C-level executives such as the Sustainability Officer, Chief Technology Officer and Chief Digital Officer, as well as other key decision-makers responsible for digital, sustainability and strategy functions.

In the Asia-Pacific region as a whole, our Digital Sustainability Index survey showed good news in terms of some overall findings: when factoring in all of the 195 businesses, more than 85 per cent of the C-level executives surveyed agreed that digital sustainability could deliver a competitive advantage and that it's a central value of their companies.

Most respondents (80 per cent) also believed their corporate reputation in the market has improved because of the digital sustainability initiatives they implemented. Similarly, decision-makers see the regulator and the board as the strongest drivers of change towards digital sustainability. However, lack of clear return-on-investment and lack of in-house knowledge have been pointed out as key inhibitors for the adoption of digital sustainability.

Unfortunately, we found that Kiwi enterprises fall behind many APAC counterparts in utilising the digital assets needed to solve current and future sustainability challenges.

The Digital Sustainability Index looks at four key capabilities: Digital maturity — the organisation's ability to create value through digital assets. Partnership — the ability to partner with other organisations, such as service providers, to access unique capabilities not available in-house.

Governance — the maturity of the practices, processes and rules that the organisation puts in place to bring together the digital unit (previously known as the IT department) with the business units. And orientation — the firm's effort to raise awareness internally towards sustainability objectives.

The Index also allowed us to identify four types of performers in digital sustainability, starting with top performers, aka market leaders, and then the strategic players, explorers and finally, experimenters. Top performers exhibit strong capabilities in the four areas; experimenters lack strong capabilities in three or four areas.

None of the 11 New Zealand firms in the study were classified a market leader, which puts the country at an international disadvantage.

The vast majority of the New Zealand firms that responded lack strong capabilities in both digital maturity and partnership, areas critical for the acquisition and deployment of tech solutions that address sustainability challenges. We also learned that Australian businesses are doing far better than Kiwi businesses in terms of regular interactions between the digital and sustainability unit, and familiarity of the entire organisation with the firm's sustainability objectives.

Although this is disappointing, we are on the way to making progress.

For one, the Government and businesses are now well aware of the critical challenges associated with sustainability and have accepted that it's a major concern for humanity. While there has been an emphasis on carbon emissions, other aspects of sustainability have also been on the agenda, such as environmental degradation, resource depletion, inequality and digital exclusion.

Furthermore, there has been growing pressure from regulators, customers and investors, all signalling that businesses need to do more on this front.

We need to see our companies using more technology in their sustainability operations — around achieving net zero targets, waste reduction, water conservation or energy consumption.

To become leaders in digital sustainability, our businesses need to partner with both tech and specialist service providers to advance the country's digital landscape and its ability to deploy digital assets towards sustainability targets.

Another hope regarding the future of digital sustainability in New Zealand lies in our CleanTech sector, in which high-tech businesses develop solutions that help solve environmental problems.

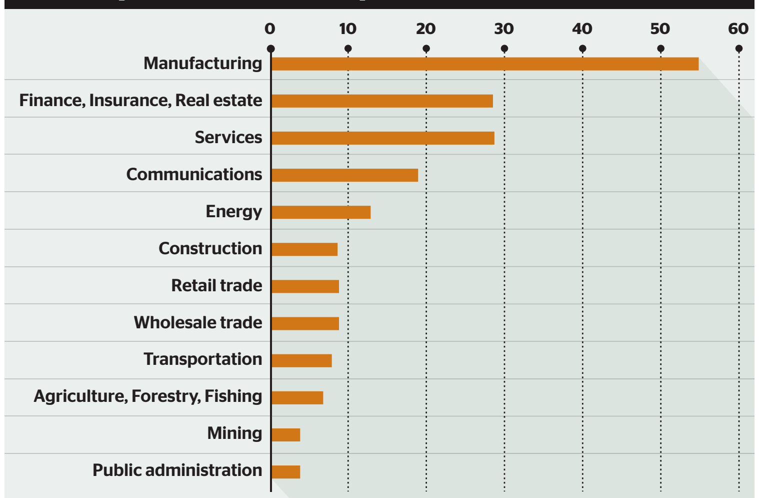
The CleanTech sector has great potential, with some CleanTech companies demonstrating creativity and exceptional approaches to innovation and commercialisation at a global level (e.g. Allbirds, CoGo and CarbonClick). However, what hinders this sector is under-investment. New Zealand's investment in this area falls significantly short compared to the amounts invested by governments and investors in similar economies around the world.

A partnership approach between government, businesses, professional associations, tech leaders and academia is needed to develop and incorporate technology to address the many challenges the planet is facing and to create talent, opportunities, investment and resources to drive New Zealand's CleanTech sector.

Photo / Chris Loufte

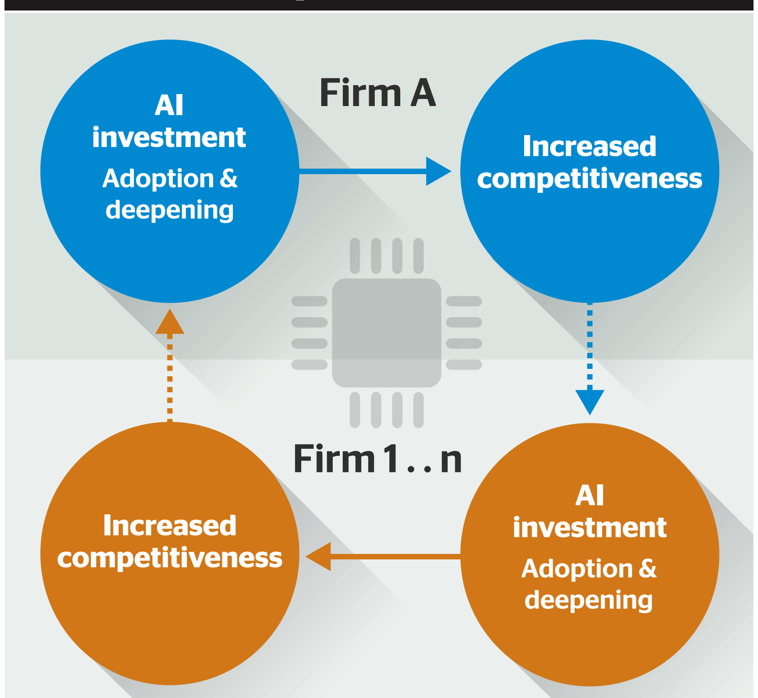
> We found that Kiwi enterprises fall behind many APAC counterparts in utilising the digital assets needed to solve current and future sustainability challenges.
>
> Professor Ilhan Oshri

Sector representation in study



Dynamic Business-Deloitte 2023 / Herald Network graphic

AI investment cycle



Source: Westpac. Dynamic Business-Deloitte 2023 / Herald Network graphic

Digital sustainability framework

Dynamic Business-Deloitte 2023 / Herald Network graphic

Professor Ilhan Oshri is Director of the Centre of Digital Enterprise at the University of Auckland Business School.

KiwiRail: In it for the long haul

Chief Executive **Peter Reidy** explains why KiwiRail's success aligns with NZ's success.

I am often asked why I chose to return to KiwiRail for my second "term" as Chief Executive.

The answer is that I seized the opportunity to see a long-term vision I had since 2016 turned into reality. At that time, our goal was to recapitalise the company to give it a sustainable foundation for the future. Our assets were underperforming after many years of underinvestment. As I was leaving, the Government had agreed to allocate an injection of $8 billion-$9b in funding. Since 2018, this has allowed us to focus on a strategy with our customers to build a productive, reliable transport network to boost economic growth for New Zealand.

I've always been attracted to transformation leadership, and I was honoured to be asked to come back and help KiwiRail through its next phase, as it transitions from a pattern of one-two year operational planning to a longer-term "connect, build and grow" pathway.

I firmly believe that our success is aligned to Aotearoa's success. We have a clear vision to build a customer-centric infrastructure and transport services business that delivers world-class safety performance and superior customer service for our freight, metro and Interislander customers. To help us do that, we're investing over a billion dollars each year – currently one of the largest capital programmes in New Zealand over a five-six year period.

The investment we've been able to make in infrastructure and network reliability has allowed us to deliver $1.1b of improvements and upgrades to the Auckland and Wellington metros, preparing our network for major projects like the City Rail Link. This will be a game-changer for Aucklanders to help enable the development of a world-class rail network, partnering with KiwiRail and Auckland Transport to deliver faster, more frequent journey times for passengers, reducing future maintenance needs and allowing passenger networks to operate at increased efficiency. "Readiness" work for Auckland and Wellington metro modernisation includes Auckland's Rail Network Rebuild (RNR) and the Wellington Metro Upgrade Programme (WMUP) – upgrading the existing network and building capacity to support faster, more frequent trains. $2.1b of New Zealand Upgrade Programme funding has enabled the Pukekohe to Papakura Electrification, Wiri to Quay Park and the Third Main Line projects, as well as three new stations around Drury in Auckland.

We've also partnered with Auckland Transport to set out a 30-year vision for Auckland – the Strategic Rail Programme. This includes station upgrades and separating passenger and freight rail lines, which will cut travel time in half from the south to the CBD. It proposes a cross-town link from east to west, allowing freight to bypass the inner city and providing additional passenger routes.

In addition to the urban infrastructure, we're investing $2.4b in the national rail network to improve reliability and to complete repairs from recent weather events. We are also working through the modernisation programme of our 30+ year aged Interislander fleet to deliver a safe and resilient supply chain and tourism service across Cook Strait.

Another element of our "connect, build and grow" strategy is to be a leader in decarbonisation, realising the contribution KiwiRail can make within the land transport system.

Both rail and road operators can work together by electrifying transport fleets and growing road and rail systems, reducing carbon emissions and congestion for commuters.

We're already increasing the range of electrification in Auckland and Wellington for metro passenger trains and we have plans to electrify the Golden Triangle (Hamilton, Tauranga, Auckland), which could significantly increase electric freight movements to 50 per cent (now only 5 per cent).

Port of Auckland

Our recent Port of Auckland Value of Rail Study shows the huge scope that can be achieved by moving more containers from Port of Auckland to our inland freight hub at Southdown.

All port volumes are measured in Twenty-foot Equivalent Units (TEUs), giving a steady measure across containers and different weights within them. Our inland port at Southdown has the capacity to hold 400,000 TEUs, so effectively we're the third largest port. By integrating our land and train movements, plus wagon capacity, we can help free up a lot more land at Port of Auckland and help improve productivity.

Moving containers by rail from Auckland's port is a winner for Aucklanders and New Zealanders. Today, the 80,000 TEU of containers we currently shift delivers $106 of value per container. This is in the form of reduced congestion, reduced emissions, reduced truck movements and increased safety. We move 20 per cent of Auckland's import containers. With our current fleet, we could double the number of container movements on rail per year, with significant economic and productivity benefits for Auckland.

Another example of where we deliver economic growth is our partnership with the Ruakura Inland Port. We've invested capital to ensure this is rail-enabled – globally we are seeing rail companies invest and partner with inland freight hubs to drive intermodal container growth. Here, the market has changed so cargo owners can achieve economic benefits through aggregation of containers at inland ports. With rail providing one-way network pricing in collaboration with shipping companies, we're able to deliver significant scale for cargo owners through inland ports.

> By integrating our land and train movements, plus wagon capacity, we can help free up a lot more land at Port of Auckland and help improve productivity.
>
> Peter Reidy

In partnership with Ruakura Inland Port, Port of Tauranga and Nexus Logistics, we were able to provide a rail solution for Kmart, who are moving 9000 containers a year through Port of Auckland on rail to Ruakura, where they have a significant distribution centre. This project shows increased connectivity of our infrastructure to benefit cargo owners and consumers, helping to decarbonise land transport across the country.

A key point here is that we're in a transition to a new phase. It will be two-three years before we have the complete platform of increased capacity, but we are moving fast to get ready for the transition of assets into service for our customers. I'm excited to be back for this once-in-a-generation opportunity to transform a business into a growth phase, which we know will support not just the success of KiwiRail and our customers, but the success of New Zealand.

Empowering business and recognising excellence at the 2degrees Auckland Business Awards.

Auckland Business Chamber Members Dinner hosted at the Star Hotel. Auckland June 22 1856.

We were there for you then and we're here for you now.

Maximise your business potential with the Auckland Business Chamber who are making it easier for you to do business though advocacy initiatives, extensive networking platforms, invaluable employment support, seamless trade facilitation, business savings and an extensive calendar of dynamic events.

Experience the benefits of being a member today no matter where you are on your business journey.

Empowering business
success since 1856.

Make your 2024 business year easier, join us today.

Call membership
0800 543 543

or email **membership@chamber.co.nz**
Visit **www.aucklandchamber.co.nz**

AUCKLAND BUSINESS CHAMBER™

Making it easier for you to do business

MEMBERSHIP SAVINGS

Join the **Auckland Business Chamber** and enjoy incredible savings with our Alliance Partners.

airpoints FOR BUSINESS · BUNNINGS TRADE · Clarity INSURANCE BROKERS · CORDIS HOTELS & RESORTS AUCKLAND · noel leeming · OfficeMax · Torpedo7 · yoogo FLEET · BUSINESS

'A clear message to the market'

Russell McVeagh partner **Allison Arthur-Young** says businesses will want clarity and security from the Government.

There is a pressing need for the new Government to move quickly to deliver clarity and certainty about its plans for reforming the resource management process, says Russell McVeagh partner Allison Arthur-Young.

She says understanding the Government's general plans for infrastructure development are equally urgent.

"Clarity is critical if businesses are to have the confidence they need to invest and grow. We need to know if the new Resource Management Act amendments that came in at the end of the last government are going to be repealed.

"If so, does that mean we are going to return to the RMA we know and understand, or will everyone need to get involved in new planning processes?

"That will come with a new set of regulatory costs."

She says there is a high level of understanding of the familiar RMA model and the cost of any further change would be a drag on the entire infrastructure sector.

Arthur-Young says ideally governments should have a longer-term focus so that businesses don't face conditions that change with New Zealand's relatively short election cycle.

"I'm concerned that we may have to start from scratch all over again. We have seven to 10 years of trying to understand the RMA and working with local governments.

"They are already overstretched and have a lot of other things they want to be doing outside of rewriting plans and litigating plans. It's not as simple as just let's get a new system embedded in. It takes decades of transition in this very complex area."

Arthur-Young's legal practice covers all aspects of resource management. She focuses on development and large-scale infrastructure projects. She is also the board chair at Russell McVeagh.

Like other business sectors, infrastructure and development companies are used to a degree of uncertainty.

Conditions change constantly, that's a given. Yet investors are looking for regulatory certainty, Arthur-Young says this ties in to how we deal with New Zealand's infrastructure deficit where capital is limited.

"We're anticipating there will be some stability again in that RMA space. And we think we are going to see the same in the infrastructure space unless there is something wild happening behind the scenes.

"There seems to be a high level of political agreement about the infrastructure deficit and the work that needs to be done to fix it.

"Another aspect of certainty the infrastructure sector looks for what it calls the 'pipeline', that is a flow of projects extending into the future.

"The more that pipeline is visible, the more infrastructure investors are prepared to pour into the longer-term skills and resources needed to build infrastructure."

Arthur-Young sees changes to that pipeline. "This new Government will be looking to prioritise. It must make some choices quickly; some are probably already made.

"Take Auckland light rail and the second harbour crossing. There is the priority of roading projects versus non-roading projects.

"There will be a consolidation and prioritisation of the infrastructure spend, we can't do everything."

There is less money around than at the start of the previous governments. She says that means there are going to be winners and losers, but what we don't need is what happened with Auckland light rail when the project was on, then off, then on again: "That approach does not instil investor confidence".

There is always a period of adjustment when a new government arrives with a different set of infrastructure priorities.

The first thing her clients look for is greater clarity about those new priorities. "Without that they don't know where to invest. When the choices are made, there are winners and losers," Arthur-Young explains.

"Say, if a client has invested in a greenfield area where the land might be deprioritised in terms of water, wastewater and roading.

"At least they now know they need to look to invest in other areas where there is growth and development."

She says the National Party went into the election being clear that it would support helping to fast track and make the consenting process easier for projects such as solar, offshore wind and the like.

"Having certainty and clarity of purpose in those areas means that those of our clients who operate in that space will be able to stretch their legs and invested in projects.

"Investors are not likely to open their cheque books if the consenting pathway for a project is fraught and bedevilled with risk either from a council perspective or objecting neighbours. That's when projects can start to become marginal, especially if you are looking at five to 10 years of litigation to get something through. I think we are seeing signals from the new government around fast-tracking, incentivising renewable infrastructure even if it might mean an adverse landscape effect or even if it means building solar farms on highly productive soil."

> It concerns me that as a country we often end up churning up capital and good ideas by tinkering at the edges, we need to be more decisive.
>
> Allison Arthur-Young

Problems arise where there is ambiguity at a national level. "Are we still protecting wetlands, do we want to build solar farms, do we want more houses? There is always going to be tension in terms of environmental trade-offs and development.

"I think we've gone backwards over the last several years by not making choices. If you are trying to please everyone you have these incredible tensions between, say, building more houses or protecting the environment. I'm not saying one option is better, I am saying the choices need to be made."

When these choices are not made at the national level, the uncertainty filters all the way down and you end up with highly stretched and underfunded local government, which is going to be conservative.

There are huge opportunities for the infrastructure sector and serious challenges, but New Zealand is fortunate that there is stability in the government and the wider economy.

Arthur-Young wants this extended to infrastructure and resource management. She says: "We can do anything, but not everything, so let's focus and send a clear message to the market. Then appropriately fund the people who have to implement the plan and stop tinkering with it.

"It concerns me that as a country we often end up churning up capital and good ideas by tinkering at the edges, we need to be more decisive."

AI — In the right frame of mind

For those able to keep pace, AI will reduce barriers to entry and open the doors to new industries, writes **Paul Clark**

Firms that embed Artificial Intelligence (AI) will generate productivity and efficiency gains that provide them a competitive edge. AI will change the nature of work, changing the way labour is used and how workers are developed. Firms that most effectively incorporate AI are likely to see improved productivity, increased competitiveness, and be more agile.

To coin a phrase from a well-known TV advertisement, AI is everywhere. It's in our smartphones, digital voice assistants, smart home devices and navigation applications. AI powers up our social media interactions, our streaming services, and the games we play on consoles.

It's also found in every sector of the economy, from agriculture and manufacturing to services, and everywhere in between. It's used in health care to better diagnose illness, delivering treatment plans and medicines formulated to the needs of individual patients; in the police, where facial recognition is controversially being used to prevent crime, and in education, where AI has given rise to new teaching methods.

According to McKinsey's global survey1, AI adoption rates by business have more than doubled between 2017 to 2022, with 50 per cent of businesses now using AI in at least one area of their business.

At the same time, the average number of AI components that these businesses use, such as natural language processing, computer vision and deep learning, has more than doubled to 3.8 over the same period. That figure will have increased in 2023 with ChatGPT having grown to 100 million users within a few short months.

Firms in New Zealand haven't kept pace. Indeed, most small firms are doing very little in the AI space, other than perhaps dabbling in applications like ChatGPT, BARD and DALL-E. Even larger firms, who are far more likely to adopt AI, tend to limit investments to specific applications.

There are, however, a small minority of firms, for whom AI is more instinctive. Tech savvy, mostly small, these firms have put algorithms and big data at the core of their operations. For them, decision making is a science with AI determining what is produced, how it is produced, for which customer and at what price.

The hesitancy to adopt AI is surprising given its potential benefits. Simply put, AI makes firms more competitive and that usually means more profits.

It does this by reducing costs, though improved supply chain and operational efficiencies; think end-to-end visibility; predictive maintenance and replacing people in repetitive tasks who can then be moved onto more productive endeavours, and by boosting revenues from newly identified markets and from products and services that have been hyper-personalised to the needs of the customer.

So, what's the holdup? Some of the hesitancy to adopt might have to do with the fact that most firms in New Zealand are operationally focused, are time poor and don't have the wherewithal or digital smarts to get into AI.

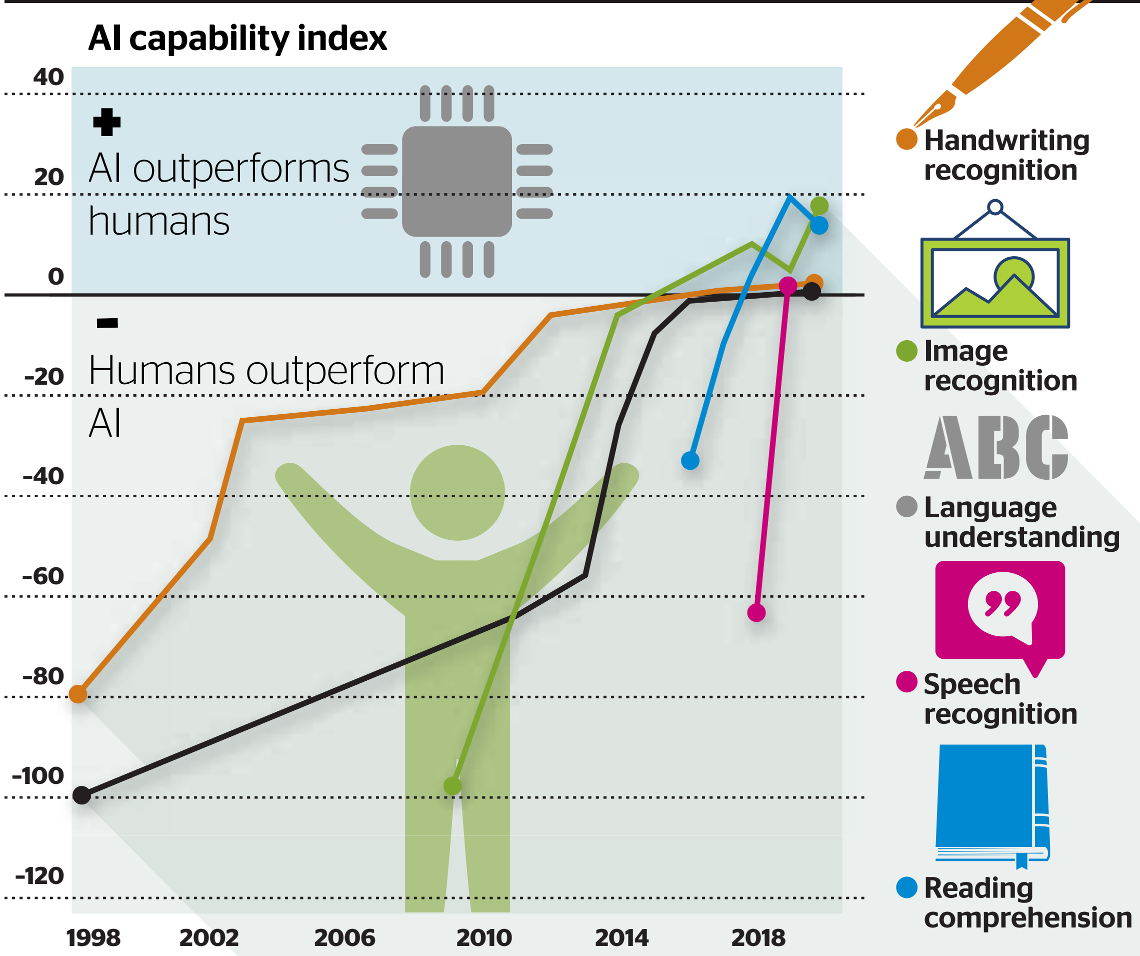
It's also true that some have an inbuilt resistance to change.

Discarding tried and trusted practices requires a big change in mindset. That even a bigger challenge when business owners don't fully understand the potential of AI or where there is reluctance from workers that feel that their livelihoods are being threatened. There is also the issue of when to invest, given how quickly AI is moving and the risks of obsolescence. And that is before we get to the technical challenge of integrating AI within existing data and systems architecture. The cost of incorporating AI can also be prohibitive, especially for sophisticated customised solutions.

Lastly, it can take time for AI to bed in and deliver the value needed to push returns on investment above the hurdle rate.

Getting over these obstacles is not easy. Having an AI strategy in place that clarifies how AI contributes a firm's long strategic goals will be helpful.

