Dynamic Business

ANALYSIS, TRENDS AND INTERVIEWS

Towards 2025

EXCLUSIVE REPORT:
DELOITTE TOP 200 AWARDS

Inside Dynamic Business 2024

Towards a more productive economy?

2025 will be a turning point for Christopher Luxon's Coalition Government.

His Cabinet will still be toughing it out when it comes to keeping control of the fiscal levers. The "deep economic turnaround" promoted by the Prime Minister has proved challenging.

He has earmarked next year as the beginning of a strong focus on growth and jobs to deal with the "30-year productivity disease that we have got".

A high-profile Infrastructure Investment Summit early in the year will give a lift to both Government and private sector alike. Particularly, if it ultimately leads to significant international investment in transport projects, renewables and mining.

Infrastructure New Zealand's Nick Leggett suggests asset recycling is one answer.

The *Herald*'s Dynamic Business report, Towards 2025, explores some transformative technologies New Zealand might pursue to become a more productive economy.

It's notable that New Zealand has slipped down the IMD World Digital Competitiveness rankings, dropping from 25 to 33 in one year.

The plain truth is we are not investing sufficiently in R&D. But as Spark CEO Jolie Hodson points out judicious use of AI in New Zealand business could lead to a huge productivity lift.

We report on how Taxi, a fintech startup, uses provisional tax payments as security to offer businesses low-interest loans — at rates far below traditional banks.

When it comes to the environment, Russell McVeagh partner Michael Loan says New Zealand must invest more in electricity generation capacity to meet the demand caused by the electrification of industry and transport. Green hydrogen is promoted as a salve.

But it is more complex than that.

Auckland Business Chamber's Simon Bridges has a welcome focus on the short term, with suggestions on how to spark growth.

Elsewhere, economist Cameron Bagrie says New Zealand is at an inflection point. He says we don't need a sugar-rush upturn. Bagrie says we need better foundations to our economy.

And influential political analyst Richard Harman reports that tensions are likely to become more evident next year. Particularly, as 2026 and the election approach.

That's unlikely to deter Foreign Affairs Minister Winston Peters and Trade Minister Todd McClay who are among the most successful Cabinet Ministers.

They have covered the Indo-Pacific this year — but in 2025 will zero in on India.

We are once again proud to showcase, in this report, the winners and finalists in the 2024 Deloitte Top 200 awards.

Enjoy the report.

Fran O'Sullivan

Executive Editor

On the Cover:
Deloitte Top 200 award winners, left-right from the top: Mat Mowbray — Visionary Leader; Jan Dawson, Chairperson of the Year; Miles Hurrell — Chief Executive of the Year; Fonterra — Company of the Year; Anna Mowbray — Visionary Leader; Nick Mowbray — Visionary Leader; Dr Oliver Hartwich — Judges' Recognition; the Mowbrays' Zuru. The 2024 Deloitte Top 200 awards were showcased in Auckland last evening. Video highlights are featured on nzherald.co.nz/business and in Markets with Madison.

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Dealing with NZ's 'productivity disease'

Dynamic Business
Fran O'Sullivan

Prime Minister Christopher Luxon spells out his hopes and intentions ahead of an Infrastructure Investment Summit next March

High-profile international investors like Larry Fink's BlackRock are being targeted to invest more capital in New Zealand infrastructure.

The Prime Minister met with Fink in the United States earlier this year.

He is hopeful that BlackRock – and major pension and sovereign wealth funds – will be among the names the Government attracts to a two-day Infrastructure Investment Summit in Auckland mid-March.

This marks a turning point in Christopher Luxon's agenda.

Since forming the Coalition in November 2023 he has been engaged in leading what he labels a "deep economic turnaround".

His Government has made some progress. Inflation and interest rates have come down.

But it has proved painful and divisive and some truly awful numbers will be unveiled when Treasury posts the Half Year Economic and Fiscal Update on December 17.

"Of course you've got to keep the pressure on that space, but now it all moves to growth," says Luxon.

"It needs to move to growth and jobs in dealing with the 30-year productivity disease that we've got.

"We've started those conversations already, but we've got to really flesh that out over the course of the next year."

Last Sunday, New Zealand's new national infrastructure agency began operations. The agency will unlock access to more capital for infrastructure and will strengthen the Government's private finance and commercial capability.

It has been created from a repurposed Crown Infrastructure Partners (CIP) to act as the Crown's 'shopfront' to receive unsolicited proposals and to facilitate private sector investment in infrastructure, partner with agencies, and in some cases, local government on projects involving private finance, and administer Central Government infrastructure funds.