Language and image recognition capabilities

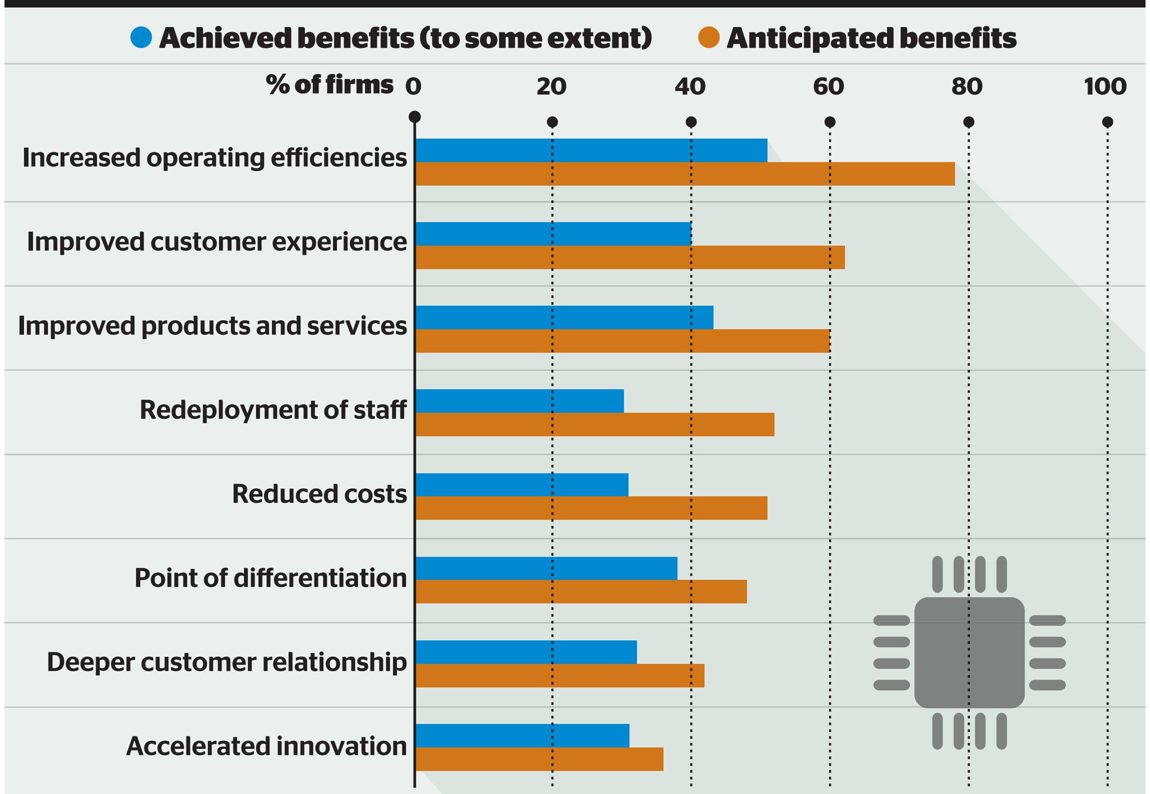


Source: World in data. Dynamic Business-Deloitte 2023 / Herald Network graphic

Some of the hesitancy to adopt might have to do with the fact that most firms in New Zealand are operationally focused, are time poor and don't have the wherewithal or digital smarts to get into AI. It's also true that some have an inbuilt resistance to change.

Paul Clark

Main benefits of AI



Sourcce: Qrious. Dynamic Business-Deloitte 2023 / Herald Network graphic

It's also important to acknowledge that AI is not infallible and put in place governance frameworks, and protection measures to address privacy issues and potential for bias. Demystifying what AI is through education is key. Emphasising the collaborative nature of AI-human partnerships goes some way to alleviating concerns that workers have.

Firms that adopt AI need to address workforce impacts through reskilling and continuous learning so that employees can work alongside AI systems. In the future, EQ will be just as important as IQ.

Businesses also need to invest in integration tools. Most of that will be software, which makes it easier to integrate AI into existing systems and data infrastructure. Partnering with external parties that have the requisite skills will also make the transition a lot easier.

Training staff and fostering a culture of learning, innovation and collaboration is important, as is evaluating performance once integration has been completed.

As AI adoption increases overseas, the competitive benefits of AI become more widely acknowledged, and more powerful AI tools come to the fore, Kiwi firms are increasingly expected to look to AI to gain a competitive edge. This in turn will spur on slower acting rivals to adopt AI to improve their ability to compete. That then sets off a virtuous AI investment cycle, which leads to AI being adopted across more and more end uses, resulting in an increase in AI maturity. That's the theory at least.

In practice, many firms are cash-strapped. Unable to make substantive investment in AI, these businesses will continue to operate on much the same basis as they always have, losing competitiveness to those that are able to stay on the AI investment hamster wheel. Eventually they will fall by the wayside or be consumed by others seeking to add new competencies, skills, and capabilities to their existing repertoires.

However, the news isn't all bad. For those able to keep pace a new dawn awaits. AI will reduce barriers to entry and open the doors to new industries.

A lot of these new entrants will be the same AI-centred firms referred to earlier. But they won't be the only ones. They will be joined by more established firms that have adopted AI and are now looking to pursue new opportunities. The net result is likely to be a blurring of the lines of distinction between industries.

AI is also likely to boost levels of industry rivalry by levelling up the competitive playing field.

Smaller firms that have embraced AI will now be able to compete on a more equal footing with larger rivals operating in the same industry. Larger firms, especially those that are encumbered by silo structures, defined hierarchies, and legacy systems may struggle in this environment.

For larger firms, the emphasis should be on eliminating these constraints. That means removing silos, flattening hierarchies, and installing highly collaborative teams with end-to-end accountability for delivery. That though is likely to be both disruptive and traumatic.

An alternative approach might be to cherry pick and strategically implement AI in end uses where it can make the largest contribution to business goals. To that end, larger firms should leverage off their huge proprietary data sets and their ability to develop highly customised AI solutions.

Its will be these abilities that determine how well they deliver products and services that can be hyper-personalised to the customer's needs.

● *Paul Clark is Industry Economist, Financial Markets, Westpac Institutional Bank.*

‘Trust us’: AI at Apec

OpenAI’s Sam Altman tells the CEO Summit to expect the ‘greatest tech leap forward’, writes **Fran O’Sullivan**

OpenAI CEO Sam Altman had this year’s Apec CEO Summit in thrall as he predicted AI will prove to be “the greatest leap forward of any of the big technological revolutions we’ve had so far” and promoted a “trust us” model in the face of an Executive Order which does anything but.

The next day he was fired.

None were more bullish about artificial intelligence than Microsoft CEO Satya Nadella, whose software company had invested more than US10 billion in Open AI, the startup behind the AI chatbot ChatGPT. Nadella said he believed AI will turn out to be as transformative as the advent of personal computers were during the 1980s, the internet’s rise during the 1990s and the introduction of smartphones during the 2000s.

The Altman firing, combined with the non-appearance in the next session by final speaker Elon Musk, who appeared to have been dropped after comments on X were interpreted as anti-Semitic, gave an additional frisson to this year’s summit. The existential threat to humanity posed by AI is one of the reasons that led Musk to spend some of his estimated fortune of $US240 billion to launch a startup called xAI.

In a later power play, Nadella first pocketed Altman to head AI research at Microsoft, then shoehorned him back to lead OpenAI with a new bunch of directors including Bret Taylor, Larry Summers and Adam D’Angelo.

Earlier, Altman acknowledged the need for guard rails to protect humanity from the existential threat posed by the quantum leaps being taking by computers. “I really think the world is going to rise to the occasion and everybody wants to do the right thing.”

“The real concern of the industry right now, to paraphrase, is how do we make sure we get thoughtful guardrails on the real Frontier models without us all turning it into regulatory capture and, stopping open-source models,” Altman said. “I think open source is awesome; not everybody agrees with that. I’m thrilled you all are doing it. I hope we see more of it.”

Where Altman departs from current thinking is with his view on just where regulation needs to step in. “We don’t need heavy regulation here, probably not even for the next couple of generations. But at some point, when the model can do the equivalent output of a whole company and then a whole country and then the whole world, like maybe we do want some collective global supervision of that and some collective decision-making.

> We don’t need heavy regulation here, probably not even for the next couple of generations. But at some point, when the model can do, like, the equivalent output of a whole company and then a whole country and then the whole world, like maybe we do want some collective global supervision of that and some collective decision-making.
>
> OpenAI CEO Sam Altman

“But to land that message and not say it’s like, ‘Hey, we’re not telling you; you have to totally ignore present harms. We’re not saying you have to, like, you should go after small companies and open-source models.

“We are saying, you know, trust us; this is going to get really powerful and really scary, and you got to regulate it later. Very difficult needle to thread through all of that.”

The US Government thinks differently. In mid-October, US President Joe Biden issued a landmark Executive Order to ensure that America leads the way in seizing the promise and managing the risks of artificial intelligence (AI).

The order establishes new standards for AI safety and security, protects Americans’ privacy, advances equity and civil rights, stands up for consumers and workers, promotes innovation and competition, advances American leadership around the world, and more.

Critically, it requires that developers of the most powerful AI systems share their safety test results and other critical information with the government. The Departments of Energy and Homeland Security are required to address AI systems’ threats to critical infrastructure, as well as chemical, biological, radiological, nuclear, and cybersecurity risks.

At the summit, Google CEO Sundar Pichai was bullish.“I think we have to work hard to harness it. But that is true of every other technological advance we’ve had before. It was true for the industrial revolution. I think we can learn from those things.”

Said Altman: “I think we’re on a path to self-destruction as a species right now. We need new ideas; we need new technology if we want to flourish for tens and hundreds and millions hundreds of thousands and millions of years more.

“But the technological change happening now is going to so change the constraints of the way we live and the sort of economy and social structures, and what’s possible.

“So, I’m super-excited. I can’t imagine anything more exciting to work on. And on a personal note, like four times now in the history of OpenAI, I’ve gotten to be in the room when we sort of push the veil of ignorance back and the frontier of discovery forward.

“And getting to do that is like the professional honour of a lifetime.”

Two other leading AI thinkers and developers: Chris Cox, Meta’s chief product officer, and, James Manika, Google’s senior vice-president of research technology, also took part.

Each had examples of where AI was contributing.

Cox talked about developments in proteins by his colleagues at DeepMind, AlphaFold, who were working to predict the protein structure of all 200 million proteins known to science and “then make that available to everybody”.

Manika pointed to some pressing challenges like access to maternal health in low-income countries and communities.

“Think about climate change. You spend a lot of time thinking about the effects of climate change. Think about all the things we see in California wildfires.

“AI gives us the possibility of actually addressing and enhancing how we tackle all of this.

“This is what motivates me and excites me. “

The global titans of tech themselves had plenty of airtime, with Biden and China’s Xi Jinping focusing on artificial intelligence and other defining technologies.

“The world is at an inflection point – this is not a hyperbole,” Biden told the summit.

Intriguingly for all the prior words about the US and China standoff, it was notable that Xi hosted some of those tech titans – like Apple’s Tim Cook and Tesla’s Musk – to a private dinner.

They aren’t about to leave China anytime soon.

For host city, San Francisco, AI is a boon.

Mayor London Breed boasted that the city has more AI job openings than other the country, with eight of the world’s top AI companies based in San Francisco.

“The conversations happening in this city and the conversations happening here today these are the ideas that are going to transform our world in the decades to come.

“Future generations will look back on these discussions as the start of something entirely new, and it’s happening all right here in San Francisco. Economies, industry, and society change rapidly,” she said.

“Google was started out of a garage down Highway 101 Freeway. OpenAI was virtually unheard of last year at this time; now, ChatGPT has 100 million users.”

Condoleezza Rice at this year’s Apec CEO summit.

Out-takes from Condoleezza Rice

Former US Secretary of State Condoleezza Rice has some cautionary words on artificial intelligence.

“Everyone has learned to spell AI, they don’t really know what quite to do about it,” said Rice, who is now director of the Hoover Institution at Stanford University.

“They have enormous benefit written all over them.

“They also have a lot of cautionary tales about how technology can be misused.”

At the Apec CEO Summit in San Francisco, Rice predicted the United States would continue to decouple from China, particularly on technology where China has emerged as a major competitor and threat to the American business. But not elsewhere.

She makes no distinction between “decoupling” and “derisking”. It’s the same thing, she said.

When it comes to United States policies towards China, Dr Rice was adamant the US does not want a “hot conflict” with China. “That means military-to-military talks and de-escalation of conflict.”

Her three key issues:

- “There is a technological bow wave that is coming at us with technologies that are so transformative and so powerful. So, I would hope, given the countries that are at these frontiers, like China and the US, that there can be some understanding of how we want to approach some of these transformative technologies. So, that’s one thing.”
- “A second thing is about the big challenges of climate and food security. There are countries that are in large part fast-growing. These are countries that in large part do have technological capabilities. One of things coming out of the Global South is that the developed countries are the ones that are on the front line.

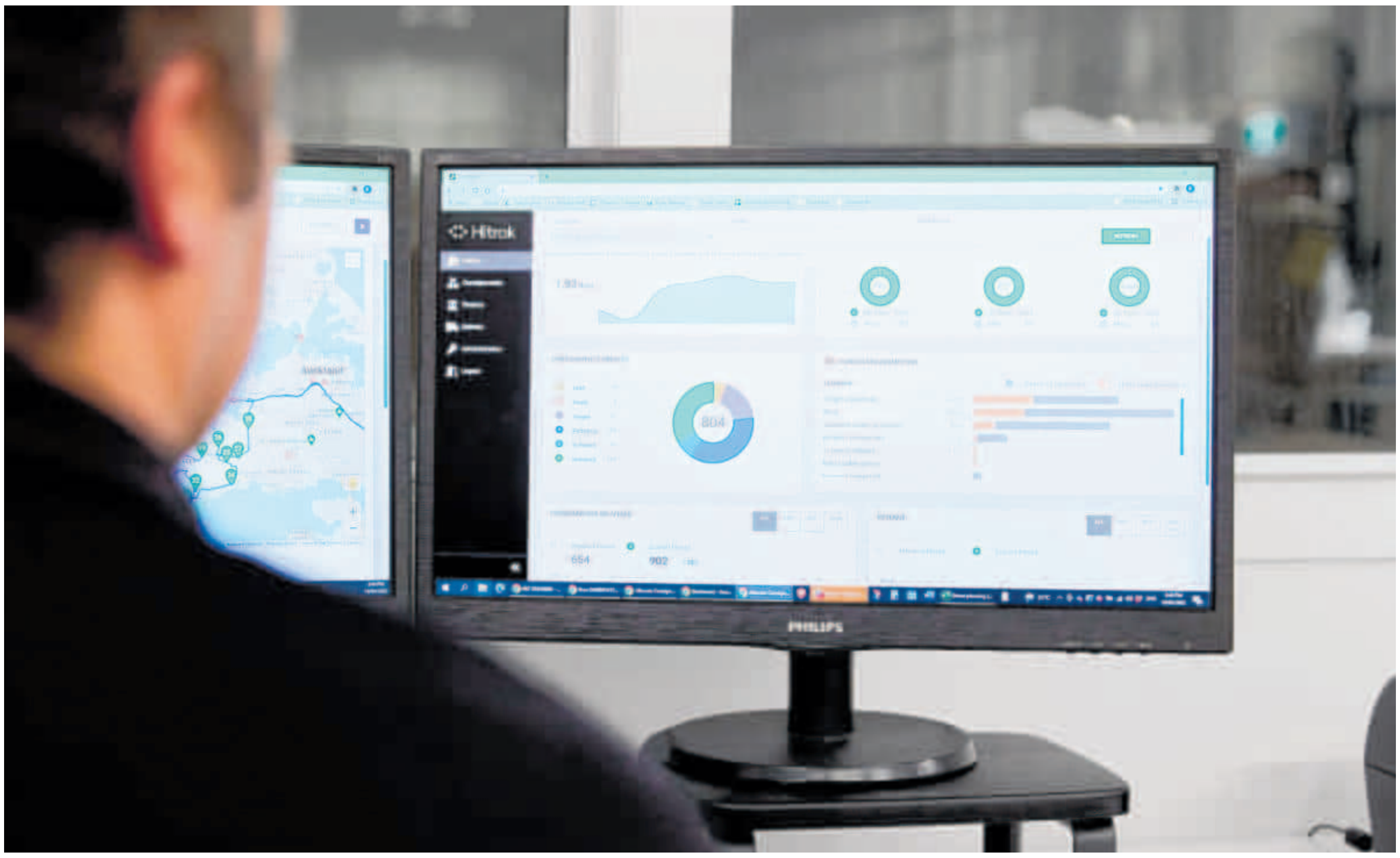
“How do you feel, if you are sitting in the Caribbean at this point, about the potential if we’re too late on climate change?”

“I know people like to go to COP 28 and talk about 1.5 degrees and they like to talk about 2050. But it’s not helpful.”

- “What every country has is three Es: Economic growth, Energy mix, and Environmental sustainability. How are we going to harmonise those to get better outcomes on sustainability?”

High hopes for a hi-tech future

Johnny Davison's founding of Hitrak was based on parallels he found between mountaineering and the freight industry, writes **Bill Bennett**



Hitrak is a cloud-based transport management system that simplifies logistics.

Just about everything you can buy or see around you was moved by a truck at some point. The freight sector is huge and a vital part of the economy. Yet, says Johnny Davison, it can be inefficient. "One in three trucks run empty at any given time".

Davison is on a mission to change that. He is founder and CEO of Hitrak, a software-as-a-service tool with the potential to simplify complex freight logistics and in the process, boost efficiency, reduce costs and cut carbon emissions.

Hitrak started life as a proprietary freight management system used since 2020 by the OnSend freight service. Davison is also OnSend's CEO.

It was built for in-house use: "We originally conceived a business model where we used a bespoke proprietary technology to differentiate our service."

Davison says after other freight companies saw it in action they enquired about the system and OnSend made the decision to turn the technology into a product with its own brand. "We soon realised the bigger commercial opportunity was the licensing of a logistics platform to the wider freight market in New Zealand and beyond."

Hitrak had its first paying customer in 2022.

Davison says that today Hitrak is "early-stage commercialisation" with a number of early-stage customers ranging from small carriers to a well-known retailer and a large freight company. His goal is to win market share in New Zealand to fund expansion into Australia.

His route to founding Hitrak was inspired by some lessons he learnt from climbing Mount Everest.

Earlier in his life Davison set himself the target of climbing the mountain. He started with indoor climbing and moved into mountaineering before having a career as a mountain guide and eventually finding his way on an expedition to Mount Everest, which completed his childhood dream.

When he decided to change his career, he worked for a major logistics company which he decided would be a good place to learn about business. The job started with unloading trucks and while he was doing this, he realised the connection between mountaineering and the freight industry: both involved logistics.

As a guide he would deal with food, fuel, ropes, oxygen cylinders and the business of getting the right piece of equipment or food to the right place at the right time: "There is a direct correlation with the freight business".

He saw there was a gap in the market for better technology to give shippers greater visibility of their business. And from there the technology could extend further to help freight customers get a more consistent and convenient service.

Trucks are often empty on the return leg of a round-trip journey when no load back can be secured. The costs of this inefficiency are generally passed onto the customer.

Technology can help fix that.

Davison believes Hitrak could be the Xero of freight logistics. It is a cloud-based transport management system that simplifies logistics. He says it can work for carriers or retailers who operate their own fleets and can handle a handful of vehicles or hundreds.

> We have put the driver app into the hands of a driver, and they are able to head off delivering a world class service in minutes by following the data flow. All the data they need is there and updated in real time.
>
> Johnny Davison

Davison says the freight sector has been notoriously slow to adopt digital technology. Big freight companies have proprietary systems because they have the capital to invest. Smaller ones rely on using great people.

"Outside of the large carriers, it remains a largely paper-based sector. There's nothing in real-time, everything is reactive, everything is retrospective. There is next to no digitisation.

Where there is, the freight companies still use spreadsheets, and they are dependent on the good work and effort of individual people. This leads to a variability in terms of services."

To tackle this, Hitrak is a suite of cloud-based applications that handle real-time tracking, efficient dispatching and order consolidation.

There are separate apps for truck drivers and for customers or consumers who are waiting for deliveries. These can both run on mobile phones. Then there are shipper, dispatch and fleet tracking apps. The Xero reference isn't accidental, the popular New Zealand-developed cloud accounting app was Davison's jumping off point.

"Xero is successful because it is an easy-to-use platform that anyone can use to do something that is, in reality, quite complicated. It is cloud-based and has a user-friendly interface. It works in real time, so transactions are updated as they happen. It provides a continuously accurate financial picture and it integrates with an ecosystem where there is a vast array of third-party applications and it allows higher levels of cooperation.

"Hitrak is cloud-based with a user-friendly interface. We've been deliberate about that. We have put the driver app into the hands of a driver, and they are able to head off delivering a world class service in minutes by following the data flow. All the data they need is there and updated in real time.

"We provide accurate real time data to the customer, so they know when to expect delivery. Everyone involved gets a good sense of what's happening in real time."

Like Xero, Hitrak integrates with third-party applications. If a company uses an ecommerce platform or inventory management, they stay updated. There are features so that processes can be automated, operations optimised, and, in keeping with modern best-practice, security is built-in.

Automation helps reduce human error, something that bedevils paper-based freight management systems. Davison describes the manual process used by one of his early customers where jobs would arrive by email and be manually entered into the system. The jobs would be manually allocated to drivers who would take paper dockets, make the delivery, get a signature, take a photo of the receipt and load into the system. The team would write consignments and invoices manually. With Hitrak, all this happens automatically through a series of integrations. Not only does this streamline operations, but it reduces errors.

This has other benefits: "With paper processes, the burden of deciding the best route and best delivery sequence fell to the driver. You end up with an inefficient route where drivers head in one direction, then loop back and retrace earlier ground. The customer isn't aware of what is going on, so they aren't ready for the delivery, they may not even be there. Which means another, later truck must be dispatched. Every kilometre a truck travels burns diesel, which is both expensive and means more carbon."

Davison says an entire day's deliveries can be ordered into the most efficient delivery sequence across a vehicle fleet. It also helps them load deliveries onto the truck in the right order at the start of the day. "Minimising trips means that you're not dispatching trucks unnecessarily, you're not needlessly burning diesel. It means you can use fewer trucks."

Equipping carriers with the tools they need is a starting point. Things move to a higher level when Hitrak connects carriers to each other in networks allowing them to share resources and optimise further. The Hitrak software can alert carriers when a nearby firm has spare capacity.

● *Hitrak is an advertising sponsor of the Herald's Dynamic Business report.*

ASEAN key to ambitious trade goals

Tim McCready

Over the past five years, New Zealand's economic ties with Asean (the Association of Southeast Asian Nations) have undergone significant growth, from $17.15 billion in 2017 to $27.42b in 2022.

With 10 member states, the union is New Zealand's third-largest trading partner — we now trade more in a week with Asean than we did in an entire year in the early 1970s.

The National-led Government has set an ambitious trade goal to double the value of our exports within a decade. Despite the region navigating the same economic challenges that echo worldwide, it is clear Asean will be an important component in New Zealand reaching its lofty ambitions.

The NZ Asean Business Alliance Conference in Kuala Lumpur last month saw more than 250 attendees gather from across the region and New Zealand to explore the tremendous opportunities inherent in mutual collaboration. There is a keen interest to do more and a desire from Asean to deepen its ties with New Zealand.

Tim McCready in Kuala Lumpur for the NZ Asean Business Alliance Conference.

The Association of Southeast Asian Nations (Asean) is a union of 10 sovereign states in Southeast Asia: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

An economic anchor

New Zealand's top trade official, Vangelis Vitalis, told the conference the region has a role as an "economic anchor," particularly during the past two years where global markets have seen the highest increase in non-tariff and other forms of direct protectionism.

Highlighting the strength of New Zealand's trade ties with Asean, Vitalis underscored the significance of the rules-based trading system all member nations honour. There hasn't been a case brought against a member within the Asean Australia New Zealand Free Trade Agreement (AANZFTA) or the Regional Comprehensive Economic Partnership (RCEP). These agreements have led to the near-complete elimination of trade tariffs for New Zealand in the region.

Vitalis gave an example of how the rules matter and they make a difference to business: "In 2021, we estimated across the APEC region that it was taking up to eight days for products to cross the border. That does not apply between Asean members and New Zealand.

"We have a commitment to move products within 48 hours across our customs borders, and the recent upgrade of the AANZFTA has delivered a commitment of six hours for chilled and high-quality fresh produce. That is a significant advantage that we enjoy in each other's markets over and above our competitors."

Next generation of trade

Professorial Chair in Business in Asia and Director of the Southeast Asia Centre of Asia-Pacific Excellence, Professor Siah Hwee Ang, stressed the pivotal role of Asean in shaping the future of New Zealand's trade, pointing to the age of its population as an important indicator.

"Two of the largest countries in Asean — the Philippines and Vietnam — have a median age less than 30, and most other nations are not much older," he said. "That demographic profile gives access to a substantial number of current and future customers, providing markets that offer 10-20 years of growth potential."

The digital economy is a particularly prominent area of opportunity for New Zealand, fuelled by Asean's young population and the rapid adoption of smartphones among the expanding middle class. Also notable is the health and wellness sector, which has emerged as a fast-growing area in the aftermath of the pandemic.

> We now trade more in a week with Asean than we did in an entire year in the early 1970s.

Deputy Minister of Investment, Trade and Industry for Malaysia, Liew Chin Tong, emphasised the proactive moves global businesses are making to mitigate against ongoing geopolitical uncertainties by adopting "friendshoring". This strategic shift involves relocating manufacturing operations to countries viewed as political and economic allies, with India and Asean gaining in prominence.

"Southeast Asia is geopolitically a middle ground," he said. "By building a strong middle class in the years to come, it will not just be a production site, but it will be a major market for global businesses."

Malaysia — a gateway

With a population of almost 34 million and one of Asean's fastest-growing countries, Malaysia is a large, dynamic market, that is easily accessible to business.

Its blend of Malay, Chinese, Indian, and European cultures is unique. Impressive shopping centres and towering skyscrapers, including the Petronas twin towers, dot the landscape, interspersed with colonial buildings.

The Commonwealth member has a political structure and legal framework largely based on British systems. Its cost-effectiveness, central location and the prevalence of English used in business makes it a great launchpad for expansion into the region.

While many attendees at the conference had not yet visited New Zealand, they had an admiration for and interest in our country and a keen desire to engage in business with us.

Some of this can be traced back to the Colombo Plan, which brought Malaysians to New Zealand for education. Today, many of them hold senior positions in business and government, bringing a valuable network that encourages bilateral collaboration and favourability toward New Zealand that has not been taken advantage of.

Emerging sustainability

What surprised me in Malaysia was the pervasive use of plastic bags. They are prolific at grocery stores, food stalls and markets. Even drinks are served containerless in bags.

Despite this cultural norm, the Malaysian Government has committed to phase out plastic bags by 2025. This reflects the increasing environmental awareness in the region and a heightened focus on climate change.

Some of Asean's largest cities — Jakarta, Bangkok, Manila and Ho Chi Minh City — are at severe risk of permanent flooding if ocean levels continue to rise.

Nine out of ten countries in the region have committed to achieving net-zero by 2060 or sooner.

During the conference, delegates expressed interest in technologies and services New Zealand could provide in terms of renewable energy and carbon reduction technologies — yet another promising area to help New Zealand meet its ambitious new trade goals!

● *Tim McCready was a guest of the Southeast Asia Centre of Asia-Pacific Excellence and the Malaysia NZ Chamber of Commerce.*

MBA open for online students

The pandemic accelerated digitisation of education; now Auckland University's Business School is taking it even further, writes **Bill Bennett**

> We've faced the reality that students have shifted to wanting the convenience of online delivery. We wanted to offer the Auckland MBA beyond Auckland, but we also don't want to lose the good things about the MBA.
>
> Susan Watson

From next year the University of Auckland Business School will teach its flagship Master of Business Administration (MBA) programme online.

Professor Susan Watson, Dean of the University of Auckland Business School says while the delivery method will change, the course will retain all the features of a traditional MBA.

A key benefit of delivering the MBA programme online is that it is now available nationwide. She says that in the past students would need to either live in Auckland or be prepared to travel regularly to the Business School's Sir Owen G Glenn Building for classes.

Online students will get the same course material and teaching as before, but both will now come in smaller, more digestible chunks. This means students will be able to study wherever they are and whenever they have time.

The Business School has found ways to make sure MBA students still get personal contact. "We know people do MBAs because of the cohort experience. They get to know people," Watson says.

"Students still have the opportunity for cohort experiences. There will be regular gatherings for our MBA students around the country, the locations depend on where they end up enrolling from. They will still take part in an international study tour, which has long been a popular part of the MBA."

Moving the MBA programme to online delivery reflects the acceleration towards digitalisation of everything that took place right across the economy and society in general during the Covid pandemic.

The Business School recently published *Tāraitia Waka* or *Shaping Futures*, an updated strategic plan that reflects the dramatic changes that have taken place since 2019. The new plan outlines a vision to have a "transformative impact on the future of organisations and society". That means an increased focus on value, relevance and impact. Moving to online MBA delivery covers each of those goals.

In particular, the move is about relevance. The business school noted a strong demand from students for online delivery. Watson says: "We've faced the reality that students have shifted to wanting the convenience of online delivery. We wanted to offer the Auckland MBA beyond Auckland, but we also don't want to lose the good things about the MBA, which includes the cohort experience and our lecturers delivering live material online."

Auckland University's Business School has taught its MBA programme for 40 years. It's a world class programme and has what is known as triple crown accreditation. That is, it has all three of the leading accreditations for business schools: AMBA, AACSB and EQUIS. Only one in a hundred business schools around the world achieve this.

Watson says many high-profile New Zealanders have been through the programme over its 40 years. They include Cabinet ministers and industry leaders. Governor-General Dame Cindy Kiro and Mercury Energy chair Joan Withers are both alumni.

Former Pushpay CEO Bruce Gordon.

Joan Withers

Dame Cindy Kiro

"We recently had a dinner to celebrate the 40 years of the programme and we had a speaker from each 10-year cohort. They talked a lot about the difference the MBA had made to them."

Watson says one former MBA student, Pushpay founder Bruce Gordon, talked about how his MBA gave him the tools to create his business. He saw a technology being used in one context and realised it had potential, but he knew he had to find a real need for it before it could become a sound business proposition. He said the MBA had shown him how to think clearly about creating a viable business.

While the move to online programme delivery is a big step, the Auckland MBA has never been set in aspic, it has evolved over the years. In the early years there were two programmes, one for younger people starting their business careers and an Executive MBA. The two later became one programme.

Watson says the university in general has shifted more towards lifelong learning and focusing on a wider group of people, not just school leavers. This means catering for a different type of student.

"They are more demanding. And it's a different sort of teaching. They won't just sit there and listen to a lecture, they'll push back, they will frequently think they know more than the lecturer in the room. Sometimes they do. To teach these people you've got to be the kind of person who is comfortable with and enjoys that interaction. It requires quite a lot of skills, not everyone can teach the MBA."

Moving to online delivery requires yet another teaching style, although Watson says the Business School is ready for that: "After Covid, we had a business recovery plan where we launched a range of online programmes at the postgraduate level for people who aren't going to go on to a PhD, but want to learn more to enhance their careers, or they want to change their careers.

"We now have a number of degrees for that market. Many of them are delivered online. For example, we have a Master of Information Governance. We also have a successful Postgraduate Diploma in Business, this is a programme for people who have never done a university degree, but who want to go on with their education. It takes them up to where they are prepared for a masters degree or an MBA. It's a popular course and it is delivered online.

"Our people had to learn how to deliver online because of Covid. They were forced to develop the skills."

She says sessions tend to be shorter online and more lively: "You are never going to have a two-hour video lecture. We know people's attention spans are different when using this technology."

To this end, lectures are delivered live and, as far as possible, remain interactive. Students are asked to keep their cameras on and are expected to participate. It's not about passively watching the screen.

While courses are taught live, lecturers can use "artefacts" in classes. These might be short animation clips or graphics created to illustrate a concept. The Business School uses an external service provider to produce these clips.

Because the course is taught using streaming video technology, students need to have access to a computer and a broadband internet account. In effect, it means study can take place anywhere that a service like Netflix is available, these days that means everywhere except the remotest corners of the country.

- *The University of Auckland Business School is a sponsor of the Herald's Dynamic Business Report.*

Deloitte Top 200

Congratulations to all winners!

UNIVERSITY OF AUCKLAND BUSINESS SCHOOL YOUNG EXECUTIVE OF THE YEAR
Penny Dell
ANZ BANK

BARFOOT & THOMPSON DIVERSITY AND INCLUSION LEADERSHIP
NZME

AMAZON WEB SERVICES COMPANY OF THE YEAR
Xero

SERVICENOW CHIEF EXECUTIVE OF THE YEAR
Grant Webster
TOURISM HOLDINGS LIMITED

TAX TRADERS CHIEF FINANCIAL OFFICER OF THE YEAR
Kirsty Godfrey-Billy
XERO

FORSYTH BARR CHAIRPERSON OF THE YEAR
Rob Hewett
SILVER FERN FARMS

2DEGREES BEST GROWTH STRATEGY
Comvita

SUSTAINABILITY LEADERSHIP
Contact Energy

BUSINESSNZ MOST IMPROVED PERFORMANCE
Port of Auckland

HOBSON LEAVY VISIONARY LEADER
Sir Richard Taylor
& Tania Rodger
WĒTĀ WORKSHOP

JUDGES' RECOGNITION
John Loughlin

Find out more about the 2023 winners at top200.co.nz

Thank you to our exclusive media sponsor and our award category sponsors:

The New Zealand Herald
HOBSON LEAVY EXECUTIVE SEARCH
TAX TRADERS
aws
Deloitte.
BusinessNZ
GROWING PROSPERITY AND POTENTIAL
BARFOOT & THOMPSON
FIGHTING FOR FAIR 2°
FORSYTH BARR
UNIVERSITY OF AUCKLAND Waipapa Taumata Rau NEW ZEALAND Business School
servicenow

Xero to hero in Top 200 Awards

This year's awards recognise outstanding agility, resilience and results despite the pressures faced by business.

Dynamic Business
Tim McCready

Cloud accounting heavyweight **Xero** has been recognised as the Company of the Year in the 2023 Deloitte Top 200 Awards for its transformative year marked by significant milestones.

Winners in the prestigious Deloitte Top 200 Awards were revealed last night at Auckland's Viaduct Events Centre. Now in its 34th year, the highly anticipated black-tie dinner event saw close to 900 business leaders gather to celebrate the best of New Zealand business.

This year, the awards recognise outstanding agility, resilience and results despite the pressures that business leaders have faced. Notably, they have navigated through the persistent cost-of-living crisis, inflationary pressures, geopolitical complexities, global unrest, and the severe weather events earlier this year.

After a difficult year in 2022, Xero completed a significant restructure and saw strong revenue, subscriber, and share price growth. Founder Rod Drury formally stepped down from the board of directors after 17 years, and Sukhinder Singh Cassidy has taken on the role of chief executive.

Last month, Xero delivered a strong bottom line result for the half-year to September 30, reporting a revenue rise of 21 per cent to $799.5m and net profit increasing to $54.1m, compared to a net loss of $16.1m in the first half of the previous financial year.

The panel of high-profile judges, convened by NZME Head of Business Content Fran O'Sullivan, note Xero's outstanding performance.

"Xero is an extraordinary Australasian success story and our leading high-tech success unicorn. Its current market capitalisation of over $15 billion makes it the most valuable NZ company, and one of top 20 companies on the ASX," they say.

"Xero has maintained strong margins and is keeping a disciplined focus on costs. This resulted in adjusted Ebitda up by 44 per cent in 2023 over 2022 and a share uplift of 44 per cent for the year ended 30 September 2023."

Grant Webster, CEO of Tourism Holdings, was named Chief Executive Officer of the Year for his exceptional resilience and strategic prowess, particularly during the Covid-19 pandemic.

His leadership was crucial in navigating the world's largest campervan rental company through a drastic downturn in international travel. By selling assets to protect shareholder value, he achieved record results, showcasing his ability to make tough yet effective decisions.

"Webster's 15-year tenure as CEO has been defined by steering the company through major crises and positioning Tourism Holdings for future growth," say the judges. "Tourism Holdings' strategic expansion, combined with Webster's adept relationship-building, spurred a remarkable financial recovery: turning a $2.1 million loss into a $49.9 million profit and a 92 per cent increase in revenue."

"His legacy is that of a transformative leader who successfully converted challenges into opportunities for innovation and growth."

The Visionary Leader award is the only one given without finalists. This year, the award went to the creative duo behind Wētā Workshop, **Sir Richard Taylor** and **Tania Rodger**.

Renowned for their award-winning work on blockbuster films, their influence extends to tourist attractions, a digital game studio, and cultural collaborations in China.

"Sir Richard and Tania's passion and creativity has brought imaginations to life, inspired millions, and put New Zealand's creative industry on the world map," say the judges. "They are New Zealand icons and true visionary leaders."

Chairperson of the Year has been awarded to **Rob Hewett**. A prominent figure in New Zealand's agribusiness sector, Hewett is co-chair of grass-fed red meat producer and marketer Silver Fern Farms and chair of Silver Fern Farms Co-operative. He is also chair of Farmlands Cooperative, Pioneer Energy, Woolworks, Fern Energy and Haulage and has directorships at Pulse Energy and T&G Global.

"Hewett has a very clear vision for the businesses he chairs, he communicates that well and maintains solid relationships with his managing directors," the judges say.

They recognise that last year was a banner year for Silver Fern Farms and applaud Hewett for playing a significant role in its result, which saw a net profit after tax of $189.3 million, representing an 82 per cent increase.

Xero's chief financial officer, **Kirsty Godfrey-Billy**, was also recognised last night, taking out the award for Chief Financial Officer of the Year.

The judges say that during Godfrey-Billy's five years as CFO, Xero New Zealand's revenue has increased from about $550m to $1.4 billion – up 250 per cent.

"Godfrey-Billy is respected by the market, board, management and other stakeholders for her financial management over this period of growth, which includes developing and maintaining financing and tax management in multiple countries," they say.

"During her time as CFO, the company has moved from a start-up approach in which revenue is paramount, to a more mature company, where revenue and profit growth are both important."

Port of Auckland has been named winner of the Most Improved Performance award, for its remarkable turnaround in profitability and operations.

"By establishing effective strategies, the port has improved its financials, union relationships, health and safety practices, and operational performance," the judges say. "Its profits and revenue have skyrocketed - with profit up $50.7 million on last year and revenue increasing from $265.3 million to $320.2 million. The port has nearly doubled the dividend it pays to Auckland Council, which really demonstrates its commitment to delivering returns to shareholders."

Natural health products provider **Comvita** has been recognised with the Best Growth Strategy award. The judges say its recent transformation programme, focused on sustainability and storytelling, has helped consumers connect with the brand, and secured rapid growth for the company.

"Comvita has seen strong business performance in China, its key growth market, where it has grown its revenue to $100 million. It has also increased its e-commerce share of total sales from 23 per cent to 42 per cent."

Penny Dell, Treasurer at ANZ, has been named Young Executive of the Year. She is the youngest and first woman to hold the role of Treasurer which involves the management of the funding, capital and liquidity of the bank's $189 billion balance sheet – a critical, strategic position for New Zealand's largest bank.

The judges say Dell is performing at a high level within a very large organisation: "She holds a position of great responsibility within the ANZ organisation and is clearly recognised as a valuable asset."

Her time in the job has been through a period of significant market volatility. Dell has been responsible for completing many successful funding and capital transactions that have given her bank a competitive advantage.

NZME's Te Rito journalism project is the winner of the Diversity & Inclusion Leadership award, a 12-month cadetship program designed to enhance newsroom diversity, specifically focusing on Māori, Pasifika, ethnic, LGBTQIA+, and disabled voices. This initiative aims to provide entry points into media careers across various platforms, including digital, print, television, radio, and podcasts.

The judges were impressed by the novelty of the concept, the collaboration with other media industry players and the potential diversity and inclusion benefits to the nation. They say the partnership and the continuous learning embedded in the programme have ensured it is sustainable.

Gentailer **Contact** has received the Sustainability Leadership award for its dedication to spearheading New Zealand's decarbonisation. It has more than $1.2 billion worth of renewable generation projects currently under construction, and a significant portfolio of further potential geothermal, wind, solar, and battery investments in the pipeline.

"We are impressed that Contact's efforts in the space are driven and supported by leadership and filter across the national business," the judges say. "They have created a galvanising framework for decarbonisation that attracts diverse talent and genuine innovations for sustainability actions."

The Deloitte Top 200 awards includes a special Judges' Award. This award enables the judges to highlight performance they feel is of importance to the business community.

This year, there was a unanimous decision for **John Loughlin** to receive this award, who has dedicated his career to New Zealand's agribusiness and infrastructure sectors.

With a governance career spanning three decades, Loughlin serves on a number of boards across critical industries, including Port of Napier, Toll New Zealand, Augusta Capital, Metlifecare, AgResearch, Prism Group Holdings, Central Lines, Dairy Technology Services, KiwiRail and Hop Revolution.

"Loughlin is an extremely talented and highly regarded director who relishes digging into companies and helping them to reach their full potential," the judges say. "He particularly excels when providing leadership to industries that are challenged."

"Loughlin's often finds himself chair at companies he first joined as a director, which shows just how effective and well-regarded he is around board tables. It's really no surprise that he's in high demand for the country's senior governance roles."

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.

An overview of the Top 200 Index as well as New Zealand's Top 30 finance companies has been included 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 for Top 200 companies increasing by 12.4 per cent. This compares to a 9.8 per cent increase in 2022. Underlying earnings (Ebitda) increased 8.1 per cent, and total profits after tax also increased 4.0 per cent year-on-year.

Year-on-year assets for the Top 30 finance companies have grown 9.3 per cent, with cumulative profits increasing by 11.4 per cent.

ANZ continues to be the largest bank with assets of $201b, ahead of second placed Westpac by $65b. ANZ also outpaces all other banks in terms of profit and equity.

Presenting the best of NZ business

Jack Tame and Stacey Morrison hosted the Deloitte Top 200 Awards in 2022, and were back again this year.

Deloitte Top 200 Award winners and finalists

Facing a new tech frontier

We have resilience at our backs and a world of uncharted possibility ahead as we charge into the future of AI, says Deloitte CEO **Mike Horne**

It's easy to find reasons to feel stressed in business, especially amid the pressures we as business leaders have faced in the past year. With a cost-of-living crisis, inflation, global unrest, and severe weather events, our communities and economy have taken a beating, and it feels as though we have, too. But it's within this challenging landscape that we've seen the most resilient and innovative organisations emerge successful.

These high-performing businesses have shown us how we can look into the challenges and opportunities facing us, think differently, adapt our approach, and proactively shape our own futures. Despite business sentiment reaching record lows, the business community has demonstrated a desire to help lead the way. Now faced with a new technological frontier, New Zealand will again be looking to businesses to take charge.

A long-term focus is needed to take advantage of the transformational technologies now at our fingertips. In 2023, one has towered above all others — the emergence of AI.

Following the launch of ChatGPT, we have seen AI rapidly reach the top of the list of strategic topics for leadership teams and boards, alongside sustainability and climate, diversity and inclusion, and overall business performance. For some, AI, especially GenAI represents an existential threat, to others it's a new frontier. Irrespective of where you sit on the topic, it is clearly a strategic issue that cannot be ignored.

With ChatGPT, the business world really began to understand how increasingly capable, applicable, and disruptive AI can be. It may shape up to be one of the most transformational technologies of our time. Its limitations are unlikely to be technical; it's much more likely that we (humanity) will impose a set of constraints and controls that will ensure it is working in service of us, and towards our greater good.

Business and government will need to address fundamental questions like how will we allow it to advance? Will we wait for other nations to lead the way, or will we take matters into our own hands?

Our approach to AI has been cautious, especially compared to our global peers. There has been some focus on technical requirements or short-term trends, but the task now is to seek a greater understanding of the transformative potential of AI.

Whenever we find ourselves at a tipping point like this, it's critical to encourage high levels of engagement at the upper levels of organisations. C-suites need to adopt a curious and open mindset when it comes to increasing their AI fluency.

Commitment at the top has a way of cascading down through an organisation, with opportunities emerging at every level, so it is essential the C-suite has a clear view on how to identify, evaluate and where appropriate, accelerate these opportunities.

Businesses featured in this year's Top 200, along with other leadership roles, will be among those New Zealand looks to for leading this charge and drawing inspiration and guidance from our international peers. These businesses should keep an eye on global markets with the recognition that remaining integrated in international technology, trends, and supply chains is a critical area of focus. Amid global uncertainty, it's more important than ever for our business community to keep an eye outward on any shifting focus and stay well-connected beyond our shores.

Though the country has its sights on what comes next, it's important also to acknowledge the businesses at the forefront of our economy that have been adaptable and strong. The Deloitte Top 200 gives us an opportunity to celebrate them, their resilience, and their agility to succeed as they create a lasting impact that will contribute to a better future for their communities.

The finalists in the Deloitte Top 200 awards have all shown unmatched leadership in the face of difficult times.

Huge congratulations to all our 2023 winners and finalists who continue to power the country forward.

> Now faced with a new technological frontier, New Zealand will again be looking to businesses to take charge. A long-term focus is needed to take advantage of the transformational technologies that are now at our fingertips.
>
> Mike Horne

We can hope that with a commitment to our economy, a few bold, strategic choices, and long-term goals in mind, they are able to approach the technological opportunity in front of us with the passion to lead New Zealand into an uncharted, but exciting future.

Top 200 judging panel 2023

Fran O'Sullivan (Convenor)

Fran O'Sullivan is Head of Business (Content) for NZME and a high-profile business columnist for the New Zealand Herald. She has a strong interest in New Zealand's international business success and is a frequent television commentator and public speaker.

Fran is executive editor of the Herald's influential Mood of the Boardroom — the premier CEOs survey in New Zealand. She also chairs the NZ US Council's Advisory Board and is a member of the NZ China Council.

Fran is a former editor of National Business Review, is an INFINZ fellow and has an award-winning track record in business journalism.

In 2019, she was appointed an ONZM for services to business and journalism.

Jonathan Mason

Jonathan Mason has over 30 years of experience in financial management roles in the oil, chemicals, forest products, and dairy industries with an emphasis on emerging markets. Jonathan was CFO of Fonterra Co-operative, CFO of Cabot Corporation (a Boston based chemical company), and CFO of Carter Holt Harvey. Jonathan also served in senior financial management positions at US based International Paper from 1990-2000.

Jonathan is currently a director of numerous large organisations and an Honorary Adjunct Professor of Accounting and Finance at the University of Auckland.

Neil Paviour-Smith

Neil Paviour-Smith has over 30 years' experience in various roles in New Zealand capital markets. He is Managing Director of Forsyth Barr, a leading New Zealand wealth management, sharebroking and investment banking business.

Neil is a Director of The New Zealand Initiative and has significant governance experience including roles as Chancellor of Victoria University of Wellington, a Director of NZX and Chartered Accountants Australia New Zealand (CAANZ) and Chair of the NZ Regulatory Board for CAANZ.

Neil is a Chartered Fellow of the Institute of Directors and was an inaugural recipient of a Sir Peter Blake Trust Leadership Award in 2005.

Ross George

Ross George is Managing Director of Direct Capital, the leading private equity fund which has invested in over 80 companies in New Zealand and Australia over the last 29 years. Ross has been involved in the private equity industry in Asia, Australia and New Zealand since 1987 and played a key role in establishing our private equity industry. Ross is a director of Bayleys, Mondiale VGL, Qestral and Beca.

Hinerangi Raumati-Tu'ua

Hinerangi Raumati-Tu'ua is a fellow of Chartered Accountants Australia and NZ and a member of the NZ Order of Merit. She is an experienced governor with a focus on post settlement iwi entities and Māori commercial entities. Hinerangi has a particular interest in driving Māori economic development and creating models of governance that capture tikanga and mātauranga as an appropriate lens for doing business in Aotearoa. She is the chair of Tainui Group Holdings Ltd, the iwi investment company of Ngāti Mutunga, Genesis Energy and the Reserve Bank of New Zealand.

Hinerangi is on the board of Watercare Services, Taranaki Iwi Holdings and Te Pūia Tāpapa (the Māori Direct Investment Fund). Her iwi are Waikato and Ngāti Mutunga.

Company of the Year

XERO

'An extraordinary Australasian high-tech success story'

Byline1

It has been a year of big milestones for homegrown tech firm Xero, the 2023 Deloitte Top 200 Company of the Year.

The cloud accounting heavyweight has seen founder Rod Drury formally step down as a director and new chief executive Sukhinder Singh Cassidy take the reins.

"We have this big history, which is fantastic, but I think it's fair to say this has been a year in which we are starting a new chapter," says Singh Cassidy.

"It has been a year of big change."

After a difficult year in 2022, Xero has completed a significant restructuring and seen a payoff with strong revenue, subscriber and share price growth.

At the company's annual result in May, Singh Cassidy announced a $34.7 million restructure to reduce headcount by 15 per cent, impacting up to 800 roles, and $126.4m worth of write-downs on two businesses.

It blew out the company's annual loss to $113.5m, from a previous loss of $9.1m.

Under Singh Cassidy, Xero has also chosen to exit the cloud-based lending platform Waddle, which it bought in 2020.

Xero wrote $25.9m off Waddle's value when it announced its first-half results last November.

At the time Singh Cassidy phrased the restructuring and consolidation as short-term pain for long-term financial gain.

"This gives us greater ability to deliver better value for all stakeholders and take advantage of the significant opportunity ahead," she said in May.

Canadian Singh Cassidy, who is an experienced Silicon Valley veteran, is already making good on that promise. Last month Xero delivered a strong bottom-line result for the half year to September 30.

It reported a revenue rise of 21 per cent to $799.5m. The ASX-listed company reported a 90 per cent increase in earnings before interest, taxes, depreciation, and amortisation (Ebitda) of $206.1m and free cashflow of $106.7m.

Xero's net profit increased to $54.1m, compared to a net loss of $16.1m in the first half of the previous financial year.

While subscriber growth slowed, it still added 204,000 new subscribers for the period. For the same period in the 2022 financial year, Xero added 225,000 subscribers. It has 3.95 million subscribers.

Ahead of the Deloitte Top 200 Awards last month, Singh Cassidy said this year had been about adaptability, resilience and getting ready to innovate in the next phase of its evolution.

She described it as a period of sharpening focus for the company — it was about delivering balanced growth and profitability, she said.

"We delivered 21 per cent growth and more free cashflow and Ebitda than the company has ever produced. And we started talking about the company's evolution going forward. We just implemented our first-gen AI."

> Customer focus and bringing ourselves back to the customer is one of the big themes for the coming years.
>
> Sukhinder Singh Cassidy, CEO, Xero

While the company started the year with some tough decisions in the first quarter it was now looking forward "with excitement", she said.

"We are not all the way there. I think we are in evolution, but I think that is something worth celebrating."