Work is also under way on a 30-year National Infrastructure Plan.

Luxon has held meetings with major investors during missions to Southeast Asia and Japan this year, often accompanied by Morrison's Paul Newfield who oversees a sizeable fund.

I've been sitting down with the investors," he relates. "But the problem that we've got is we need access to those superannuation and pension funds for our public infrastructure development.

"When I've sat down with those investors, they're very open to New Zealand, and now they've got a Government that is very open to partnering with them – in PPPs for example."

Prime Minister Christopher Luxon met with Larry Fink, CEO of BlackRock, in Washington DC during his visit for the NATO summit in July.

> When I've sat down with those investors, they're very open to New Zealand, and now they've got a Government that is very open to partnering with them, in PPPs for example.
>
> Christopher Luxon

The Prime Minister is excited about the upcoming summit, forecasting it will be a catalyst for connectivity between the large offshore funds and New Zealand.

Projects are being fast-tracked to deliver a new generation of Roads of National and Regional Significance (RoNS and RoRS) for New Zealand to support economic growth and get people and freight to where they want to go, quickly and safely.

There are 22 renewable electricity projects that will help electrify the New Zealand economy, boost energy security and help New Zealand address its climate change goals.

New Zealand has abundant renewable energy resources but the planning system puts barrier after barrier in the way of taking advantage of them.

Collectively the projects will contribute an additional 3 gigawatts of generation capacity, if all consented.

By comparison, Auckland's historic peak demand is about 2 gigawatts.

Cabinet Ministers like Transport Minister Simeon Brown, will take part in the summit. "Simeon should be able to stand up and offer up a package of roads, for example, as an asset class," adds Luxon.

The Prime Minister has studied what makes other small advanced economies successful.

He doesn't buy the slogan that New Zealand punches above its weight. "It's nice that people think positively about our country and our people. But that has to be converted into investment and into exports."

Science and Technology

Sir Peter Gluckman's review of the science sector is well overdue. Says Luxon: "I personally feel we've been too siloed in the institutes, universities and the businesses, and as we've seen examples like Ireland and Israel.

What small advanced economies do well

Vision and Goal-Setting: These countries often set out very clear visions and goals for their economic development, whether it's becoming a global hub for certain industries or achieving specific productivity targets.

Ecosystem Approach: Countries like Ireland and Israel have focused on building robust innovation ecosystems that connect universities, research institutes, and businesses.

Targeted Sector Development: Rather than trying to do a little bit of everything, successful small economies have often focused on developing world-class capabilities in specific high-potential sectors. The Prime Minister sees opportunities in areas like space, advanced aviation, and agri-science.

Commercialisation: Ensuring local innovation and R&D gets effectively commercialized, rather than being taken overseas, is a key lesson.

Welcoming Investment: Countries like Singapore have cultivated a very proactive, welcoming attitude towards foreign investment. The Prime Minister wants to shift New Zealand's mindset from being reluctant to embracing and facilitating international capital.

We need to get the right ecosystem for us."

He cites space and advanced aviation as areas that should be growing organically. Advanced agriscience and software are also exciting.

"I do think we have to focus on areas where we think we can build out real capacity, capability and expertise and will be number one or two in the world at."

Plant & Food Research is also an opportunity, he says. "There is incredible technology sitting there, incredible innovation and amazing science. And the challenge now is they want to commercialise it.

"We want them to commercialise it and not have New Zealand science be commercialised in Australia or the US."

Taxing stuff

Unlike Ireland, which has offered a 12% corporate tax rate for international investors, there are no plans to follow suit here. "We haven't had a specific tax conversation. Obviously, it's pretty challenging at the moment as we just deal with the fiscal cleanup job that we've kind of got to get into shape," says Luxon.

"But, there is a big appetite in the Government to welcome investment, and the mindset needs to change from not this privilege to invest in New Zealand to actually welcome and thank them for coming."

Asset sales are not on the agenda either: "My commitment has been no asset sales. Understand we've got to get a lot of the fundamentals right.

"We've got two years to the next election. We have to do the fiscal repair job and get inflation under control and get the investment thing right.

The March summit will provide a readout on how international investors view us.

New Zealand Infrastructure Investment Summit

The New Zealand Infrastructure Investment Summit is slated to be held in Auckland on March 12/13.

It will showcase upcoming infrastructure opportunities in New Zealand, including investment and development opportunities, and provide an overview of NZ's infrastructure vision.

It will highlight Government's Infrastructure vision, enabling policy and legislative work programme, the approach to partnering with private sector organisations to deliver the infrastructure New Zealand requires over the coming years and importantly, to showcase specific infrastructure investment/deal opportunities in several public infrastructure areas.