In an industry of rapid change, the "anchor point" for Xero was its values, Singh Cassidy said. It was a company that strived to be "caring, strong and high performing."

Singh Cassidy, who joined Xero in November 2022, is an experienced Silicon Valley executive with more than 25 years' global experience.

She started her career in investment banking at Merrill Lynch in New York and moved to the firm's London office in 1994. She then worked as an analyst for British Sky Broadcasting before moving to Silicon Valley in 1998.

She has been president for Asia, Pacific and Latin America for Google, president at StubHub and was the founder of theBoardlist and Joyus.

theBoardlist — a talent-listing platform to promote women and under-represented minorities on company boards — started using Xero eight years ago, after being introduced to the service by its accounting firm in Denver, Colorado.

"We manage our small amount of cash very tightly . . . and Xero is a pretty essential part of that journey for us," she said.

theBoardlist is one of three businesses Singh Cassidy has started and exited.

She co-founded Yodlee, a financial data aggregating platform, almost 20 years ago, and Joyus, a video shopping channel, which she later sold to an e-commerce company.

"I think what I wear proudly as a badge of honour is I have lived the life of a founder and entrepreneur. So I feel very personally the journey of our customers."

At the company's annual meeting in August, Xero founder Drury gave his final speech to shareholders.

"Even after all this time, it feels like we're still at the beginning of an amazing opportunity, and in a strong position as we help to power the global small business economy," he said.

"I look forward to continuing to contribute to Xero's innovation in an advisory role, working deeply with our product teams. I'm especially passionate about product innovation and category expansion as we build from cloud accounting."

Drury was one of New Zealand's great entrepreneurs, Craigs Investment Partners' head of institutional research Stephen Ridgewell, told NZME at the time. He created a New Zealand-headquartered global software company that competes in a major market.

"That is very, very rare. He's the only one who has achieved that," Ridgewell said.

A Xero only comes along every once in a blue moon, he said.

Drury spotted the opportunity,

Company of the Year

took the risks, executed them well, has been focused, energetic and passionate, and created not only a global business but an eco-system of surrounding businesses — and is continuing to contribute to New Zealand's tech scene as former Xero staffers start their own companies, he said.

Xero is New Zealand's Google or Microsoft, according to Ridgewell.

Xero still has a big base in New Zealand, but it is growing faster overseas and Drury's exit from the board severed another link with New Zealand, he said. But Drury has stayed connected to Xero as an adviser to its product development teams.

His departure from the board didn't in and of itself represent a big change in direction for the company, Singh Cassidy said.

"What Rod enjoys least is governance and what he loves most is product and ideas. Rod is still an adviser to the company and the place he is most connected right now is product and in the ideas he still has for Xero. What comes off is that governance burden.

"Xero is an extraordinary Australasian high-tech success story," said Deloitte Top 200 judge Jonathan Mason. "Its current market capitalisation of over $15 billion makes it the most valuable New Zealand company and one of the top 20 companies on the ASX."

Xero had achieved this success through a combination of strong revenue growth of 25-30 per cent per year, which had been driven by achieving leading market positions in New Zealand and Australia, with new and growing positions in the UK and US.

"Many prominent high-tech companies have grown revenue with low or negative margins, or have struggled to keep costs under control," Mason said.

"Xero has avoided these pitfalls by maintaining strong margins, and keeping a disciplined focus on costs, an effort given special attention by the new CEO [Singh Cassidy].

"This resulted in adjusted Ebitda up by 44 per cent in 2023 over 2022 and a share uplift of 44 per cent for the year ended September 30, 2023."

Other changes in 2023 have included Lee Hatton stepping down from the board after nine years as a non-executive director.

Hatton said it was a privilege to be part of the team overseeing Xero's growth during his time on the board.

San Francisco-based Anjali Joshi has been appointed to the board after standing at Xero's annual election.

Joshi is "an experienced technology and product leader and professional director", the ASX release said.

She said she was excited to bring her technology expertise to help Xero deliver on its potential.

"I've worked for many large and scaling global companies and I'm passionate about how technology can be used to drive better business outcomes."

Xero celebrated its 17th birthday this year — it was founded by Drury and Hamish Edwards in 2006 in Wellington. It is still headquartered in Wellington although it listed on the ASX in 2012.

Trading on the ASX at around A$100 a share (as of late November), its market capitalisation has grown by more than 40 per cent year to date — a strong performance, especially for a company managing significant consolidation and change.

"It's a pretty special company," Singh Cassidy said.

"I think customer focus and bringing ourselves back to the customer is one of the big themes for the coming years."

But the goal was to stay anchored in the values that made it "a place where people truly can do the best work of their lives".

Drury was awarded the Deloitte Top 200 Visionary Leader title in 2017 and Xero won the Deloitte Top 200 Xero Best Growth Strategy award in 2020.

Finalist: Tourism Holdings

Thanks to the pandemic and border closures it has been a turbulent few years for leading listed tourism operator Tourism Holdings (THL).

Chief executive Grant Webster describes the business as still "very much in that recovery mode and adapting to a new way of operating around all of the things that have changed around the world".

It was an honour for everyone in the business to be a finalist in the Company of the Year category after the tough period they had been through, he said.

"Our crew, we've got somebody working 24/7 and they deal with all sorts of different issues around the world and it's been a really challenging period. So to have that external recognition is a real validation for the effort and energy that's gone into making the merger work, to recovering from Covid and getting out in front."

THL completed the merger with Australia's Apollo Tourism & Leisure 12 months ago.

To get over the line with regulators, Apollo and THL sold some of Apollo's newest vehicles to independent campervan hire company Jucy for $45m.

THL now has RV businesses across New Zealand, Australia, the US and Canada.

The Deloitte Top 200 judges noted New Zealand is its fourth largest market by revenue, underlining its position as a true Kiwi-based multinational.

> We think that tourism is going to be that economic driver that people are looking for and hoping for over the next couple of years.
>
> Grant Webster, Tourism Holdings

THL has had a challenging period through 2020-22, with Covid materially dropping demand for rental vehicles.

"Rather than waiting for demand to return, THL changed its business model and used RV sales to partly compensate for rental shortfalls, followed by strategic acquisition of a large competitor, Apollo," said judge Jonathan Mason.

"The result has been a stellar 2023, backed by a revenue close to doubling, EBIT increasing from $7m to $89m and total shareholder return up by 40 per cent for the 12 months ending September 30."

With tourism rebounding at a steady but not rapid pace, the company still faced some challenges, Webster said.

"In the New Zealand context, demand has outstripped supply in recent times, we reduced our fleet by about 50 per cent in New Zealand. We're on the rebuild of that right now.

"So that has been a little bit challenging in peak summer and going from nothing to being full and busy has been a real operational challenge, but the team have just sort of stood up and dealt with that. They're reviewing what they do all the time and taking it on."

But it was the right kind of challenge to have.

"We actually see that growth is going to continue," he said. "We're seeing in the US and Canada bookings into calendar 24 looking really positive and we think that tourism is going to be that economic driver that people are looking for and hoping for over the next couple of years."

Further ahead more expansion was possible, Webster said.

"We're a company that's lived and breathed M&A for a long period of time in different ways and different ways around the world, different locations. So, we're keen to keep exploring opportunities around the world. We've got a number of irons in the fire and we'll see what comes out of that over the next couple of years."

> It's thinking about what infrastructure looks like for a modern economy.
>
> Jason Boyes, Infratil

Finalist: Infratil

It has been a busy year for Infratil in 2023, bedding down some major investments and consolidating a shift towards becoming a high-tech 21st infrastructure company.

Chief executive Jason Boyes highlights acquiring the other half of One NZ, the international investment in Hong Kong Telecom and the "penny-drop moment" for investors at an open day for Infratil's Arizona Solar Farms.

Infratil has been recognised by the Deloitte judges because of its expertise in selecting investments to which it can add value, followed by strong execution to realise value, Deloitte Top 200 judge Jonathan Mason said.

The company has succeeded with its investments in New Zealand and internationally, he said.

In 2023, improvements in cash flow and valuations of its data centre and international renewable investments drove shareholder returns of 21 per cent, among the market leaders in generally weak equity markets. Over a longer 10-year horizon, Infratil's annual shareholder return of 22 per cent places it in the top decile of the New Zealand equity market.

Infratil's interim profit doubled to $1.2b in the six months to September 30, driven by a $1.1b increase in One NZ's valuation.

Infratil's share of the operating earnings generated by each of the companies in which it owns a stake rose 45 per cent to $400m.

Full-year operating earnings guidance narrowed and increased from $800-840m to $820-850m.

The result has underlined how much tech has come to dominate Infratil's stable of assets.

In June, the infrastructure company took near-full control of One NZ, buying out Brookfield to boost its stake from 49.95 per cent to 99.9 per cent (the balance of shares is owned by One NZ CEO Jason Paris and other executives).

The buyout and the valuation rise combined to nearly triple One NZ's valuation to $3b.

Infratil had already upped the valuation of its 48 per cent stake in CDC Data Centres, which in October got a $467m boost to $4.2b.

"CDC is experiencing an unprecedented surge in demand for cloud and generative AI workloads, from both new and existing customers," Boyes said.

"This demand has seen CDC embark on an accelerated development plan, bringing forward 223 megawatts of development across Canberra, Sydney, Melbourne and Auckland."

The first half also saw Infratil increase its stake in UK data centre operator Kao Data from 40 to 53 per cent and its valuation upped from $256m to $280m.

And in July, Infratil entered into a conditional agreement to take an 80 per cent stake in Hong Kong telco HKT's Console Connect business for US$160m (NZ$257m). In November Infratil said the deal was still waiting on regulatory approvals.

The period also included the largest equity raise in Infratil's history, raising $935m at $9.2 a share.

Boyes describes it as a real endorsement from the market for Infratil's growth strategy.

In the year ahead, Infratil would be looking to bed down these new investments and maintain solid growth, he said.

While it wasn't necessarily targeting any new acquisitions the company would "continue to look further afield for new opportunities", he said.

"It's thinking about what infrastructure looks like for a modern economy," he said.

Infratil shares are trading at around $10, and stock is up around 16 per cent in the past year.

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

Chief Executive of the Year

Grant Webster — Tourism Holdings

'Exceptional resilience and strategic prowess'

Duncan Bridgeman

Winston Churchill famously said, "Never let a good crisis go to waste." It's a phrase that immediately comes to mind when talking to Grant Webster, chief executive of Tourism Holdings and this year's Deloitte Top 200 Chief Executive of the Year.

When the country's borders closed in early 2020 in response to the Covid pandemic, Webster was steering into the abyss, with his business completely stripped of customers.

"If the business was a 'being', it would probably have been a lucky survivor of a horrid car crash," he told the *Herald* later that year.

"There were a lot of cars in this crash. Luckily, we had good airbags and plenty of other safety features."

But it wasn't just about surviving. Webster not only navigated his staff and the company through the lockdowns and the pandemic's aftermath but also set about creating a bigger, stronger business with the aim of it coming out the other side in better shape than it went in.

While the company didn't have to raise capital like many other heavily exposed NZX-listed companies, it was forced to make about 140 staff redundant in 2020 as its Kiwi Experience bus tour operator and Waitomo caves and rafting businesses ground to a halt.

It also undertook a massive selldown of its campervan fleet to bring in cash and enable the company to slash debt by $153 million to $35m by the end of 2020. And it sold other assets, including peer-to-peer businesses Mighway and Share-a-Camper to ASX-listed Camplify Holdings. That brought in another A$7.4m while ensuring Tourism Holdings maintained a presence in the peer-to-peer sector in New Zealand through service supply agreements and a shareholding in Camplify.

The pandemic would still take a heavy financial toll, with Tourism Holdings posting a $14.5m net loss in the year to June 2021, followed by a $2.1m loss in the 2022 financial year. Unsurprisingly, dividends were suspended throughout this period and shareholders were warned of a "hard road" ahead as the industry held on for a recovery. All the while, Webster and the Tourism Holdings board remained focused on the future and began to look for opportunities.

These came first in the form of a deal to acquire the half share it didn't already own in campervan manufacturer Action Manufacturing and in its UK partnership, Just Go.

And then the big one — the acquisition of its largest rival, Australia's Apollo Tourism and Leisure. It took some jostling with the Commerce Commission to get the merger over the line.

To get the green light, Tourism Holdings reached an agreement with Apollo to sell $45m of its assets, including 110 four to six-berth motorhomes from Apollo's rental fleet in NZ and 200 four to six-berth motorhomes in Australia.

For Webster, the Apollo merger was a game-changer that coincided with the industry rebounding as tourists emerged from the shadows of Covid with a pent-up demand for travel.

"Luckily, we didn't have to ask shareholders for any funds or anything, but we feel like we're standing up now, and I guess ... we're not quite standing up as tall as we'd like yet, but we're getting there," he told the *Herald* in an interview for the Deloitte awards.

"So, for us, it's been about rebuilding, getting the right people in the right places, getting our fleet back, and re-engaging with customers on an international basis.

"We're very much in that recovery mode and adapting to a new way of operating around all of the things that have changed around the world."

Webster's drive to build back better was not lost on the Deloitte Top 200 judges, who described him as a "transformative leader".

"As CEO of Tourism Holdings, Grant Webster has demonstrated exceptional resilience and strategic prowess, particularly during the Covid-19 pandemic," said judge Neil Paviour-Smith.

"His leadership was crucial in navigating the world's largest campervan rental company through a drastic downturn in international travel. By selling assets to protect shareholder value, he achieved record results, showcasing his ability to make tough yet effective decisions.

"Under his guidance, Tourism Holdings not only survived but expanded, with key acquisitions like Britain's Just Go and a merger with Apollo Tourism and Leisure bolstering its market position. This strategic expansion, combined with Grant's adept relationship-building, spurred remarkable financial recovery: turning a $2.1m loss into a $49.9m profit and a 92 per cent revenue increase.

> It's been about rebuilding, getting the right people in the right places, getting our fleet back, and re-engaging with customers on an international basis.
>
> Grant Webster

"Grant's 15-year tenure as CEO, after serving as COO, has been defined by steering the company through major crises and positioning Tourism Holdings for future growth. His legacy is that of a transformative leader who successfully converted challenges into opportunities for innovation and growth."

Webster is literally a towering figure in New Zealand business. Standing nearly two metres tall, he is hard to miss in a crowd.

While he has embarked on various roles in various industries, tourism has always been around him.

In a 2008 *Herald* profile, he recalled one of his fondest childhood memories was hopping on his dad's coach and going on tours of the Waikato and Hawke's Bay regions, visiting attractions like the Waitomo Caves.

"My father was a tour driver for Newmans, and in the school holidays at this time of year he would go through Napier, where I grew up, and I would join him on the day tours," he told the Business Herald's Tamsyn Parker.

Webster studied commerce at Victoria University in Wellington and majored in management and commercial law, before being snapped up by supermarket giant Woolworths for its management trainee programme.

There, he travelled the country learning the retail business, and by 25 was in his first general management position — heading up 2000 staff in the South Island.

A while later, he wanted to try something new, and when a job came up at SkyCity Entertainment, he jumped at the opportunity.

There, he looked after the Sky Tower, hotels, the convention centre, property services, security and surveillance, carparks and The Force, an entertainment centre.

During his time there, he helped open the convention centre and the Grand Hotel. It was a busy time.

Three years later in 2008, he joined Tourism Holdings, partly, he said, because it was a much smaller company.

Over the years since, Webster has helped shape New Zealand's tourism industry, holding leadership roles and influencing policy, including a co-chair position on the Tourism Futures Taskforce during 2020.

Tourism Holdings now appears to be well on the road to recovery as tourism settles into a new post-pandemic normal, and the company's merger with Apollo Tourism and Leisure has bolstered the company's profit.

The travel and tourism operator reported a net profit of $49.9m in the 12 months ended June, a remarkable turn-around from the losses due to the lingering impacts of the pandemic.

Total revenue bounced up to $663.8m, a 92 per cent or $318m increase from the 2022 financial year, with tourists having a more enthusiastic appetite for travel and not having to battle border closures.

Earnings before interest and tax (Ebit) were $88.9m, up from $6.9m in the previous corresponding period.

The company achieved some other milestones in the last financial year, including a listing on the Australian Securities Exchange (ASX) as a foreign-exempt entity and recommencement of dividends.

Webster says he's seen a lot of change and dealt with a lot of challenges.

Blending the two different cultures at Tourism Holdings and Apollo has been a big focus in recent months.

"We were very fortunate that in any area that we've looked to acquire or merge, we've really made sure that that culture piece is right up front, and we know that there's a good alignment," he says.

"We're also really fortunate with Luke Trouchet and his brother Carl as the owners and founding family of that business, in that there was a very strong alignment.

"What we found in the business, though, is people had similar problems, and once we started looking at that and going, 'Oh, that happens to you too', we really wanted a common approach to addressing it.

"So, it's been really exciting that people have got on really, really well."

Looking forward, Webster is cognisant of the part new technology can play in future, especially with the rise of generative AI.

He says there are great opportunities right across the business.

"Obviously, we're looking at everything from ... how it can work in terms of helping people [regarding] road care and what it can do for finance and processing speed.

"But importantly, I think for us, the change opportunity and threats are in customers and the way they search the journeys they create, you know — how do I get around New Zealand in the most effective way, what's the best campervan operator, and where do I go?

"AI is already is providing that information. We've got to think differently about how we present ourselves to the world to make sure that we're relevant and authentic in what we do, right?"

Keeping up with demand has been a challenge, especially when supply chain and shipping issues have held the company back.

Tourism Holdings' current NZ fleet consists of around 1400 vehicles, which is still around 50 per cent down on pre-Covid.

Chief Executive of the Year

"We're on the rebuild of that right now. [It] has been a little bit challenging in peak summer, and going from nothing to being full and busy has been a real operational challenge, but the team have just sort of stood up and dealt with that. They're reviewing what they do all the time and taking it on."

When it comes to expansion, you get the sense Webster isn't content just yet and more M&A could be on the horizon. "We've got a number of irons in the fire, and we'll see what comes out of that over the next couple of years."

Finalist: Vittoria Shortt, ASB

Since her appointment as chief executive in 2018, Vittoria Shortt has propelled ASB forward with a strong focus on social and environmental practices. The Aucklander returned to run the New Zealand bank after spending 15 years working in Australia for parent company Commonwealth Bank of Australia (CBA).

Starting in corporate finance in 2002, she has worked in just about every division of the bank, including IT, marketing, retail and her last role as executive head of marketing and strategy. But she never set out to have a career in banking.

At ASB she leads 5900 staff, chairs the NZ Bankers' Association and advocates for diversity, with a passion for mentoring women through her involvement in New Zealand's Global Women and Executive Women in Australia.

"I think what we're trying to create at ASB is just a continuation of our legacy. ASB has been part of New Zealand for 176 years," Shortt says.

"They've always been known for their work in the community. So, for us, it's about helping every New Zealander make financial progress, helping the country make social progress and also environmental progress, and I think that put together is what we're all about."

For us, it's about helping every New Zealander make financial progress, helping the country make social progress and also environmental progress.

Vittoria Shortt

Deloitte judge Neil Paviour Smith said Shortt's natural curiosity and tendency to say "yes" to every opportunity has helped her to reach the top of banking's corporate ladder.

"During her nearly six years as CEO and managing director, Vittoria has ensured that ASB has continued to outperform the other 'big four' banks, reaching the highest return on assets and highest return on equity ratios. Over the last 12 months, this has resulted in the bank reporting a record annual profit of $1.56 billion and a 4 per cent increase in overall lending. Vittoria has emphasised the importance of open communication with banking regulators, helping ASB to largely avoid costly regulatory reviews that have plagued banking competitors."

Paviour Smith also noted Shortt's focus on accelerating the export growth of high-potential food and fibre businesses and investing heavily in ASB's digital experience to support a more resilient and sustainable New Zealand. Asked what it has been like to lead a bank through the challenges of the past few years, Shortt said it required a lot of agility.

"Because Covid came out of nowhere — no one was expecting it — it required us to turn on a dime to work really differently.

"And then, of course, with the unwinding of the quantitative easing, we've seen the fastest decline in interest rates, and then the fastest increase in interest rates. So we're really working out how to best support our customers [amid] these really fast-paced changes."

We're very clear that our strategy is the right one in terms of stepping closer to the market, delivering nature-positive solutions.

Simon Limmer

Finalist: Simon Limmer, Silver Fern Farms

Simon Limmer has steered Silver Fern Farms since 2018, elevating it as our leading red meat exporter to over 60 countries. His stewardship champions sustainability and local heritage, reflecting a global career spanning Zespri to Veolia, deeply entwined with primary sector values.

Last year saw record returns for the farmers supplying Silver Fern Farms. Revenue hit $3.3b and net profit was $189m. However, Limmer says the past year or so has been particularly challenging, with market dynamics changing rapidly.

"We're very clear that our strategy is the right one in terms of stepping closer to the market, delivering nature-positive solutions, really linking up the viability for our farmers with the expectations of consumers.

"But we're still very exposed to macro trends — the commodity cycle we've experienced, a real downturn from an economic perspective, and just how small New Zealand is in the scheme of things when it comes to red meat."

He says the company's strategy gives it the ability to adjust and maintain momentum. "It's really about how we manage the short-term operational requirements of the business and volatility that still exist at the same time, maintaining our focus on our strategy and the investments we need to make for the long term."

The company is undergoing the most transformative investment programme in its 75-year history as it modernises 14 processing sites and core business systems. Silver Fern's investment in capital expenditure last financial year increased by $35.5m to $96m. Limmer says this will optimise everything from decision-making to risk management. "The investments we are making today and our strategy are going to pull us through the cycle [more quickly] and take us to a position that is going to be more favourable in the future."

Paviour Smith said Limmer is a natural leader who engages skilfully with customers, staff and shareholders, and is known for establishing strong team cultures. "At a time when the world is looking towards more natural whole foods, Simon has positioned Silver Fern Farms as a global champion of New Zealand's natural grass-fed red meat. He's even brought Silver Fern Farms' name to Hollywood, with Jacinda Ardern presenting *Late Show* host Stephen Colbert with a chilly bin of their net carbon-zero beef last year.

"Simon successfully pushed Silver Fern Farms to improve its value-add offering in China, a market he knew well from Zespri, and was successful selling more beef and lamb as value-add products rather than commodities. Although he is stepping down as CEO in the new year, he'll be leaving Silver Fern Farms in great health and with a clear direction."

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

Chief Financial Officer of the Year

Kirsty Godfrey-Billy — Xero

A strategic business-commercial lens

Tamsyn Parker

Kirsty Godfrey-Billy says the key to being a good CFO is not just having the data at your fingertips but being able to take the insights from it to help make strategic decisions.

The chief financial officer at Xero has played an integral part in the success of the cloud accounting software firm and is this year's Deloitte Top 200 chief financial officer of the year winner.

Godfrey-Billy has been with Xero for nearly eight years and CFO since October 2018. She has helped the business grow its revenue strongly during that time and has overseen a smooth transition between its three CEOs.

"As CFO we also have one of the best advantages as far as being able to see across the whole entire company and so really being able to have that strategic business commercial lens across the whole company while understanding the economic backdrop of the various regions that you have your business in.

"I think that is something that is really a defining point between a good and a bad CFO.

"And also it comes back to emotional intelligence — having great leadership skills — I think they are also incredibly invaluable in addition to providing data-driven insights."

Godfrey-Billy says Xero has created a lot of proud moments for her.

"We've had a lot of things to cope with over the last 12 months; it is a company which goes through tremendous change all the time.

"We are very fast growing from a revenue perspective; we are going into new regions, we're going into new products we've had to deal with managing the changes in market conditions as of late where there's been that change of balance between revenue and profit."

Godfrey-Billy says the role of the CFO has also changed in recent years as the profession has evolved.

"It really is no longer around providing financial and operating reporting if you like but really becoming that strategic business adviser to the CEO and the leadership team.

"It's really important for me to have my finance business partners out across the business really helping maximise the value of Xero in a sustainable way. Being able to balance growth and profitability has been something that's been exciting to really work on over the last 18 months or so and then just making sure the team are providing data insights not just the data."

She says Xero's values also align with her own.

"One of the biggest things about Xero is that it wants and requires you to be absolutely 100 per cent authentic to allow you to bring your best self to work. To be happy in a business your own personal values have to align with the company values and that's also an important part of what has kept me at Xero for so many years."

Asked ahead of the announcement what winning the award would mean to her Godfrey-Billy said it would be an amazing honour.

"It wouldn't be a reflection of just me but my finance team and also the broader Xero team. I'm so proud of Xero. I see it as a truly iconic company and one that New Zealand should be incredibly proud of."

Deloitte Top 200 Judge Jonathan Mason said Godfrey-Billy's ability to lead the strategy, finance, and tax teams to successfully manage growth in multiple international markets, contributing to Xero being Deloitte's most successful company measured by market capitalisation, is why she stood out.

> It really is no longer around providing financial and operating reporting if you like but really becoming that strategic business adviser to the CEO and the leadership team.
>
> Kirsty Godfrey-Billy

Finalist: Mark Fleming — Beca

Mark Fleming has worked at Beca for nearly 25 years and has been CFO since April 2016.

Fleming says employee ownership is at the centre of Beca's culture; one of his proudest moments is the development of its ownership scheme over the years. "One of the principles of the scheme is merit over means."

That means employees are enabled to own shares based on merit rather than just those who can afford to buy them.

He said the scale of the scheme had grown a lot as had the business.

"When I started 25 years ago the turnover was around $79 million, the turnover is now 10 times that at $790m."

Fleming said he had undertaken a reset of the ownership scheme in the last year which had gone well, moving 530 employee borrowers from an old scheme which was supported by Westpac to a new scheme that had diversified funding and was funded by more than one bank.

The transition of the ownership of the business from one generation was important and the new scheme was a more attractive proposition for employees, he said.

But not everything had been plain sailing.

Fleming said the Covid years were a particularly challenging time professionally although they were also satisfying in terms of managing through a period of significant uncertainty.

He said the challenge was to maintain confidence, set direction and get the business back to basics.

That really depended on the Beca culture — the ownership mentality to see it through. "Working with the exec team, clients, suppliers and bankers — that was a big challenge but turned into a great experience in the end."

Looking forward he said there was massive digital transformation occurring across the industry.

"We are trading off our current performance against future performance here. Looking after what feeds us today relative to what the business looks like in the future."

He said the company was still working through that with forays into AI and other technologies that managed energy use in buildings. It was having to turn its mind from services to products.

"And that's quite a challenge in terms of mindset and investment too."

Fleming said a good CFO helped with setting the direction of a business and the prioritisation of resources that went with that.

"I think a good CFO is growth-oriented. That's not just looking after the hygiene factors, compliance and the like . . . but that extra dimension around growth orientation."

He said maintaining relationships and building confidence was also vital as well as strategy.

"Being prepared to provide constructive challenge to strategy to really drive into the strength of the business case, or the idea or direction so that at the end of the day you get a better outcome."

Finalist: Mike Roan — Meridian Energy

Mike Roan has been with Meridian for nearly 16 years and has been CFO since April 2019.

Roan said it was a surprise for him to be named a finalist in the Deloitte awards.

When he stepped into the CFO's role the company and the industry had been in a bit of a holding pattern.

"We had seven or eight years as an industry where there wasn't that much going on other than delivering electricity and keeping the lights on.

"Most were focused on improving their efficiency — bringing IT in to automate things, slimming down the activity."

Roan said Meridian had trimmed back its development activities massively over that period and just focused on efficiency of operations.

He stepped into the CFO role in early 2019 and the first thing that was obvious to him was that time was done.

"We have gone from this period of reasonable calm to one where we have to drive economic-wide decarbonisation and to do that we need to invest in a whole lot of assets."

That meant having to rebuild its development team.

"And then you have got to look at your balance sheet and say rather than optimise the business for efficiency we need to refocus the balance sheet so we can support growth.

"We had to build a completely new team and get investors and the board to have confidence that that was the right strategic direction, so there was a massive change in the strategy of the business that just happened to come about when I stepped into the CFO role."

Roan admits he has loved repositioning the business and looking at what it can deliver for the future. He oversaw selling the Australian business.

Roan says a good CFO provides confidence in the direction of the company to all its stakeholders.

"It's not just for those that invest, it's for customers and stakeholders."

He says a CFO lets people in the business know they are doing a good job at creating that value and how the activities they are undertaking need to change to fit with where the future is headed.

"I frame it as confidence in direction."

Roan says CFOs are also there to remind people that they are investing other people's money.

Mark Fleming

Mike Roan

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

Chairperson of the Year

Rob Hewett

'A profound connection to the land'

Tim McCready

> My job is to get the best out of the people around the table, give them opportunities, and shut them down if they start hogging the microphone.
>
> Rob Hewett

Rob Hewett, a prominent figure in New Zealand's agribusiness sector, has been honoured as the 2023 Chairperson of the Year at the Deloitte Top 200 awards, celebrating his impressive leadership roles and the business success he has overseen.

Hewett is co-chair of Silver Fern Farms, a leading producer and global marketer of grass-fed red meat, owned in equal partnership by Silver Fern Farms Co-operative (a farmer co-operative that he also chairs) and Shanghai Maling Aquarius.

He is also chair of Farmlands Co-operative, Pioneer Energy, Woolworks, Fern Energy and Haulage.

Hewett has directorships at Pulse Energy and T&G Global.

Additionally, he actively manages a carbon-positive farm and participates in a think-tank for agricultural innovation.

The Deloitte Top 200 judges commend Hewett for blending strong commercial acumen with a deep understanding of agriculture and a profound connection to the land, spanning six generations of his family's background.

Judge Ross George says, "Rob has a very clear vision for the businesses he chairs, he communicates that well and maintains solid relationships with his managing directors."

Describing his style as a chairman, Hewett says he's collegial, and compares his approach to a traffic director in the boardroom.

"My job is to get the best out of the people around the table, give them opportunities, and shut them down if they start hogging the microphone," adding that he is not afraid to make hard decisions where necessary too.

The last year was a banner year for Silver Fern Farms and the judges applaud Hewett for playing a significant role in its result, which saw a net profit after tax of $189.3 million, representing an 82 per cent increase.

Hewett says this was an all-time record by a significant margin, and while he points out that part of the result can be attributed to "a rising tide that all boats enjoyed" in the market, he says there is no question a large proportion of it reflected the business' focus on the end consumer and the co-operative's commitment to sharing the risk and reward of the operating company's market performance with farmer suppliers.

A notable success is Silver Fern Farm's Net Carbon Zero beef, launched in the United States last year. Although sales of this product remain relatively small, it casts a positive light on other areas of the business and demonstrates alignment with the preferences of discerning customers.

"It has great bones and great potential because it is exactly where the market wants us to go," Hewett says. "Since we launched that product, markets internationally have had some headwinds, but it is still true to say that the attributes that programme has around sustainability and naturalness hold true."

Silver Fern Farms' performance has paved the way for its largest-ever investment programme, across a range of projects that will modernise its facilities and embrace digital transformation for long-term sustainability.

As a leader in the agricultural sector, Hewett emphasises the inherent commercial acumen of farmers.

"They are over-indexed in a few areas, but they manage risk on a daily basis without even knowing they are doing it," he says.

Hewett considers a significant responsibility of his role to be nurturing the next generation of leaders. "We have put a very proactive succession programme in place," he says.

A governance programme, "To The Core", initiated by Silver Fern Farms and now adopted by Farmlands and LIC, helps to cultivate a pipeline of emerging talent in the agri sector.

"That includes reaching into our shareholder constituency and identifying self-starters who have the ability and the time to go on and be governors of the company in the future," says Hewett.

The Silver Fern Farms Co-operative now has three of its five farmer-elected directors on the board having done the programme, and two of the farmer-elected directors of the partnership board.

"Rob is very commercial, has an international outlook and is familiar with all aspects of global trade," adds Judge Ross George, CEO of Direct Capital. "But he is equally at home talking to individual farmers about their issues."

Reflecting on the partnership with Shanghai Maling, signed in 2016 under his leadership, Hewett acknowledges that there were suspicions from some surrounding investment by a Chinese firm in the early days. But the relationship has stood the test of time.

"How we brought that together is one of the things I am really proud of," he says. "The benefits we were looking for when the partnership first started have largely delivered."

"Some of them haven't. But it is absolutely true to say that where they haven't delivered, things have changed, and the business is better than it would have been under the original plan anyway."

David Carter

Finalist: David Carter

With a remarkable three-decade career at Beca Group and a strong engineering background, David Carter assumed the role of executive chair in 2017.

Beyond his leadership at one of Asia Pacific's largest independent advisory, design and engineering consultancies, Carter is a director at Meridian Energy, chairs The University of Auckland Foundation and is a Guardian of The Aotearoa Circle.

In recognising Carter as a finalist for the Top 200 awards, the judges say he is an embodiment of the Beca Group's ethos, steering it to impressive global heights. Under his guidance, Beca has expanded to over 4000 staff across nine countries, managing projects in more than 40 nations annually.

"David is equally at home in detail, strategy, governance and culture," says judge Ross George.

Carter says his leadership style is rooted in openness, inclusivity and transparency — a set of values he believes is essential in an employee-owned business. With more than 1600 employees as shareholders, Carter emphasises the power of collective direction.

"The 'we' is stronger than the 'me'," he says, acknowledging the strength derived from shared goals and a united team.

Carter says his longevity at Beca comes as a result of his wide range of interests and the opportunities the business has given him to move into a variety of positions and geographies.

"I've stayed in the business because I love people, I believe in its philosophy, and it has allowed me to have a very diverse career."

Scott St John

The judges note that a pivotal moment in Carter's legacy was the recent appointment of Beca's first female CEO and first non-engineer in the company's 103-year history, Amelia Linzey.

Carter downplays the emphasis that is placed on historical firsts, asserting that Beca hires 50 per cent non-engineers into the business, and the key focus when recruiting a chief executive was to appoint the best person for the role.

"We are delighted she said yes," he affirms, noting that the move aligns with the company's ongoing effort to refresh leadership for the younger generation of owners before it is needed.

This smoothness of this transition stands out as one of the significant highlights of the past year for Carter. "That is your number one role as chair and it has gone as well as I could have imagined," he reflects.

The judges also commended Carter for his role in promoting environmental sustainability and robust infrastructure in New Zealand.

Carter says working at Beca gives him the luxury of doing that, but cautions that the world has yet to grasp the magnitude of the challenge of climate change and how fast it is coming at us over the horizon. He thinks the world hasn't yet committed to addressing it with the urgency that it needs.

"We cannot keep building bigger seawalls to stop the ocean eroding houses," Carter says. He advocates for a systemic approach, where the world and the environment is viewed as an interconnected system.

"When you go and visit parts of New Zealand where we have fenced off nature and allowed it to recover, the bird life is just sensational," he says.

"There is a real opportunity to regenerate and bring nature back inside the borders of our cities."

Finalist: Scott St John

Scott St John is chair of Fisher & Paykel Healthcare and director for ANZ New Zealand, Mercury, NEXT Foundation, and Fonterra.

His leadership philosophy emphasises the need for boards to have unwavering conviction in the strategic direction of the firms they oversee.

"The board should validate the strategy from management, challenge it, change it if necessary, but leave it up to management to execute on it," says St John, underlining the delicate balance between strategic oversight and operational execution.

He explains that while directors need to go deep from time to time, they need to take care not to end up managing the company and inadvertently allowing upward delegation to occur. "If you do that, you lose some of the ability to deliver accountability."

The Top 200 judges recognise St John as a chairperson of the year finalist due to his impactful leadership, particularly in steering Fisher & Paykel Healthcare through the Covid-19 pandemic and giving it the confidence to expand its business during the disruption.

Judge Ross George commends St John's foresight during the pandemic. "It would have been easy for Fisher & Paykel Healthcare to pull back on growth investment off the back of Covid, he says.

"Instead, St John ensured his board kept them focused on the long game, not a short-term profit-driven one."

St John explains that despite the turbulence, Fisher & Paykel Healthcare adhered to its annual planning process that considers a 15-year horizon.

Focus remained steadfast on the long-term plan, driven by a commitment to deliver for patients.

"Right across the board, our eye is relentlessly on what we can deliver long-term, and not making tactical decisions that might enhance the short-term optics of the business," he says. "It would take an awful lot to knock us off our rails."

Reflecting on the transition from the Covid period to the subsequent "hangover", St John highlights that during the pandemic there were great costs involved to supply patients "no matter what", and the business had to bring hundreds of extra staff in.

"As we moved out of Covid, we were left with a bunch of legacy costs as we adjusted back to the way we were running the business with the long-term plan in mind," he says.

"During that period we could have chopped costs and restored margin. But instead, the business headed in the opposite direction, consistent with its long-term plan.

"We are creating new products and developing new markets, staffing that up appropriately, and ensuring that our R&D stays well ahead of the game. There was never a thought of doing it any different."

To help deliver on that ambition, Fisher & Paykel Healthcare is expanding its footprint by planning a second New Zealand campus in Auckland and expanding its manufacturing operations with new facilities in Mexico and China.

It has also added strong environmental and social responsibility goals and targets into its annual business plans.

While St John's governance roles span a broad range of sectors, a consistent thread is his belief in working with businesses that hold significance to New Zealand.

"Beyond that, I have got to feel a sense of affinity with the businesses I'm involved in," he says. "I have to believe in them as well as the people I am sitting around the table with. That is tremendously important."

The Chairperson of the Year award is sponsored by Forsyth Barr.

Judges' Recognition Award

John Loughlin

Adding value to the primary sector

Graham Skellern

Whether by accident or design, professional director John Loughlin has been "a man for a crisis" during a long and successful governance career.

In a continuing world of corporate restructuring, it started when Loughlin's role as chief executive of then-listed meat company Richmond became unsettled.

He had been in that job for six years when Richmond was taken over by Dunedin-based Primary Producers Co-operative Society (PPCS) in a drawn-out affair and Silver Fern Farms was formed.

"During that process, the family had established deep roots in the Hawke's Bay and started a winery (Askerne Estate in Havelock North).

"They weren't moving, and I had to find a role based in Hawke's Bay so as not to disturb the family life," said Loughlin.

He left Richmond, after resigning, in 2002, and soon turned his attention to the board room. Tranz Rail was looking for additional directors and Loughlin joined the board on the same day that merchant banker Fay Richwhite sold its majority shareholding.

"I didn't know that was coming," Loughlin said. He stayed on as a director till 2008 after Toll Holdings took ownership of Tranz Rail. During that time Loughlin, a chartered accountant, spent six months as acting financial officer to sort out its weakening balance sheet.

In 2002 Loughlin also became a director of kiwifruit exporter Zespri and Prism Group, which provided business management software for the printing and graphic arts sector.

A year later he joined the board of Centralines, the Central Hawke's Bay electricity distribution company, and then Napier Port — serving there for 11 years with a break of 18 months in between.

"There was a conflict with being a director of Toll and some of the issues became a little sensitive," said Loughlin. "I felt the port should have been collaborating with rail just as Tauranga was. We weren't doing that at the time."

Loughlin became chair of public-listed Allied Farmers during a tumultuous period of involvement with failed finance companies Hanover and United. He stepped down in 2010 after Allied Farmers own unit Allied Nationwide Finance went into receivership.

By then Loughlin was chair of Zespri and he had to manage the outbreak of the bacteria disease pseudomonas syringae (Psa), which threatened to destroy the lucrative kiwifruit industry.

"On day one I got the best set of minds in a room and we worked together to figure out what we knew, what we didn't and what we can learn quickly. I appointed Peter McBride (then deputy chair and now Fonterra chairman) as the point man, and we worked on grower communication and stakeholder management.

"Communicating with the banks was important and we built a relationship of trust. We were confident there would be an answer. We couldn't wipe out Psa completely, but we learned to live with it," Loughlin said.

Plant and Food Research worked alongside Zespri and deployed more than 100 staff to fight the disease. New orchard management practices and detection methods were introduced, such as increased spraying and preventing infection ahead of rain (Psa liked those conditions). A new Psa-tolerant cultivar SunGold was established and this proved to be the basis of recovery for the billion-dollar New Zealand kiwifruit industry.

Also at Zespri, Loughlin led the rebuttal against Turners & Growers' move to deregulate the single desk marketing system. "There was as real focus on making the single desk work for growers and having their backing was critical. Turners & Growers couldn't get any traction with them.

"By and large, the majority of growers are sensible but silent. They will only speak if you let them down — and then they will be very direct. We articulated the value and credibility of delivering the single desk."

Loughlin chaired the Meat Industry Association for six years between 2016-22, and now chairs transport and logistics company Coda Group, apple exporter Rockit Global, Dairy Technology Services, hydroponics supplier Bluelab Corporation, Powerco and kiwifruit post-harvest operator EastPack.

He has just become a committee member of the Hawke's Bay Regional Recovery Agency in the aftermath of Cyclone Gabrielle.

"We are co-ordinating the cyclone response to get resilient regional solutions, and what is funded by central and local government and the private sector. We are like an orchestra conductor or sheepherder," he said.

"We want people to think 'instead of building back what we had, are there better solutions for tomorrow'. We've talked about turning the rail corridor from Napier to Wairoa — it's hardly used — in to a new road, cutting travel time from two hours to one.

"The one-way Brookfields Bridge (near Hastings) over a wide span of the Tutaekuri River is expensive to fix and instead of rebuilding, wouldn't it be better to take the expressway forward, two lanes each way. That is in the frame," Loughlin said.

In a career spanning 21 years Loughlin has become one of the country's leading professional directors involved with critical industries. Including his time as general manager of Westpac Investment Management and chief financial officer and chief executive of Richmond, he reckons he's spent 35 years in board rooms.

"That's half my life and I've seen a lot," he said. "I'm really interested in making companies perform and how to make investments work for them. I'm interested in the people and the strategy. After some time following an appointment, I will review myself: 'am I adding value; can I be a strong enough contributor, is it time to move on?'

"A lot of being a director is judgment; in business you can get rewarded for taking risks. It comes down to deciding what risks to take and not to take and how you manage them."

In giving their Special Award, the Deloitte Top 200 judges said Loughlin had dedicated his career to New Zealand's agribusiness and infrastructure sectors.

Loughlin said "I enjoy figuring out how to deliver value whether it's a superior kiwifruit cultivar, a miniature apple (Rockit), or tender beef with cherry red colour and white fat (Firstlight Foods). The challenge of the global export markets is knowing what the consumers will buy."

The judging panel said Loughlin is an extremely talented and highly regarded director who relishes digging into companies and helping them reach their full potential.

He particularly excels providing leadership to industries that are challenged. He skilfully guided innovative apple grower Rockit through the impacts of Cyclone Gabrielle, led Zespri through Psa, and provided support to farmers and companies impacted by Covid-19 in his role at the Meat Industry Association.

"John often finds himself chair at companies he first joined as a director, which shows just how effective and well-regarded he is around board tables. It's no surprise that he's in high demand for the country's senior governance roles," the judges said.

Kathryn and John Loughlin have been operating their 16ha boutique Askerne Estate Winery for 30 years, producing 8500 cases a year with 15 per cent exported. Over the years their wine has won 21 trophies and 69 gold medals.

John Loughlin: Achievements

Present Chair roles
- Coda Group (freight and logistics) since 2020
- Rockit Global (apples) since 2015
- Dairy Technology Services since 2007
- Bluelab (hydroponics) since 2021
- Powerco since 2013
- EastPack (kiwifruit) since 2015 and director since 2014

Past Chair roles
- NZ Meat Industry Association, 2016-22
- Firstlight Foods (wagyu producer), 2005-15
- Zespri 2008-13 and director 2002-08
- Allied Farmers and Allied Nationwide Finance, 2006-10
- Prism Group (software), 2002-08
- Hop Revolution, 2018-22

Director
- Augusta Capital, 2007-18
- Napier Port, 2004-17
- AgResearch 2009-14
- Metlifecare, 2006-13
- Centralines, 2003-11
- Toll NZ, 2002-08
- Committee member Hawke's Bay Regional Recovery Agency, from 2023

Awards
- Fellow of NZ Institute of Directors, Institute of Management, and Institute of Finance Professions
- Fellow of Australia and New Zealand Institute of Chartered Accountants, and Institute of Insurance & Finance
- Fellow of Institute of Chartered Secretaries and Administrators
- MBA degree from Victoria University, Wellington

Most Improved Performance

Port of Auckland

Back to basics produces results

Graham Skellern

When new chief executive Roger Gray arrived in March last year, he decided it was back to the basics for Port Auckland.

“We want to be a port that exchanges cargo safely and efficiently, not be a digital business [referring to the failed automation project]. We will not be distracted by non-core activities.

“We have a clear strategy for improving our organisation — financially for our owner, operationally for our customers, improved engagement with our community, and improved safety and engagement for our people,” Gray said.

Between 2018 and 2022, three port workers were killed in accidents on the job. Gray introduced a three-year “Regaining Our Mana” plan and has already seen big results. Port of Auckland restored berth windows, welcomed cruise ships back (140 visits and 250,000 passengers this season), and renewed a partnership with its four unions who participate, even lead, in problem-solving and operational improvements.

The port company introduced salaries for shift workers and dynamic rostering to improve efficiency.

Financially, the port company’s revenue increased 20.7 per cent to $320.2 million for the 12 months ending June, and net debt was reduced by more than $42m.

Net profit was $40.45m compared with a loss of $10.27m in the previous year and the dividend to its 100 per cent owner Auckland Council nearly doubled to $30m. The container terminal went from loss-making to break-even.

Port of Auckland has been named winner of the Most Improved Performance category in the Deloitte Top 200 awards.

Deloitte Top 200 judge Hinerangi Raumati-Tu’ua said Port of Auckland has shown a remarkable turnaround in profitability and operations.

“By establishing effective strategies, the port has improved its financials, union relationships, health and safety practices, and operational performance. The port has also collaborated with the union to implement the country’s first stevedoring practice,” she said.

Gray said the target is to deliver $1m a week (a total of $52m) in dividends within three years.

“I’m committed to turning the port around, making sure the containers are moved effectively through the terminal and into the warehouses within two days. We are improving the workplace in terms of culture and safety,” he said.

The port company employs more than 750 people with 25 per cent being Pasifika and 10 per cent Māori and Asian. “We acknowledge the diversity and inclusion,” Gray said. “We’ve kicked off a literacy programme since English is not the first language for some staff.”

The port has introduced ka pai awards, staff sponsorships, cultural days and lunches with the board of directors. It has created a better working environment through open plan design, new facilities and better access to operations including marine portacom right at the berth.

It is creating career paths, not just jobs, and started in-house leadership programmes and coaching sessions.

There have been environmental initiatives including emission and waste reductions, establishing the Waitematā Healthy Harbour Trust with $100,000 annual funding, and the replanting of 35ha at South Head near the Manukau Harbour into native forest.

“We have also taken significant action in managing noise from the port that might impact our local community,” said Gray.

“We operate at the edge of the central business district, and we respect that privilege of being there. I don’t see the port moving for a number of decades and we have an important part to play in the Auckland and Northland economy.

“We have been more transparent and have a better working relationship with Auckland Council. We are working with council not against it. We are more open on issues facing the port with media and our community.

“We wanted to regain the respect from customers, council, community, media and our own people,” said Gray. “I’m feeling very buoyant about our numbers this year — we are ahead of budget year to date.”

> We operate at the edge of the central business district and we respect that privilege of being there.
>
> Roger Gray

Finalist: Westland Milk Products

It was a proud moment for the South Island West Coast. One of its mainstays, Westland Milk Products, became a billion-dollar company and its butter — sourced from the lush pastures beneath the Southern Alps — flies onto the shelves of Costco stores in the United States.

Hokitika-based Westland Milk passed $1 billion in revenue for the first time in its 85-year history, earning $1.04b (a 27 per cent increase) for the 12 months ending last December. And the dairy company, owned by Chinese Yili Group, is on track to repeat the feat this year.

Westland Milk posted a profit of $39m, a $120m turnaround from the previous year, and paid a record $9.40 per kg of milk solids to its 400 farmer/suppliers, contributing $535 million into the West Coast and Canterbury economies.

It continues to pay farmers a 10c premium above the forecast Fonterra farmgate milk price.

Richard Wyeth, chief executive of Westland Milk, said the company’s strategy of focusing on high-value sales, leveraging off the West Coast’s reputation as a source of premium dairy products and ingredients was now paying dividends.

“Having the support of Yili has enabled us to invest in our people and the infrastructure needed to increase production and sales of value-added products,” he said.

Raumati-Tu’ua said Westland Milk crafts premium butter, dairy powders and nutritional products from Southern Alps-sourced milk, blending innovation with tradition for superior nourishment.

Westland Milk is doubling its butter production to take advantage of opportunities in the US, as well as in Australia and New Zealand.

Its butter brand Westgold has a strong reputation, and it is also sold under Costco’s customer brand.

Westland Milk invested $40m to increase its butter manufacturing capacity at Hokitika and it bought Waikato-based Canary Foods to increase its international reach.

Canary, which exports 75 per cent of its dairy products, has developed a world-first compostable, individually-sized butter squeeze pack in response to consumer demands for ethically responsible packaging and global calls for an end to single-use plastics.

Westland Milk is a building a $70m lactoferrin plant, opening next year, and will increase production of the high-value protein for infant milk formula by 50 metric tonnes. The company will become of the largest lactoferrin suppliers in the world.

Employing 640 people, Westland Milk pays 45 per cent of the wages on the West Coast and produces 14 per cent of the region’s gross domestic product.

Wyeth said last year’s financial result “definitely provided us with a lot of incentive and now we are focused on maintaining that momentum as much as possible.

“We are starting to see a recovery in China which is pleasing.

“People are getting more comfortable of going out and spending money following the Covid restrictions. Our team in China sees the market being reasonably stable over the coming 12 months with balanced supply and demand.

Westland Milk Products’ Hokitika factory; Sky TV CEO Sophie Moloney.

Finalist: Sky TV

Over the past year or so, Sky Network Television has worked diligently to enhance the viewing experience for customers — and it’s paying dividends.

Sophie Moloney, chief executive of Sky TV, said “We got back to focusing on what the customers valued, and this translated into a return to revenue growth after a lengthy period of decline.”

The television network launched the new Sky Box and Sky Pod, introduced apps such as Sky Sport Now, gained programming rights for Formula 1 motor racing and English Premier League soccer, renewed partnerships with World Rugby and Warner Bros. Discovery, and migrated 18,000 Vodafone TV users.

“We’ve grown our portfolio of products and brought the favourite apps into our screen ecosystem to make it easier for customers to find content and enjoy their viewing,” said Moloney.

“New Zealanders love watching on apps and on demand.”

In a move to improve customer services, Sky TV outsourced its call centre operation and increased capacity by 40 per cent, with 200 people offshore in the Philippines and 100 in New Zealand.

“We weren’t able to answer calls before, and customer care is really important to us,” said Moloney.

Sky Advertising revenue grew 9 per cent share in a market that declined 5 per cent in total spend. Sky Business also returned to revenue growth — “delivering amazing sporting moments for viewers in hotels, motels, clubs and pubs around the country,” said Moloney.

For the year to June, Sky TV’s revenue grew 2.4 per cent to $754.1m and net profit was $51m, down 18 per cent.

Customer numbers reached 1.015 million, with 515,00 using Sky boxes and nearly 470,000 streaming. Sky Sport Now was up 37 per cent to 150,000 customers and Neon up 8 per cent to 318,000.

Judge Hinerangi Raumati-Tu’ua said Sky has revolutionised New Zealand’s television viewing, offering an extensive array of sports, entertainment, and digital services.

“With My Sky and with streaming options like Sky Go and Neon, viewers enjoy unparalleled access across devices. Sky is a pillar of Kiwi entertainment and culture,” she said.

“Despite intense competition in the streaming sports market, Sky has shown its ability to adapt and thrive in a competitive market.”

Raumati-Tu’ua said Sky TV remained optimistic and ambitious for the future, projecting a profit range of $45m-$55m and aiming to increase revenue to $765m-$795m this financial year. It is also hoping to double its dividend payout (to 30c a share) within three years.

Moloney said the new products, organisational changes and outsourcing to specialist partners had transformed the way Sky operated.

“We have become more efficient and effective in delivering to customers, and we have put out three-year targets to show confidence in our plan to invest in a new Sky experience,” she said.

The Most Improved Performance Award is sponsored by BusinessNZ.

Best Growth Strategy

Comvita

Big strides with a new focus

Graham Skellern

Recently, natural health products provider Comvita was one of 26 exhibitors named as an exemplar at the prestigious China International Import Expo (CIIE) in Shanghai.

There were 3400 exhibitors across different sectors spread around eight halls, including 289 Fortune 500 companies.

Comvita lined up with the likes of French pharmaceutical multi-national Sanofi, Australian natural health company Blackmores, global imaging firm Electra Sweden and Dutch/Germany wholesaler Makro Cash & Carry as an exemplar.

About 1000 food brands were represented at the expo — and Comvita was the only company from New Zealand to be given the award.

"It was a great privilege to be one of 26 called forward," says Comvita chief executive David Banfield. "It shows how far we have come and how we are considered by discerning Chinese consumers. We are a high-profile, premium brand in China."

For the year ending June, Bay of Plenty-based Comvita passed $100 million in sales for the first time in Greater China (moving from $77m to $109m) with its mānuka honey, olive leaf and propolis functional food products.

Revenue increased 12 per cent to a record $234 million, and operating profit rose 18.7 per cent to $24m. Comvita delivered strong gross margins in line with its plan.

The e-commerce's share of total sales nearly doubled from 23 per cent to 42 per cent. "This gives us the data that helps us produce the products and services consumers need," says Banfield.

Comvita is on track to hit operating earnings (Ebitda) of $50m and a net profit of more than $20m when it celebrates 50 years of business in 2025.

Its efforts have been recognised as the winner of the Best Growth category in the Deloitte Top 200 awards.

Judge Ross George says Comvita's recent transformation programme has focused on sustainability and storytelling, which helped consumers connect with the brand and secured rapid growth for the company.

"Customers embraced Comvita as a premium natural health and wellness brand, enabling the company to target range expansion and product premiumisation," George says.

Banfield, who joined Comvita in January 2020, says the company had then lost its way. There were too many products and a lack of focus in the organisation.

"We said: Here's our focus. We cut the product count in half according to consumer demand. We focused on the right consumer in the right market with the right products and (distribution) channels.

"Central to everything was the uniqueness of our business model. We invested $30.5m in our brand by telling our story, which is very compelling. On the second day in the job, I went to China to meet with our 200-strong team. That was the day Wuhan closed [because of Covid-19]. Working alongside customers and partners on the ground to build relationships is very important to us."

Comvita is the second biggest employer in China from New Zealand, behind Fonterra. "Of course, we are there to grow market share, but we are also there as a B Corp organisation making a social and environmental impact," says Banfield.

In July, Comvita bought retailer HoneyWorld Singapore, increasing the company's manuka honey market share there to 50 per cent. "Singapore is one of Asia's premium growth markets and a pivotal marketplace for us," Banfield says.

"Overall, I'm delighted with the progress we are making. We are privileged that discerning consumers are making our brand a choice for personal health and wellness."

> Here's our focus. We cut the product count in half according to consumer demand. We focused on the right consumer in the right market with the right products and (distribution) channels.
>
> David Banfield

Finalist: Scales Corporation

Diversified agribusiness Scales Corp is making strong expansion moves, putting the impact of Cyclone Gabrielle far behind it.

Scales has introduced two new Mr Apple varieties, Posy and Dazzle — two of the sweetest and reddest around — for Asia as it aims to grow market share.

Andy Borland, managing director of Scales, says "we bred the new varieties to suit the Asian taste palate. The redder they get the better. We've also got another new one coming on but we haven't given it a name yet.

"The market demand is driving us to invest in technology and grow more. And we are getting good pricing. We need that to offset increasing costs."

China is the biggest market for Mr Apple but Vietnam, Thailand, Malaysia and Singapore are also popular, as is the Middle East and Australia.

Scales-owned Mr Apple exports 25 per cent of the country's apple crop and sent 3.3 million tray cartons of its own grown fruit overseas last year. For the current year ending December, the export volume is expected to be 2.7m because of Cyclone Gabrielle.

Borland explains: "We lost nearly 25 per cent of the fruit in the flooding and that takes the shine off.

"We didn't lose too many permanents — 5 per cent of the orchards were right in the torrent — and we handed the leased orchards back to the owners.

"When you have a setback you just have to reset and carry on. The apple trees are bouncing back well."

Judge Ross George says despite its horticulture division facing significant challenges, Scales managed to deliver an underlying profit of $14.3m for the six months ending June (based on revenue of $309.37)

The company responded swiftly to the cyclone disaster, resuming operations and recovering and re-seeding damaged orchards, George explains. With a well-rounded growth strategy and diverse portfolio, it managed to largely mitigate the risks associated with a single industry.

Scales, founded in 1897 with its historic freighting and logistics business, sees strong growth in its global proteins division, supplying ingredients to petfood manufacturers around the world.

"The tide is rising on growth opportunities in proteins across the globe," says Borland. "People are taking on more pets — it was a big move during Covid. We see it as an exciting opportunity."

Scales has formed a joint venture Esro Petfood to increase its presence in Europe on top of its major market in United States, Australia and Southeast Asia.

The joint venture is presently converting a processing plant in Belgium for ingredients such as offal and beef cheeks, and will be looking at a second plant, possibly in Ireland.

Scales owns a processing plant in Amarillo, Texas, and uses four other toll processors in the United States to produce beef and pork ingredients and wants to move into poultry and fish as well. Scales has also opened a processing plant in Melbourne with capacity for 30,000 tonnes.

"Our return on capital focus is very clearly on the global proteins business," adds Borland.

Finalist: Heartland Bank

Heartland Bank may lack the size of its major competitors in New Zealand and Australia, but it has found a way to operate just like a big bank and make an impact.

"There are banks more significant in size than us but we can replicate scale through the use of digital services," says Heartland Bank chief executive Leanne Lazarus.

"When I look at the growth, the key enabler is the technology changes. We have a strong commitment to digitisation and to create a quick and hassle-free service that continues to deliver good customer outcomes."

Heartland, which has a staff of 535, developed an online automated lending platform — its home loans grew 14.1 per cent last year — and enhanced its website and mobile app to provide more flexibility.

"We have upgraded our core banking system and use it as an interface into the mobile app and other lending platforms," Lazarus says. "For instance, we have encouraged dealer partners to look at digital capabilities for motor vehicle finance."

Lazarus says a measure of Heartland's efficiency is a cost-to-income ratio of 42 per cent — "that's similar to the major Australian banks."

For the year ending June, Heartland Group increased revenue 6.6 per cent to $285.31m and net profit was up 0.8 per cent to $95.86m. It is a leader in reverse mortgages, with growth of 23.2 per cent in New Zealand and 20.7 per cent in Australia.

Judge Ross George said Heartland focuses its growth strategy on areas that other banks tend to pass over. It's taken a diversified approach, specialising in an array of lending categories including personal, vehicle, small business, mortgages, and livestock finance.

"Heartland has seen growth in key areas like reverse mortgages, rural and business lending — indicative of the strategic emphasis it has placed on high-potential segments."

George said Heartland is also committed to expanding into new markets and geographical locations and establishing stronger customer self-service and digitalisation to keep pace with other key players.

Heartland has completed the integration of livestock financier StockCo Australia into its group and is awaiting regulatory approval to purchase Australian Challenger Bank, which was established in 1971.

Heartland's history stretches back to 1875 when it began as the Ashburton Permanent Building & Investment Society. In 2011, Heartland was formed through the merger of CBS Canterbury, Marac Finance, Southern Cross Building Society and PGG Wrightson Finance.

This year Heartland was named the Canstar New Zealand Bank of the Year Savings for the sixth consecutive time — an award that recognises the financial institution providing the strongest combination of products, services, and distribution networks.

"The key to all of this is working with customers and delivering good outcomes," says Lazarus.

"We are seeing heightened competition from the major banks and we will continue to be proactive and dynamic in the competitive environment.

"We have a very high retention rate with existing depositors and this comes back to the ease of working with Heartland, as well as competitive pricing."

Scales Corporation's Andy Borland; Heartland Bank's Leanne Lazarus

The Best Growth Strategy award is sponsored by 2degrees.

Young Executive of the Year

Penny Dell — ANZ

'A well-rounded overview'

Bill Bennett

Penny Dell, Treasurer at New Zealand's largest bank, ANZ, is the 2023 Young Executive of the Year in the Deloitte Top 200 Awards.

She is the youngest and first woman to hold the role of Treasurer which involves the management of the funding, capital and liquidity of the bank's $189 billion balance sheet.

It is a critical, strategic position for New Zealand's largest bank.

The Deloitte Top 200 category judges noted that Dell is performing at a high level within a very large organisation: "She holds a position of great responsibility within the ANZ organisation and is clearly recognised as a valuable asset."

Judge Liam Dann, *Herald* Business Editor-at-large, said one of the things the judges look for in this award is the executive's potential to rise to the top of a large company. Dann said Dell "stands out as the kind of person who has a well-rounded overview of strategy, culture and finance and the ability to reach those heights".

Earlier in her career with the bank — which began in 2005 — Dell spent several years working as a market-facing trader. She enjoyed working in that vibrant, exciting environment. That experience helped her after moving to the treasury division: "When I was in markets, I was doing interest rates trading , there was still a lot of responsibility but quite a different angle lens on things."

She says the experience working as a trader earlier in her career means that she has never had a problem with what could, for some, be daunting levels of responsibility. In trading you are dealing with very big numbers even at a young age."

Dann adds making it through such a blokey, male-dominated world is a sign that Dell is determined and tough, but also has the ability to assert herself where necessary. He says that experience also gave her a perspective on diversity within the bank.

Dell knew she wanted to go into banking while studying law. "I quickly realised I didn't like the law so much. I like things that are a bit more fast paced. That's what resonated in terms of the markets trading role, it uses the economics and the maths in my educational background and was a more lively, faster-paced environment."

Her work in the bank's treasury has included a number of significant transactions. "The Reserve Bank of New Zealand implemented some new capital rules that the banks were required to meet. One of the pieces that we did was when we issued preference shares in 2022. That was the first time and we have issued equity instruments directly out of ANZ New Zealand. Equity usually comes out at the group in Australia. We did that deal and got a great response from domestic investors.

"We've also done some good offshore deals. In 2021 we issued what was, and still is, the largest US dollar transaction by any New Zealand bank. It was a single tranche transaction of a billion dollars and again, it got a resounding response from investors."

Before becoming treasurer, she was the bank's head of Asset and Liability Management where she was also responsible for liquidity and funding management.

This included the execution and hedging of ANZ NZ's funding programmes.

The judges noted Dell showed clear evidence of the successful delivery of results. This includes playing a key role in influencing the final outcomes of the Reserve Bank's capital review. "She successfully lobbied for specific clauses to allow some rules around the issuance of subordinated debt to remain outside local jurisdiction".

They say Dell shows good character and a clear sense of vision for the industry. She was confident and articulate and demonstrated she is a strategic thinker with a deep awareness of technological trends — more than just finance-focused.

"At the same time, she is passionate about issues like inequality and the bank's role in addressing it. She looks at diversity through the organisation, not just at the top tier."

Dann says Dell is on a path which could take her all the way to the top, her career trajectory points towards a chief financial officer role and potentially CEO of a major business.

> I like things that are a bit more fast-paced. That's what resonated in terms of the markets trading role, it uses the economics and the maths in my educational background and was a more lively, faster paced environment.
>
> Penny Dell

Finalist: Mari Hunter

Co-operative Bank's head of enterprise change Mari Hunter had only been in her role for six months at the time of judging.

Hunter worked in financial services while a student to finance her study and it became her career in the UK, where she worked as a financial advisor.

She says: "I stumbled across New Zealand while travelling, but found Wellington felt like home".

She put down roots and returned to behavioural psychology, working in HR, then moving into leadership roles and eventually joining the 350-strong Co-Operative bank.

She says her career took off after working with three main role models who were all inspirational female leaders. "I've always been motivated and driven, then I had the opportunity to work under a leader who gave me my first big step up."

At the Co-Operative Bank, Hunter built a cross-functional team to deliver regulatory change. The aim was to improve customer outcomes and improve the skills of people working for the bank. She established team capabilities to support the Co-operative's strategic priority initiatives.

Hunter says when the bank faced a major regulatory change: "It became an opportunity to take a wider look at the business's operating model and how we supported our people and customers with the services we provide them."

The change was challenging.

"We're a small bank, and we're customer-owned, a little different. And the things that drive our decision making are not only about profit, they're largely based on how we service customers. These big changes can become difficult for us to do with the timeframes and the scale and size of the resources that we have. It was a big piece of work for us, it was impacting pretty much every single employee that we had, over a short timeframe. I was fortunate enough to be given an opportunity to lead that piece of work."

Hunter impressed the judges with her integrity and confidence. They said she has great leadership potential and has excellent people skills: "Mari exhibited excellent self-awareness. She is clearly a strategic thinker with a strong awareness of industry trends."

They judges said she has an excellent broad perspective on the important social and community roles banks must play.

Liam Dann says Hunter stood out because of her strong personality and strong views. "She has great potential, a lot of passion and a character that can't be overlooked. It's a smaller bank, but it was clear to all the judges that she is very good and highly regarded by her organisation. She could go on and do all sorts of things, but the bank wouldn't want to lose her."

Mari Hunter

Finalist: Carolyn Adams

As GM of subscriber revenue at NZME, Carolyn Adams played a key role as the media company successfully switched to a premium subscription business model. Today she is responsible for the strategy and implementation of the company's digital subscriptions roadmap.

Adams says: "We launched *Herald* Premium in 2019. Before then I was responsible for print subscription revenue for all our newspapers. I came on the project and handled the strategy and marketing for *Herald* Premium."

Her job evolved from there and she became GM a little over two years ago. *Herald* Premium has continued to grow, with digital subscriptions now overtaking print subscriptions. In the past 18 months she has expanded the digital subscription offerings and added responsibility for subscriber sales and marketing for BusinessDesk after NZME acquired the business. She also added subscriptions for *Viva* Premium and the *New Zealand Listener*.

This is a critical role for NZME which is pushing hard to move to a digital subscription model. Adams says her time in charge of print subscriptions means she knew the strategy was going to work. "We've had people paying for newspaper content for a long time. This was moving into New Zealand people paying in a way they weren't used to. We knew there were people who are so engaged with our content that they would be willing to pay.

"The job was first about finding them, and second about getting current print subscribers to access digital content."

The performance of Adams' department exceeded the company's expectation at launch and led to the extensions with Viva Premium, the acquisition of BusinessDesk — which gives NZME a product for corporate customers — and with the Listener partnership.

The award judges said Adams "is articulate and passionate about the industry and the challenges and opportunities it faces.

"She has a good understanding of the strategic path ahead for NZME and has clearly done a good job of communicating that vision to her team".

Carolyn Adams

The Young Executive of the Year award is sponsored by the University of Auckland Business School.

Sustainability Leadership

Contact

‘A galvanising framework for decarbonisation’

Tim McCready

Contact’s Tauhara project near Taupō will be its sixth geothermal power station in the area.

Contact is dedicated to playing its role in creating a more sustainable future for New Zealand by leading the country’s decarbonisation, and is making significant progress to achieving net-zero carbon by 2030.

This long-standing commitment to sustainability from the gentailer, coupled with the actions it has made, made it a standout winner for the Deloitte Top 200 Sustainability Leadership Award. The award recognises exemplary governance, leadership, accountability and long-term perspective, from companies as they evolve and adapt their business models to support and drive sustainable development.

The Deloitte Top 200 judges commend Contact for its significant efforts to decommission assets that generate electricity from fossil fuels, signifying a clear shift towards renewable energy sources and a clear intent to help decarbonise New Zealand despite the absence of an overarching national energy strategy.

“We are impressed that Contact’s efforts in the space are driven and supported by leadership and filter across the national business. They have created a galvanising framework for decarbonisation that attracts diverse talent and genuine innovations for sustainability actions,” says Katie Beith, one of the judges for this award category.

Contact is actively investing in the future of sustainable energy with $1.2 billion in renewable generation currently under construction. This pipeline of projects includes geothermal, solar, wind and grid-scale batteries, which will see it not only reduce its carbon profile but also assist its customers in their decarbonisation efforts.

Contact’s chief executive, Mike Fuge, is enthusiastic about what this means for the future of New Zealand. “These investments are key to enabling Aotearoa New Zealand to meet its decarbonisation goals,” he says.

“We expect our generation portfolio to be more than 95 per cent renewable by FY27 and have set the ambitious goal to achieve net zero emissions from our generation operations by 2035.”

Contact’s efforts have already boosted its renewable energy capacity to more than 80 per cent and led to a remarkable 33 per cent reduction in greenhouse gas emissions from generation since 2018.

Its world-class geothermal development near Taupō, Tauhara, will come onstream in 2024.

This will be Contact’s sixth geothermal power station in the Taupō area.

Contact now has a pipeline of projects ahead of it in Taupō, including an expansion of its Te Huka geothermal plant and a replacement of a 1950s-built Wairākei geothermal power station.

“The wonderful thing about having a pipeline of projects around Tauhara is we can attract the workforce in for a project and they get the opportunity to roll off on to the next project,” says Fuge.

The judges say a particularly commendable aspect of Contact’s sustainability efforts is its commitment to meaningful engagement with iwi and hapū, especially at the Tauhara plant and in other regions which shows a deep respect for indigenous involvement in sustainable energy projects.

In addition to its geothermal projects, Contact is pursuing other renewable energy projects, including a solar project at Christchurch Airport which will have around 300,000 solar panels on 300 hectares of land adjacent to the airport’s runways.

It is looking to develop a wind farm on the elevated land east of Wyndham in Southland.

This would be Contact’s first wind farm project and with a plan for about 55 turbines generating as much as 300MW would be New Zealand’s largest.

Contact’s decarbonisation journey has not only propelled the company toward a more sustainable future but has also fostered engagement in sustainability across the organisation and helped to bring diverse talent on board.

“Staff engagement as we have gone on this journey has kept steadily rising and rising.

“This is a once-in-a-generation opportunity to be involved in the energy industry throughout this transition, and making sure you make yourself as attractive as possible is really critical.”

> This is a once in a generation opportunity to be involved in the energy industry throughout this transition, and making sure you make yourself as attractive as possible is really critical.
>
> Mike Fuge

Finalist: Mercury

Mercury generates 100 per cent renewable electricity from hydro, geothermal, and wind sources. The energy gentailer’s sites span the Waikato River, Central Plateau, Manawatu, South Taranaki, Otago, and Southland and it continues to invest in low-carbon electricity generation as part of its transition to a low-emissions, climate-resilient future.

Mercury’s dedication to sustainability over a long period of time earned it recognition as a finalist in the Top 200 Sustainability Leadership Award. Since 2015, it has steadily moved away from thermal generation, seeing a decrease in total emissions by 41 per cent.

Lucie Drummond, Mercury’s GM Sustainability, says sustainability has been at the core of Mercury’s mission for a long time.

“One of the biggest drivers for us has been staying focused on taking an action-oriented approach to support New Zealand in the global transition that is occurring. We recognise our role and we’re looking at ways we can be an authentic part of this.”

Mercury’s climate transition action plan sets out ambitious measures and targets aimed at achieving emissions reductions across the business.

Katie Beith says that in addition to having a clear plan, Mercury has recently reworked its purpose and long-term aspirations which have resulted in sustainability now being strategically integrated into the business.

“This can be evidenced by the way sustainability has been embedded into the organisation’s culture and it is clear that Mercury’s processes allow ideas to come forward from staff,” says Beith.

“The team has made a significant effort to be open about their commitments and activities as well as the real struggles they face in the transition and Mercury strongly believes this is key to getting people engaged.”

Drummond emphasises that sustainability is a team effort, where no one person or organisation can achieve it alone. “We have tried to never have sustainability as a parallel universe that only a few people are involved in.

“When we refreshed our long-term aspirations, we took a really holistic approach to the way we think about what success looks like in the future.”

Mercury collaborates with iwi in different ways, including having commercial partnerships with Māori land trusts for its geothermal developments.

It has also established and supported a range of programmes with iwi and other regional organisations including educational initiatives, environmental and ecological restoration projects and a range of Māori cultural support initiatives.

Mercury is actively supporting its customers to reduce their emissions. Partnerships include a 10-year agreement with Ryman Healthcare to help underwrite construction of a solar power development in Northland and a 15-year agreement with Amazon Web Services to help achieve its target of net-zero carbon by 2040 by utilising half the capacity from Mercury’s Turitea South wind farm.

Finalist: KMD Brands

KMD Brands is a global outdoor, lifestyle and sports company consisting of three iconic brands: Kathmandu, Rip Curl and Oboz.

Founded under the Kathmandu brand in 1987, the company rebranded to KMD Brands in 2022 as part of its transformation to a global multichannel business. This is KMD Brands’ fourth consecutive year as a finalist in the awards for Sustainability Leadership. It won this category in both 2021 and 2022.

In an era where the fashion industry faces increased scrutiny regarding material traceability, waste and offshore work practices, the judges recognise KMD Brands’ work as it continues to carve a path as a global leader with a genuine and mature response to sustainability.

Kathmandu first became a certified B Corporation in 2019 and has recertified again this year. Additionally, both Rip Curl and Oboz achieved B Corp certification for the first time in 2023, making all individual brands — as well as KMD Brands itself — certified B Corps.

The certification requires independent verification of globally recognised high standards of social and environmental performance, public transparency and accountability. KMD Brands is one of the first multinational companies in Australia and New Zealand to achieve individual certification for all its brands and is one of only 45 publicly traded companies globally that are certified.

Chief Legal & ESG Officer at KMD Brands, Frances Blundell, says the Group and each of its brands are complex businesses, so the organisation is very proud that it could come together to achieve this collective goal. “It was the culmination of multiple years of planning and initiatives; requiring input and effort from a wide range of internal stakeholders across our business,” she says.

Category Judge Katie Beith says that KMD Brands’ efforts in B Corp shows that alongside its innovation in its clothing and technical gear, it is committed to making its sustainability strategy part of everyone’s day-to-day activities, including at the store level, at the supplier level and at the customer level.

“KMD Brands is creating products that are durable and long-lasting. Circularity principles, climate and communities are the three key pillars of its sustainability focus,” she says.

As part of its commitment to circularity, KMD Brands has been introducing new programmes for repurposing and repairing old or damaged products. With its Rip Curl “take back” wetsuit recycling scheme, introduced in 2018, wetsuits from every brand are repurposed into soft-fall matting. It has been expanded across five countries and diverted more than 24,000kg of neoprene from landfill.

Rip Curl’s own wetsuit factory in Thailand offset 100 per cent of its operational emissions in 2021 and 2022, and diverted around 130 tonnes of offcuts from landfill, repurposing them into carpet underlay.

KMD Brands extends its sustainability focus beyond its own operations, engaging with its suppliers to help them meet ambitious sustainability goals by identifying problematic areas and working with them to find resolutions.

It recently held its first ESG conference with suppliers in Bangladesh, aimed at helping the business better understand how it can work in partnership to enhance social and environmental impact.

KMD Brands has introduced a wetsuit repurposing initiative; Mercury’s Turitea South wind farm.

The Sustainability Leadership award is sponsored by Deloitte.

Diversity and Inclusion Leadership

NZME — Te Rito journalism project

‘A great example of what is possible’

Bill Bennett

Te Rito cadets at their powhiri at Hoani Waititi Marae, Glen Eden.

NZME's Te Rito journalism project is the winner of the Diversity & Inclusion Leadership category in the 2023 Deloitte Top 200 awards.

Te Rito is a 12-month journalism cadetship programme aimed at increasing newsroom diversity. It was established by NZME, which contributed the initial finance to get the project off the ground and continues to run the programme. Specifically, Te Rito aims to amplify Māori, Pasifika, ethnic, LGBTQIA+ and disabled voices by giving people an entry point into media careers working in digital, print, television, radio and producing podcasts.

Lois Turei is NZME's head of cultural partnerships and newsroom diversity and the Te Rito programme manager. She says the idea for Te Rito started when NZME began exploring a cadetship programme.

"We thought we could partner with other media organisations to take Māori, Pasifika and other journalists who were already employed, but could come together once or twice a week for targeted training. Then the Public Interest Journalism Fund came along with some funding that allowed us to look more expansively. We decided to do much the same thing, but on a bigger scale."

NZME partnered with Whakaata Māori, Discovery-Newshub and the Pacific Media Network. The partners extended the reach of the programme from mainstream media into specialist Māori and Pasifika outlets. For Turei, the partnerships were the heart of the project. "One of the values of the project is that we adopted the Māori values of manaakitanga (respect), aroha (compassion), whanaungatanga (kinship and connections), and mana (justice and equity)."

She says she knew there was a issue with Māori and Pasifika recruitment. "In part that's because we don't see people like us in these roles. We wanted to correct that and bring in diverse voices and different types of thinking. It meant getting them in the door and supporting them."

This was reflected when the first programme started in February 2022. Organisers enrolled 24 cadets and the selection process included karakia-led interviews that were conducted in different languages acknowledging cultural affiliations. Initial training was for three months, with cadets given work experience placings. All the 22 cadets who successfully graduated found jobs in the industry; nine of them were recruited by NZME.

The Deloitte Top 200 category award were particularly impressed by the novelty of the concept, the collaboration with other media and, given their audience reach, the potential diversity and inclusion benefits to the nation. They say the partnership and continuous learning embedded in the programme have ensured it is sustainable.

They note Te Rito has achieved transformative change in print, radio, TV, and social media visibility. At the same time, there is strong engagement from media audiences.

Deloitte Top 200 category judge Ranjna Patel said they were also impressed that the programme picked up international recognition for its impact increasing the voice of "first nations" people in mainstream media. In May, the Te Rito project won the International News Media Association award for Best Innovation in Newsroom Transformation at a ceremony in New York.

Patel says when judging these awards, she was looking at each project's longevity and the difference it is going to make. "The Te Rito programme was visible in the public arena. I could see articles in the *New Zealand Herald*, I could read them online and I could see them on TV. The diversity came through.

"The Te Rito programme actually assisted people into work, it gave them confidence to get out there and shine. People found they were comfortable and doing brilliant work. That means it is going to deliver long-term results. It's great example of what is possible with a diverse community.

"It means that a brown-skinned person could see them reporting on television and realise that, yes, it is possible for someone like me to do this work. The same when they see an ethnic name appear on the byline of a newspaper story."

> We wanted to bring in diverse voices and different types of thinking. It meant getting them in the door and supporting them.
>
> Lois Turei

Finalist: Mercury Energy

Mercury Energy's Diverse Emerging Leaders Programme supports and develops next-generation managers from Māori, Pacific Islander, Asian and other under-represented ethnicities.

Kath Hartley, Mercury's head of organisation development, says the company sees having a diverse culture as a key contributor towards realising its full potential and driving future growth and success.

Mercury set up clear targets for gender and ethnicity but recognised there was a gap when it came to the company's leadership.

Hartley says: "We had been focused on progressing gender diversity across our leadership group. Then, a couple of years ago we realised that . . . we still had quite a lot of work to do on increasing ethnic diversity in our leadership group.

"We developed a programme with external partners and internal experts. It's been running for three years with three cohorts. One of the features of our programme is its focus on internal sponsorship: every participant gets an opportunity to be sponsored by a senior leader; this includes our chief executive."

Hartley says this has had a huge impact, not just for the people going through the programme, but also for the leaders and the whole organisation. "The leaders are not just coaches and mentors; they act as advocates."

The category judges said they were impressed by the strong top-level support shown for the programme. Judge Ranjna Patel says this was underlined during interviews for the awards where Mercury's CEO Vince Hawksworth attended.

"It's a very powerful statement when the CEO turns up to say, 'this is what we're going to do. This is the change we're making. We're going to get on to doing this'."

Patel says the judges were also impressed by the data-driven approach and Mercury's effectiveness in addressing the targeted issue. While targeting potential leaders, the programme has also had the effect of reducing bias generally across the organisation, with improved people processes being used to promote greater inclusion.

Finalist: Chorus

Chorus faced the same diversity challenges as other technology sector companies.

Sarah Archer, head of diversity and inclusion — she is also acting head of people experience — says the senior leadership were focusing on gender: "We partnered with an external agency and quickly discovered the issue was much broader in terms of intersectionality and workplace culture. So, we decided we needed to shake things up."

There was a specific issue with the high turnover of female employees, who were leaving the company at twice the rate of males. To address this, Chorus implemented a strategic approach to shifting toward a fair, inclusive, and equitable culture. It used an external agency to review the issues and found that what was initially seen as a gender equity issue was, in fact, broader.

Archer spent time working with people across the business to develop a strategy and framework for diversity and inclusion: "It's very much around our people."

Chorus' approach has a third part: getting everyone involved. Archer says: "For D and I to be successful, it needs to be the responsibility and accountability of everybody in business. It must sit in the infrastructure of a business and not just sit with the HR people or the culture function.

"That's been the key to the progress we're starting to see at Chorus."

For Archer, the job is far from over. She says there is a huge amount of work in front of the organisation in terms of normalising diversity and inclusion.

The award judges found Chorus' broad-based approach to culture change and execution was well demonstrated, with demonstrable outcomes. They were impressed by the sophisticated, inclusive approach to developing and introducing a new diversity and inclusion strategy and the company's development of an adaptive workplace culture. Likewise, they liked the tight alignment between this strategy and the company's wider ESG (Environmental, social and corporate governance) agenda.

This approach saw notable improvements in the employee's Net Promoter Score (NPS). The improvement was particularly strong for employees in rainbow and disability groups.

Judge Ranjna Patel says this is significant, as both these groups often show up as the lowest on any organisation's radar. Moreover, there was a significant drop in the turnover of female employees.

She says the judges were also impressed by the speed at which Chorus identified the gaps and moved to fix them.

Chorus employees at a Rainbow event; Mercury Energy is mentoring diverse leadership candidates.

The Diversity & Inclusion Leadership award is sponsored by Barfoot & Thompson.

Visionary Leader

Sir Richard Taylor

A heavenly partnership

Graham Skellern

Sir Richard Taylor and his wife Tania Rodger, co-founders of the award-winning and world-leading Weta Workshop, are a compelling business romance.

They've worked through horror, fantasy and of course reality to create a hugely successful practical effects and creative company.

Weta Workshop has won five Oscars and four Baftas. They've helped attract millions of cinemagoers around the world with their involvement in more than 160 films including *The Lord of the Rings* trilogy, *King Kong* and *Avatar*.

They attract tens of thousands of visitors each year to their guided tours in Wellington and the exciting Weta Workshop Unleashed in Auckland.

They have built attractions all over the world, but *Gallipoli: The Scale of Our War* exhibition at the Te Papa Museum is their proudest endeavour.

The Taylors have well and truly helped put New Zealand on the world film industry and tourism map. Their involvement with director Sir Peter Jackson in *The Lord of the Rings* wrote an important chapter in the history of the country — The Home of Middle-earth was included in the 100% Pure New Zealand campaign.

Weta Workshop designed and manufactured 48,000 objects — props, weapons, armour, prosthetics, costumes, miniatures and bigatures – as well as special make-up effects for the making of *The Lord of the Rings* trilogy over seven years. They've done many more since.

They started *The Lord of the Rings* production with 38 staff, and added a further 120 artists and technicians – only one-eighth of the crew had worked on a film or television show before.

Today, Weta Workshop, operating out of Miramar in Wellington, has grown into a multifaceted team of 360-400 people across seven business units.

Weta Workshop has a general manager David Wilks to handle the management workload, while Rodger looks after the facilities and many other tasks.

Taylor, as chief executive and creative director, meets clients, chases work and helps innovate the new methodologies that make the workshop tick every day. He spends time on the floor when he can to art direct, build and add technical assistance to the varied projects.

Weta Workshop prides itself on its capability to deliver on almost any creative brief to the highest quality, anywhere in the world. As they put it: "We design and manufacture cool stuff for the world's creative industries."

Deloitte Top 200 success

Taylor and Rodger's drive, passion and creativity has earned them the title of Visionary Leaders in the 2023 Deloitte Top 200 Awards.

The Deloitte Top 200 judging panel said Taylor and Rodger had been instrumental to the success of New Zealand's creative industry.

"But what Richard, Tania and Weta Workshop do stretches well beyond what we've seen on the big screens. They also operate popular tourist attractions and two retail stores, run a digital game studio and new emerging technologies division, produce high-end collectibles (they have made more than 10 million), and design and manufacture location-based visitor experiences."

Taylor and Rodger co-own Stardog General Partner, a fine art and IP development company, and operate children's IP and television production company, Pukeko Pictures in a partnership with friend and colleague Martin Baynton.

The panel said Taylor's relationship with China (over 25 years) has been a key to Weta Workshop's ongoing success, allowing the company to diversify and utilise the country's unique skillset.

"He's not only formed robust business relationships that have made an impact on both countries and their respective creative industries, but also helped to bridge two cultures and peoples," said Top 200 judge Hinerangi Raumati-Tu'ua. "Richard and Tania's passion and creativity has brought imaginations to life, and inspired millions.

"They are New Zealand icons and true visionary leaders."

The couple first met at the age of 13 at Ohope Beach. He was in the third form at Wesley College near Pukekohe and she was at Whakatane High School.

They have known each other for 46 years and worked together for 36 years, sharing the same office until last year. They have two children, 21-year-old Sam and 17-year-old Amelia.

They got married 12 years ago. "That was nice. We had two children and wanted to acknowledge we are a family. We had been a little bit busy up to that point," said Rodger.

Taylor and Rodger moved to Wellington after school in 1984. Taylor "got into the wrong queue" at Wellington Polytechnic and studied for a Diploma in Visual Communication and Design rather than his first choice, Industrial Design.

> We never set out to win an Oscar and walk the red carpet. We just set out with the aspiration of doing the best we can. You strive to stay at a standard and if we miss that standard, then it's potentially a slippery slope back down the hill.
>
> Sir Richard Taylor

Rodger went to Victoria University but after two years wanted to join the workforce. She started as a telephonist at the Abel Tasman Hotel and ended up in management by the end of the year.

"Looking back, that was helpful for dealing with clients and guests. The thing you learn is that your people are your asset — the crew, technicians and management," said Rodger. "Richard would come to the hotel on the Friday night. There was a big buffet and he and the chef made margarine sculptures together."

Back at their flat, Taylor was making models and pouring rubber latex on a carton board on top of their double bed and dreaming of a career in the film and television industry.

"We'd get a lot of our early materials diving in to the skips along The Terrace.

"People will throw out a crazy amount of cool stuff, for some reason," Taylor said.

In 1987 they formed RT (Richard and Tania) Effects and were soon commissioned to produce the wickedly grotesque latex puppet caricatures (of topical personalities) for the Gibson Group-produced satirical television series Public Eye, a take-off from the British series Spitting Image.

Taylor said the basic training for everything he does now was not only polytechnic but helping to build the family home between the age of 11 to 17. "My father was an aircraft engineer and my mother a science teacher. Six years after we emigrated from Cheshire in England, they bought a 10-acre block at Patumahoe (near Pukekohe).

"We hand-built the house in the evenings and over the weekends. Those six years gave me the knowledge and discipline for construction and problem solving and figuring out things on the fly," Taylor said.

Enter Peter Jackson

A mutual friend introduced Peter Jackson to Taylor and Rodger, and Jackson invited them to join the puppet-making team on his second film *Meet the Feebles* and then on to providing physical effects for his zombie comedy splatter film *Braindead*.

"Peter kindly came and met us when we were doing some television commercials at the sound stage in Avalon. We hit it off and became instant friends. His film-making skills and creative and technical abilities were so inspirational; we knew we would love to work with him.

"Also, Peter had a vision and early understanding that visual effects were going to change the film industry. He conceived 14 visual effects shots in his film *Heavenly Creatures*. A computer was leased from the United States to complete these shots.

"Afterwards, a group of friends including George Port (computer effects), Jamie Selkirk (film editor and producer), Jim Booth (producer), Peter, Tania and I teamed up to buy the computer," Taylor said.

The computer, animation and computer-generated imagery, and Taylor and Rodger's practical effects came together to form Weta in 1993.

That company was eventually divided into two — Weta Digital and Weta Workshop.

Taylor and Rodger continued to have an involvement in both until they moved on from Weta Digital a decade ago and concentrated on Weta Workshop, taking sole ownership in 2020.

Visionary Leader

and Tania Rodger

In 1996 Richard and Tania started working on *King Kong* but production stopped because of studio issues, and the Taylors went back to making television commercials.

"Then one day Peter phoned us and told us we are going to do *The Lord of the Rings*. The rest is folklore," said Richard. The first of *The Lord of the Rings* trilogy, *The Fellowship of the Ring*, premiered in December 2001.

In the early years Richard's business approach remained relatively uncomplicated. He describes it: "As cliched as it might sound, we were ultimately learning on the job and armed with a Kiwi can-do attitude — just gave it a go and see where it led.'

Richard acknowledges that today the combined expertise of the senior leadership in the company is "the critical mechanism that allows the cogs to turn in such a synchronised way."

Innovative strengths

Richard fancies a saying from Douglas Adams (author of the *Hitchhiker's Guide to the Galaxy*): 'The art of flying is to throw yourself at the ground and miss'.

"Well, the art of innovation is to throw yourself at possible failure and hope to miss. If we fail through our lack of knowledge or being overly-ambitious, we analyse what tripped us up and go back and do it again.

"We gathered around us a group of talented and bright-eyed artists and technicians with the amazing ability to adapt, learn quickly and do incredible things. And, you have just got to stick at it."

Richard said "We never set out to win an Oscar and walk the red carpet. We just set out with the aspiration of doing the best we can. You strive to stay at a standard and if we miss that standard, then it's potentially a slippery slope back down the hill."

Tania said Richard has enormous artistic energy. "He's enthusiastic, determined and a very three-dimensional thinker. He's a problem solver, thinks on his feet and makes fast decisions. He is a prolific reader when he wants more knowledge about a problem he's faced with.

"Richard is more optimistic and I'm the realist. We trust each other in our decision-making. Yes, I've had to help modify his thinking from time to time. But then he finds another optimistic way of looking at the problem," said Tania who leaves Richard to be the front man of the company and she works behind the scenes.

"One of the things we both feel strongly about is certainty of work. We want our team to have a feeling of security in their jobs when they come to work," said Tania.

Richard said diversifying to find opportunities like new and emerging technologies is incredibly important. "We are focused on finding people who want to push the boundaries of technology and creative capability.

"We can't solely rely on people my age and even the technicians who have followed. We need the continued inspirational work from the superpowers of the young people coming out of universities, polytechs (or their own hobby rooms) to stay relevant in these incredibly fast-moving markets we work in."

Weata Workshop today

Weta Workshop continues to provide props and special effects for films and television series, make high-end collectibles and develop location-based experiences such as the Expo 2020 Dubai Mobility Pavilion, with more than 26 million visitors to date. There's an involvement with a major Hollywood feature film that "didn't fall over due to the strike."

Sir Richard Taylor at work on the Gallipoli exhibition; Weta Unleashed.

The tourism division is refurbishing its Wellington-based tours. The consumer products division is constantly exploring new licences including creating large-scale collectibles of the 1970s rock band Kiss and even larger collectable statues for the Warhammer tabletop gaming world.

Weta Workshop designed and provided creative manufacturing for the New Zealand Liberation Museum Te Arawhata in Le Quesnoy, France and the Traditional Chinese Medicine Museum in Zhubai, China.

> Richard is more optimistic and I'm the realist. We trust each other in our decision-making. Yes, I've had to help modify his thinking from time to time. But then he finds another optimistic way of looking at the problem.
>
> Tania Rodger

Weta Workshop transformed the large atrium of Haikou duty-free shopping complex, the largest in the world, into a multi-sensory, immersive experience called *The Forest at the Edge of the Sky*, setting the benchmark in the emerging "retailainment" (retail entertainment).

Just recently Weta Workshop sent its first performance robot to the United States and is building another one for Europe.

It is designing the Pounamu Pathway, telling the West Coast cultural and historical stories with four visitor centres at Haast, Hokitika, Greymouth and Westport.

Through Pukeko Pictures, Richard and Tania have collaborated on the first official children's television co-production between New Zealand and China.

Tania said the journey has been really fulfilling and rewarding. "I'm proud of the scale and diversity of the business and I'm proud that I shared the journey with Richard.

"He was the artistic person with a passion for sculpture and model making. I was the enabler who developed the process to get things done," she said.

Richard said "in this industry it's amazing the people you meet who are fascinating and then you to get to work alongside then — how awesome."

Upon learning the Visionary Leadership award, Taylor said quintessentially: "What a lovely compliment."

Award-winning performances

Wētā Workshop — "we stand on the shoulders of giants" — has won more than 30 national and international awards (including five Oscars and four BAFTAs) with the help of lots of clever people.

Academy Awards (Oscars)
2002: Won Best Makeup and Best Visual Effects for The Lord of the Rings: The Fellowship of the Ring.
Also nominated: Best Costume Design for same film.
2004: Won Best Makeup and Best Costume Design for The Lord of the Rings: The Return of the King.
2006: Won Best Visual Effects for King Kong.

Others
2021: Los Angeles-based Themed Entertainment Association award for Weta Workshop Unleashed location-based interactive experience in Auckland. Also, Best Award for Lighting Design; and Blooloop (website for visitor attractions) Innovation Award for Storytelling.
2018: Visual Effects Society (VSE) award for outstanding model in Photoreal or Animated Project, Blade Runner 2049.
2017: Themed Entertainment Association for outstanding achievement: Gallipoli, The scale of our war.
2009: Critics Choice Association for Best Makeup.
2006: BAFTA award for achievement in Special Visual Effects: King Kong.
2004: VSE awards for Best Miniatures with The Lord of the Rings: The Two Towers and Return of the King. Also, Hollywood Hair & Makeup Society award for Best Special Makeup with Return of the King.
2003: Hollywood Hair & Makeup Society and BAFTA awards for Best Costume with The Two Towers.
2002: BAFTA awards for Best Makeup and Best Visual Effects with The Fellowship of the Ring. Also, Phoenix Film Critics Society award for Best Costume Design with The Fellowship of the Ring; and Las Vegas Film Critics Society award for Best Costume Design with The Fellowship of the Ring and The Two Towers.
1997: Catalonian International Film Festival for Best Model/Miniature with The Frighteners. Also, NZ Film Awards for Best Contribution to Design with Forgotten Silver and The Ugly.
1995: Catalonian and Portugese Film Festivals and Silver Screen (Holland) for Best Special Effects with Braindead. Also, NZ Fim Awards for Besty Contribution to Design with Braindead and Heavenly Creatures.
1993 and 1991: Fantasy Film Awards (Italy) for Best Physical Effects with Meet the Feebles.
1992: Sitges Festival Award (Catalonia) for Best Special Effects with Braindead.

Other film involvement
The Hobbit Trilogy: An Unexpected Journey, The Desolation of Smaug and The Battle of the Five Armies.
Avatar, and Avatar: The Way of Water.
The Chronicles of Narnia: The Lion, the Witch and the Wardrobe, and Prince Caspian.
Thor: Ragnarok, and Lover and Thunder.
The Last Samurai; Rise of the Planet of the Apes; Mad Max: Fury Road; Blade Runner 2049; Power Rangers; Mulan; Black Panther: Wakanda Forever.

Richard Taylor himself
2012: King Vidor award (San Luis Obispo International Film Festival) for career achievement in film.
2012: Kiwibank New Zealander of the Year.
2010: Awarded Knight Companion of the NZ Order of Merit for services to film; and Wellington Institute of Technology Honorary Bachelor to Creative Technologies.
2009: Supreme Winner of World Class NZ awards.
2007: Ernst & Young World Enrtrepreneur of the Year; Export Year Honorary award; and inducted in Massey University Hall of Fame.
2004: Designers Institute of NZ John Britten award; an appointed Officer of the NZ Order of Merit for services to design and film.

The Visionary Leader award is sponsored by Hobson Leavy.

Resilient growth and shifting

Top profits

#	Name	$m
1	Fonterra (NZX:FCG)	1,241
2	Spark (NZX:SPK)	1,135
3	2degrees	665
4	Infratil (NZX:IFT)	562
5	One NZ (formerly Vodafone NZ)	557
6	Mainfreight (NZX:MFT)	426
7	Air NZ (NZX:AIR)	412
8	Lotto NZ	385
9	Fulton Hogan	382
10	Tasman Steel	340
11	OMV	330
12	EBOS Group (NZX:EBO)	288
13	Ryman Healthcare (NZX:RYM)	258
14	Fletcher Building (NZX:FBU)	254
15	F&P Healthcare (NZX:FPH)	250
16	Zespri	239
17	Genesis Energy (NZX:GNE)	196
18	Silver Fern Farms	189
19	Coca-Cola NZ	184
20	Ingram Micro	165

Biggest losses

#	Name	$m
1	Kiwirail	(771)
2	Kiwi Property (NZX:KPG)	(228)
3	CPB Contractors	(133)
4	Xero (ASX:XRO)	(114)
5	Oregon Group	(107)
6	Matariki Forestry	(85)
7	NZ Post	(56)
8	Heinz	(53)
9	Kaingaroa Timberlands	(50)
10	Frucor Suntory	(38)
11	Visy Holdings	(25)
12	Juken	(22)
13	Farmlands	(19)
14	Goodman Fielder	(15)
15	Synlait Milk (NZX:SML)	(14)
16	Gull	(12)
17	Gas Services NZ	(12)
18	Metro Performance Glass (NZX:MPG)	(11)
19	Pamu	(9)
20	Hellers	(8)

Most improved profit

#	Name	%
1	CablePrice	*25,292.3*
2	One NZ (formerly Vodafone NZ)	*4,783.3*
3	Tourism Holdings (NZX:THL)	*2,452.9*
4	2degrees	*1,884.2*
5	Wilmar Trading	*1,370.7*
6	Ingram Micro	*648.3*
7	Foodstuffs SI	*618.1*
8	Ports of Auckland	*493.7*
9	Emirates Airlines NZ	*480.7*
10	Infratil (NZX:IFT)	*430.3*
11	HEB Construction	*367.4*
12	Martin-Brower NZ	*313.9*
13	C B Norwood	*310.2*
14	JB Hi-Fi NZ	*266.2*
15	Tesla NZ	*261.0*
16	Ford NZ	*259.4*
17	Microsoft NZ	*250.6*
18	Philip Morris	*248.2*
19	Sanford (NZX:SAN)	*243.5*
20	City Care	*207.5*

Most improved revenue

#	Name	%
1	Amazon Web Services	*296.8*
2	Emirates Airlines NZ	*205.4*
3	2degrees	*163.8*
4	Air NZ (NZX:AIR)	*131.5*
5	Tesla NZ	*116.5*
6	Auckland Airport (NZX:AIA)	*107.6*
7	Tourism Holdings (NZX:THL)	*92.0*
8	City Care	*89.2*
9	Shell NZ	*87.1*
10	BP NZ	*63.8*
11	Skycity (NZX:SKC)	*54.6*
12	Robert Walters	*49.6*
13	ExxonMobil	*48.2*
14	Simsmetal Industries NZ	*46.6*
15	Bakels Edible Oils	*45.5*
16	Nokia	*42.4*
17	Wilmar Trading	*41.0*
18	Ixom Operations	*39.5*
19	Kia Motors NZ	*38.9*
20	Infratil (NZX:IFT)	*38.7*

Return on assets

#	Name	%
1	Emirates Airlines NZ	*325.1*
2	Lotto NZ	*178.8*
3	TAB	*68.6*
4	Ingram Micro	*43.9*
5	Aurecon	*41.6*
6	JB Hi-Fi NZ	*32.8*
7	Tasman Steel	*32.0*
8	Spark (NZX:SPK)	*26.2*
9	²degrees	*21.5*
10	Mars NZ	*21.3*
11	Coca-Cola NZ	*20.2*
12	Zespri	*20.1*
13	Apple NZ	*18.5*
14	Beca	*18.1*
15	Silver Fern Farms	*17.2*
16	OMV	*17.0*
17	McDonald's	*16.7*
18	Hallenstein Glasson (NZX:HLG)	*15.7*
19	General Motors	*15.6*
20	Asahi NZ	*15.5*

Return on equity

#	Name	%
1	Lotto NZ	*589.6*
2	Bunnings NZ	*488.5*
3	Emirates Airlines NZ	*483.6*
4	Harvey Norman NZ	*423.7*
5	Pacific Aluminium	*403.4*
6	TAB	*169.5*
7	Nestle NZ	*102.3*
8	Aurecon	*100.0*
9	OMV	*94.3*
10	One NZ (formerly Vodafone NZ)	*93.6*
11	Tesla NZ	*91.7*
12	JB Hi-Fi NZ	*89.1*
13	Ingram Micro	*83.0*
14	Zespri	*74.0*
15	Tasman Steel	*69.0*
16	New Zealand Health Group	*67.9*
17	Spark (NZX:SPK)	*66.5*
18	Apple NZ	*66.2*
19	Ventia	*59.3*
20	2degrees	*58.8*

Newcomers

#	Name	$m
22	One NZ (formerly Vodafone NZ)	1,955
31	Lotto NZ	1,434
37	2degrees	1,253
58	Kmart NZ	919
99	Tesla NZ	500
121	Amazon Web Services	372
122	Emirates Airlines NZ	371
127	Trade Me	349
154	Simsmetal Industries NZ	289
156	Robert Walters	283
163	Graincorp Commodity	266
168	NZ Investment Holdings	260
171	Bakels Edible Oils	257
192	OCS Group	228
-	-	-
-	-	-

Biggest movers

#	Name	Change
82	Auckland Airport (NZX:AIA)	53
87	City Care	45
77	Tourism Holdings (NZX:THL)	42
165	Suzuki NZ	32
138	Ixom Operations	31
132	Kuehne + Nagel	27
119	Horizon Energy	25
115	Kia Motors NZ	23
126	Progress Capital	23
124	Martin-Brower NZ	22
179	CPB Contractors	(81)
183	Mercedes-Benz NZ	(41)
101	Gull	(40)
182	McConnell Dowell	(34)
102	Green Cross Health (NZX:GXH)	(32)
142	Bupa	(28)
198	EastPack	(25)
188	Spotless	(22)
103	Taumata Plantations	(22)
144	C B Norwood	(19)

Just missed the cut

#	Name	$m
1	Compass Group	222
2	Airways	221
3	Compac Holdings	220
4	Precinct Properties (NZX:PCT)	219
5	Mazda NZ	219
6	British American Tobacco	219
7	Honda NZ	217
8	Goodman Property (NZX:GMT)	214
9	Daiken	212
10	Mediaworks	212
11	Sealed Air	212
12	Arvida Group (NZX:ARV)	211
13	Hellofresh	211
14	BMW NZ	210
15	Corys Electrical	210
16	Tetra Pak	209
17	First Gas	208
18	Baxter Healthcare	208
19	Nissan NZ	207
20	Floorscape	207

In last year, not now

PY#	Name	PY $m
19	Downer Group NZ	2,643
40	China Forestry	1,033
83	Waste Management	547
88	DHL	525
103	Orcon	417
116	Mazda NZ	351
120	TVNZ	342
131	Mitre 10	307
154	Summit Forests	264
158	Airwork	258
161	British American Tobacco	251
162	Tasman Liquor	250
164	Tetra Pak	250
199	Blue Sky Meats	209
-	-	-
-	-	-

New Zealand's top businesses showcase remarkable resilience in a challenging year, writes **Tim McCready**

The 2023 Deloitte Top 200 Index reveals significant growth across several key metrics, reflecting the resilience and adaptability of New Zealand's largest businesses.

Total revenues for Top 200 companies increased 12.4 per cent from $204,058 million in 2022 to $229,313m in 2023. This compares to a 9.8 per cent increase between 2021 and 2022. Underlying earnings (Ebitda) increased from $29,917m in 2022 to $32,330m in 2023. This is an increase of 8.1 per cent, compared to a 16.8 per cent increase in 2022.

However, the Ebitda margin, an assessment of operating profitability as a percentage of total revenue (total Ebitda/total revenue) decreased slightly between 2022 (14.7 per cent) and 2023 (14.1 per cent).

Total profits after tax have increased from $11,358m in 2022 to $11,817m in 2023. This is a 4.0 per cent increase year-on-year, compared to a 54.6 per cent increase in 2022. Net profit margin (profit after tax/total revenue) decreased between 2022 (5.6 per cent) and 2023 (5.2 per cent).

Total assets have increased from $284,196m in 2022 to $298,159m in 2023 — a 4.9 per cent increase, compared to a 9.0 per cent increase in 2022.

The number one spot in the Top 200 Index has been held by Fonterra since its formation in the early 1990s. This stronghold continues, with an increase in revenue of 7.1 per cent during the year to reach $24,580m. This increase is mainly due to an increase in sales volumes for continuing operations.

The 200th-ranked entity on the Top 200 Index in 2023 is automation equipment maker Scott Technology, with revenue of $222m. Last year's 200th ranked company, Strait NZ, had revenue of $208m. This is a 6.7 per cent increase in revenue between 200th-ranked companies year-on-year.

Deloitte Top 200 Index

	2023 $m	2022 $m	% change
Revenue	229,313	204,058	*12.4*
EBITDA	32,330	29,917	*8.1*
Tax paid	3,060	3,629	*(15.7)*
Profit after tax	11,817	11,358	*4.0*
Total assets	298,159	284,196	*4.9*
Total equity	133,433	125,357	*6.4*

Transtasman healthcare and animal care products supplier Ebos Group has maintained its number two ranking, increasing its revenue by 16.9 per cent from $11,439m in 2022 to $13,370m in 2023.

Ebos continued to grow its revenue through organic growth and prior year acquisitions which generated a full year of revenue in FY23, contributing to revenue growth in the healthcare and animal care businesses. The revenue gap between the top two companies has remained fairly constant, slightly decreasing by 2.6 per cent.

Fletcher Building (ranked third) revenue decreased by 0.3 per cent from $8498m in 2022 to $8469m in 2023.

The top 10 has seen some movement, with Air NZ re-entering in sixth place (2022: 17th) and BP NZ re-entering in ninth place (2022: 14th).

Z Energy has remained in seventh place, although it is worth noting their revenue for the current period is a 9-month figure due to a change in its balance date. Mainfreight has moved down to eight place (2022: 6th) and Foodstuffs NI has moved down to tenth place (2022: 9th). The result of these movements sees Zespri move down from eighth place in 2022 to 11th in 2023, and Meridian Energy moving from 10th place in 2022 to 17th in 2023.

Top Profits

The top profit for 2023 was $1241m, reported by Fonterra (ranked first in the Top 200 Index), representing a 79.1 per cent increase in the top profit figure year-on-year. Fonterra was ranked second for profit in 2022 with a profit after tax of $661m.

Last year's top profit was held by retirement village operator Ryman Healthcare (90th in the Top 200 Index), reporting a net profit of $693m in 2022. Ryman Healthcare's profit after tax in 2023 decreased to $258m, which sees them in 12th place this year.

The average profit after tax across all 200 companies in the Deloitte Index increased from $56.8m in FY22 to $59.1m in FY23, a 4.0 per cent increase. Spark (13th) has moved up to second place in 2023, from sixth in 2022, with profit after tax increasing by 176.8 per cent from $410m in 2022 to $1,135m in 2023. The 2023 profit included a gain on sale of $583m associated with Spark's sale of Connexa.

2degrees (37th) is a new entrant to the Top 200 in 2023 and is ranked third in the top profits index with a profit after tax of $665m. The 2023 profit included a gain on sale of $620m associated with the sale of its passive mobile telecommunications tower assets to Connexa.

Infratil (42nd) has moved up to fourth place in 2023, from 33rd in 2022, with profit after tax increasing by 430.3 per cent from $106m in 2022 to $562m in 2023.

One NZ (22nd) is a new entrant to the Top 200 in 2023. It is ranked fifth in the top profits index with a profit after tax of $557m. The 2023 profit included a gain on sale of $444m associated with the sale of its passive tower assets.

Fletcher Building (3rd), Meridian Energy (17th) and Mercury (18th) in 2022 have moved out of the top five profits for 2023, but remain relatively highly ranked at 14th, 36th and 32nd place respectively.

Biggest losses

The biggest loss for 2023 was reported by KiwiRail (ranked 53rd in the Top 200 Index), with a loss of $771m. KiwiRail also had the third biggest loss in 2022 and second biggest loss in 2020.

Kiwi Property (169th) posted the second biggest loss for 2023, with a loss of $228m. This is driven by fair value movements in its investment property portfolio, which had an adverse impact on profit of $353m.

CPB Contractors (179th) had the third biggest loss in 2023, which is reasonably consistent with the fourth biggest loss position the construction firm occupied in 2022.

Xero (33rd) and Oregon Group (94th) respectively hold the fourth and fifth biggest losses in 2023. In 2022, Air New Zealand (6th) reported the biggest loss of $591m. This has been turned around in 2023 with a profit of $412m. This is reflective of the improved recovery of the air travel industry in the airline's FY23 results.

Most improved profit

CablePrice (ranked 176th in the Top 200 Index) recorded the most improved profit out of all the entities on the Top 200 index. The importer of industrial machinery and distributor of commercial vehicles saw a 25,292 per cent increase from a $13,000 loss in 2022 to a $3.3m profit in 2023. One NZ (22nd) has the second most improved profit, recording a profit of $557m in 2023, an increase of 4783 per cent.

Tourism Holdings (77th) holds third place for most improved profit, with an increase of 2453 per cent. In the current year, Tourism Holdings recorded a profit of $49.9m, compared to a 2022 loss of $2.1m.

Most improved revenue

Amazon Web Services (121st in the Top 200 Index) reported the most improved revenue for 2023. Its revenue increased to $372m in the current year compared to $94m in 2022. The uplift in revenue has meant Amazon Web Services is a new entrant to the Deloitte Top 200 Index in 2023.

Several other new entrants

rankings across the Top 200

continued from B36

feature in the top five most improved revenue positions for 2023. Emirates Airlines NZ (122nd) increased its revenue by 205.4 per cent to $371m in 2023 to place second for most improved revenue. 2degrees (37th) increased its revenue by 163.8 per cent to $1253m in 2023 to place third. Tesla NZ (99th) increased its revenue by 116.5 per cent to $500m in 2023 to place fifth.

Air NZ (6th) has also seen a strong increase in revenue, an increase of 131.5 per cent from $2734m in 2022 to $6330m in 2023 to place fourth.

Wilmar Trading (74th) held the most improved revenue in 2022 and maintained a place in the 2023 most improved revenue list, at 18th.

ExxonMobil (12th) and Kia Motors NZ (115th) are the only other companies to be included in this index for two years in a row. Simsmetal Industries NZ (154th), Robert Walters (156th), Bakels Edible Oils (171st), Shell NZ (172nd) and Nokia (193rd) are new entrants to the Deloitte Top 200 Index in 2023 that also feature on the most improved revenue index in 2023. Tourism Holdings, 2degrees, Wilmar Trading, Emirates Airlines NZ, Tesla NZ, City Care and Infratil are included in both the most improved profit and most improved revenue index in 2023.

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 the total assets reported.

Emirates Airlines NZ (122nd in the Top 200 Index) holds the top spot for return on assets, with a ROA of 325.1 per cent. Lotto (31st) has returned to the Index and occupies second place for ROA with 178.8 per cent. TAB (125th) has dropped from first place in 2022 to third place this year. TAB has maintained a strong ROA of 68.6 per cent in 2023 compared to 81.4 per cent in 2022.

Ingram Micro (66th) is in fourth place with a ROA of 43.9 per cent and Aurecon (173rd) is in fifth place with a ROA of 41.6 per cent.

Top return on equity

Return on equity measures how effectively a company can generate income relative to the number 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 from skewing results.

Lotto (31st in the Top 200) has returned to the Index in 2023 and occupies the top spot with a return on equity of 589.6 per cent. Bunnings (25th) has taken second place, moving from up third in 2022, with a return on equity of 488.5 per cent.

Emirates Airlines NZ (122nd) is third with a return on equity of 483.6 per cent. Harvey Norman (39th) has dropped from second place in 2022 to fourth place in 2023 with a return on equity of 423.7 per cent for 2023.

Pacific Aluminium (42nd) moved up from sixth place to fifth with a return on equity of 403.4 per cent.

The newcomers

This year, 22 companies were added to the Deloitte Top 200 Index. This compares to last year when 16 companies were added to the Index.

One NZ entered the Index at the highest rank (22nd) with revenue of $1955m.

Lotto NZ (31st) returned to the Index in 2023 with revenue of $1434m. 2degrees (37th) with revenue of $1253m and Kmart NZ (58th) with revenue of $919m were the third and fourth highest ranked newcomers in 2023.

Just missed the cut

Compac Holdings (ranked 201st) just missed the cut to appear in the Top 200 Index by less than $1m, with the 200th ranked company (Scott Technology) achieving revenue of $222m.

Both Airways (202nd) and Compac Holdings (203rd) were close to breaching into the Top 200 Index in the current year, both achieving revenue around the $220m mark.

Deloitte Top 30 Financial Institutions Index

	2023 $m	2022 $m	% change
Revenue	33,095	25,318	30.7
EBITDA	11,573	10,888	6.3
Tax paid	2,805	2,650	5.9
Profit after tax	7,743	7,413	4.5
Total assets	744,557	681,978	9.2
Total equity	67,529	64,211	5.2

The Top 30 Financial Institutions Index sees one new addition to the Index, Suncorp Group NZ (ranked 18th).

The Top 30 financial institutions have again grown their total asset bases, this year by $62,612m from $671,861m in 2022 to $734,473m in 2023. This is a 9.3 per cent increase, broadly consistent with the 5.7 per cent increase seen from 2021 to 2022.

The top bank is once again ANZ, holding assets of $201,134m, up by 8.9 per cent from its 2022 total asset value of $184,769m. ANZ sits comfortably at the top spot with a $65,354m gap in total asset values between first and second place (Westpac). ANZ also outpaces all other banks in terms of profit and equity.

The second place in the Index is now held by Westpac, moving up from third place in 2022, with total assets of $135,780m — an increase of 13.3 per cent from the previous year.

BNZ holds third place, moving up from fourth in 2022 with total assets of $131,420m — an increase of 10.3 per cent from the previous year.

ASB has dropped to fourth place in 2023 from second in 2022, with total assets of $126,896m.

All of the big four banks — ANZ, Westpac, BNZ and ASB — have seen an increase in their total assets in the current year.

Of the big four banks, ASB has both the highest return on assets ratio at 1.3, and the highest return on equity ratio of 15.1.

Kiwibank has retained its fifth-place spot with total assets of $33,838m. Kiwibank's total assets have increased by 7.3 per cent from $31,547m in 2022.

Cumulative profits for the Top 30 financial institutions have increased by 11.4 per cent from $6969m in 2022 to $7764m in 2023.

All of the top 4 financial institutions have had an increase in profit year on year. ANZ reported an increase in profit from $1939m to $2289m (18.1 per cent), Westpac reported an increase in profit from $1057m to $1298m (22.8 per cent), BNZ reported an increase in profit from $1322m to $1414m (7.0 per cent) and ASB has increased profit from $1471m to $1559m (6.0 per cent).

Cumulative equity has increased by 5.9 per cent from $61,870m in 2022 to $65,547m in 2023.

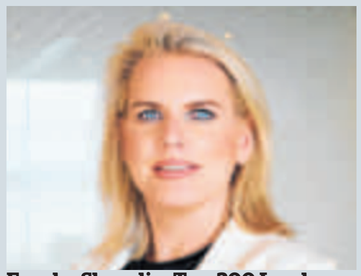
The top nine financial institutions have remained the same nine entities from 2022 to 2023.

MUFG Bank has moved up to 10th place from 11th in 2022, which has caused AMP Life to move down one spot to 11th place this year.

It is noted that certain financial institutions may have released unaudited earnings announcements that are not reflected in the indices or commentary above.

Deloitte Top 200 Team

Cassandra Worrall, Partner Clients & Marketing



Frauke Sharplin, Top 200 Lead

Silvio Bruinsma, Top 200 Audit Partner

Cameron Gray, Top 200 Data Lead

Data gathering & audit team: Chris Wakefield, Romain Saintange, Sarah Hjorth, Jamie Laing, Josh Burgess.
Māori Index: Lee Gray.

Māori organisations navigate growth through financial innovation

Lee Gray

Māori organisations, (which include Iwi and land entities) play a crucial role in New Zealand's economic landscape, contributing to the prosperity of their communities and fostering sustainable growth on a national scale. While the economy is volatile and times are tough across the board, commodity markets and international tourism are sectors particularly vulnerable to the impacts of economic downturn, and these happen to be the industries where many Māori businesses are concentrated. Export, fishing, agriculture, and tourism are highly exposed to international trends. Despite the economic conditions, this year's Top 10 Māori organisations on the Deloitte Top 200 have seen continued success and growth. This success has come through financial innovation and courageous decision-making.

Māori businesses, driven by cultural values, which include a commitment to the environment, their people and sustainable growth, employ a diverse range of capital structures to fund their expansion. Capital structure refers to the mix of debt and equity that a company uses to finance its operations and growth initiatives. In this year's

Top 10 Māori organisations there is a material difference in how the top four have used debt to fund their growth when compared to their more conservative peers.

Māori organisations have historically been conservative in their debt appetite when compared to corporate companies. Part of this conservatism may be linked to the history of land loss and struggle for Treaty of Waitangi settlement that many Iwi have experienced. However, we are now seeing the maturing of Māori organisations, and the application of debt has fuelled growth in these uncertain economic times.

In the case of the entities on the Māori Index in the 2023 Deloitte Top 200, we're seeing debt financing for strategic growth used as a powerful tool amongst the most highly ranked business entities. Low-interest loans, lines of credit, and other debt instruments enable them to invest in revenue generating portfolios, especially property which we've seen increase throughout 2023.

Ngāi Tahu takes the top position once again, with total assets exceeding $2.2b and $1.77b in total equity. Waikato Tainui, with growth attributed to the success of Ruakura inland port and super hub, has maintained its number two spot, very closely following Ngāi Tahu in both total assets and equity. Ngāti Whatua ki Orakei has held steady at number three.

The big movers are Ngāti Toa from the Wellington region and the top of the South Island. They were the 2023 winners of the Institute of Finance Professionals "debt deal of the year" award and have moved from 8th to 4th position. The deal saw them exercise Treaty settlement options to buy 40 schools backed by government leases. While the Iwi took on $368m of debt to complete the transaction, as an intergenerational investor it puts future generations in a strong financial position to benefit from its Treaty settlement.

Top 10 Māori Business Index

	# 2023	# 2022	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
-	1	1	Ngai Tahu	2,214	(2.9)	(4.2)	1,777	(5.2)	(95)	Jun-23
-	2	2	Waikato Tainui	2,207	11.6	3.6	1,762	4.4	76	Mar-23
-	3	3	Ngati Whatua ki Orakei	1,660	7.1	5.5	1,362	6.7	89	Jun-22
▲	4	8	Ngati Toa	811	175.6	28.8	443	44.3	159	Jun-22
▼	5	4	Moana NZ	591	0.1	2.0	501	2.4	12	Sep-22
▼	6	5	Tuhoe Te Uru Taumatua	441	5.2	5.1	438	5.1	22	Mar-22
▼	7	6	Parininihi ki Waitotara (PKW)	384	(1.0)	(0.3)	311	(0.3)	(1)	Jun-23
▲	8	9	Ngati Porou	298	6.4	2.2	252	2.5	6	Jun-23
▲	9	10	Atihau-Whanganui	286	5.1	0.4	232	0.4	1	Jun-22
▲	10	12	Raukawa Settlement Trust	228	9.9	6.4	213	6.9	14	Jun-22

By embracing collective ownership, engaging with iwi investment funds, leveraging government support, and approaching debt financing with cultural sensitivity, these enterprises are successfully navigating the dynamic business landscape. Their approach to capital structure stands as an example of how financial decisions can be rooted in cultural values while fostering economic prosperity for both their communities and the broader New Zealand economy.

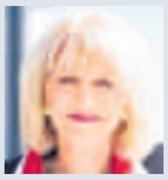
● *Lee Gray is lead partner — Hourua Pae Rau, Deloitte.*

The specialist category judges

Young Executive of the Year

Joan Withers

Joan Withers is a business leader with extensive governance and executive experience.



She currently serves as Chair of The Warehouse Group and is a director of Sky TV, ANZ NZ, and ASX-listed Origin Energy.

Joan has held chief executive positions in some of New Zealand's largest media companies and has chaired Auckland International Airport, TVNZ, and Mercury NZ Ltd.

She has led significant organisational transformations, driving change and achieving impressive results.

Joan holds an MBA from the University of Auckland and has received numerous awards for her contributions to business and the community, including the Deloitte Top 200 Chairperson of the Year and Supreme Winner in the Women of Influence Awards.

She has also been recognised with the New Zealand Shareholders' Association Beacon Award, the CAANZ Media Excellence Award, and induction into the TVNZ Marketing Awards Hall of Fame.

Liam Dann

Liam Dann 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. He has also worked in the banking sector in London and travelled extensively.

Rob Campbell

Rob is currently the Chair of Ara Ake Limited and 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 (CNZM) and received the Distinguished Alumni Award from Victoria University of Wellington.

Rob holds a Bachelor of Arts with First Class Honours in Economic History and Political Science and a Master of Philosophy in Economics.

Diversity and Inclusion Leadership

Juliet Tainui-Hernandez

Juliet Tainui-Hernandez (Ngāi Tahu, Te Whakatōhea) has 25 years' experience, in Aotearoa and internationally, in various roles spanning across dispute resolution,

regulation and risk management, business transformation, strategy, innovation, change and broad leadership and people-related roles.

Juliet qualified as a Barrister and Solicitor in Aotearoa in 1999, in Australia (NSW) in 2001, and in England and Wales in 2007.

Juliet returned home to Aotearoa in October 2020 after two decades offshore to take up her current executive and governance roles.

She leads the Auckland office at Te Pūtea Matua, the Reserve Bank of New Zealand and is an Assistant Governor and the General Manager of Transformation, Innovation, People and Culture.

She is also a Non-Executive Director on the boards of Ngāi Tahu Holdings and KEA.

She is passionate about diversity, equity, inclusion, well-being and integrating te ao maori as a means of creating a stronger and more prosperous Aotearoa New Zealand.

Ranjna Patel

Ranjna, with her husband Kanti, set up the East Tāmaki Healthcare Business in 1977.

Tāmaki Health has 50 clinics serving over 260,000 registered patients, and is the largest Private Primary Health care Provider in NZ. In 2014 she founded Gandhi Nivas, a Family Harm initiative that has seen some amazing results in non-recidivism in men.

Ranjna has extensive involvement in charitable and community groups for which she received a QSM in 2009 and ONZM in 2017.

She sits on many advisory boards – Diversity Works NZ, Dep Chair, Mental Health, ISSO Swaminarayan Temple, NZ Police National Ethnic Forum, CM Police advisory Board and Indian Ink. Over the years she has been on NACEW, Lotteries Distribution Committee, Middlemore Foundation, Co of Women, Global Women, and Director of Bank of Baroda. She was past chair of the NZCIA Women's Group, President of the Manukau Indian Association and vice chair of NZAL.

Simon Moutter

Simon is best known from his time as Managing Director of Spark New Zealand between 2012 and 2019.

Simon was responsible for the overall leadership and strategic direction of Spark, through its various business divisions and brands which provide 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.

As a passionate and committed Kiwi, he embodied Spark's purpose of helping all of New Zealand to win big in a digital world.

Today Simon is a director of the Commonwealth Bank of Australia and is chairman of three privately owned companies — Les Mills International, Smart Environmental and Designer Wardrobe.

He works alongside the management teams of these companies to help accelerate their growth.

Sustainability Leadership

Katie Beith

Katie has been in the Responsible Investment industry for almost 20 years, with the first part of her career spent overseas, predominantly in the UK.

On returning to New Zealand in 2015, she joined Super Fund as a Senior Investment Strategist for Responsible Investment.

In 2021, Katie joined Forsyth Barr as Head of ESG where she is responsible for incorporating environment, social and governance principles.

Katie serves on the External Reporting Board's Stakeholder Advisory Panel (XRAP), is Deputy Chair of the NZ National Advisory Board for Impact Investing and is also on the Investment Committee for NZ impact investor, Purpose Capital.

Jo Kelly

Jo is the Chief Executive of the Centre for Sustainable Finance: Toitu Tahua.

She has delivered cross-continent sustainability initiatives between some of the world's best known business leaders, including the B Team, a global business leadership collective.

Jo helped establish and is a board member of a private Cancer treatment & trials centre in Auckland and a board member of B Lab AANZ, the non-profit organisation that supports the Australasian community of certified B Corps.

New Zealand Herald Business Reports 2023

An archive of the Herald's Business Reports series is held at https://bit.ly/herald-business-reports

BUSINESS REPORTS

WITH THANKS TO OUR SPONSORS