The project is being led by Treasury Deputy Secretary Financial and Commercial Leilani Frew. Others involved include: NZTE Australian Investment Director Andrew McGowan and NZ Story Director of Major Events Jonathan Alver.

Bridging our growing divide

Consensus policy-making has become more difficult as the periphery grows in influence

Dynamic Business
Cameron Bagrie

The economy is getting back on track.

Sort of.

We can celebrate that interest rates are coming down. With almost 50% of borrowers to refix mortgages in the coming six months, monetary policy will be providing an economic injection.

Bad economic news has laid the platform for better times.

The government is claiming credit but the seeds sown in 2023 and 2004 were the delivery in crushing inflation, though non-tradable (domestic) inflation is still too high and needs watching.

Now the debate needs to start on the quality and durability of that economic improvement we are starting to see. Will it be of quality?

There are numerous issues we need to own up to as well as opportunities.

My biggest concern is division.

This growing divide we have across New Zealand, as illustrated by the recent hīkoi to Wellington, or farmers taking their tractors to Parliament in opposition to the previous government has been socially and economically corrosive.

The political centre (National and Labour) got 65% of the vote at the last election. The periphery got 35%. Extremism is becoming more common.

Consensus policy-making has become more difficult as the periphery grows in influence.

Uncertainty rises with that. Uncertainty carries a risk premium. That makes businesses nervous. They do not invest, or any investment requires a higher risk premium.

Division is a global theme. Populism and short-termism are driving politics more and more.

It is not good for the New Zealand or the global economy.

The head of the International Monetary Fund recently noted dissatisfied populations as global growth moderates.

The Government and Prime Minister need to lead. They (he) are not.

They need to find more common ground. Work better to get consensus in areas such as education and infrastructure.

There must surely be common growth when it comes to kids and infrastructure. Education and infrastructure are essential economic enablers.

We urgently need to have a national discussion and hui on productivity.

Without productivity, or doing things better, living standards stagnate. It's a recipe for an exodus out of the country which we are seeing though the departure of New Zealand citizens.

Productivity drives living standards. It provides the coin that underpins many aspects of well-being. It drives the tax coming in the government's coffers.

The Treasury's chief economist has been direct in the past week. There is "accumulating evidence of a sustained productivity slowdown."

The Reserve Bank also acknowledged in their October Official Cash Rate (OCR) decision that "low productivity growth is also constraining activity."

The days of selling more expensive houses to each other are done. Tourism, China, and migration — previous fire-powers of growth — are not there.

Back in May, the Treasury noted that "productivity for the whole economy averaged 1.4% a year between 1993 and 2013 but averaged only 0.2% a year over the last 10 years."

That is an economy in serious structural trouble.

The finger is consistently being pointed at the government and what they can do.

Or at a trend decline in global productivity growth — which has not matched New Zealand's decline.

People need to understand that New Zealand's economic model is morphing. The days of selling more expensive houses to each other are done. Tourism, China, and migration — previous firepowers of growth — are not there.

Welcome in the new economic drivers. Productivity. Business investment. Natural resources.

Better policy. And businesses lifting their game.

These economic drivers require new discussions and a different policy prescription and acceptance.

The Reserve Bank's decision, for example, to get banks to hold more capital has been a huge own-goal encouraging home lending at the expense of real productive lending.

Why are more questions not being asked at to why exports have dropped from 29% to 25% of gross domestic product?

We are starting to see better nuances from government, though far from complete, in areas such as education. The Government's aspiration of doubling exports is too much demand (market access) focused and needs more supply focus (how we produce the stuff).

The recent announcement of the fast tracking of initiatives will help.

New Zealand has a huge natural endowment that needs unlocking to drive growth, but also managing the risks around growth. An example is water and irrigation which could be a huge enabler. Horticulture has huge upside. Security is now a key theme in trade. New Zealand is yet to define its strategy and the opportunity.

The business sector needs to lift its game too if we are going to get out of this hole.

The OECD's economic assessment for New Zealand in 2022 had some pretty pointed comments to make about management and governance.

"Managerial practices in New Zealand lag behind other advanced OECD economies, holding back the adoption and effective uses of digital technologies."

"Management boards in New Zealand's firms are often more focused on preserving existing value and regulatory compliance than on growth strategies that involve productivity-enhancing investments and international expansion."

The NZX 50 Index has not performed well in recent years compared to global peers. Companies were slow to respond to the economic signals in 2023 and cut costs.

● *Cameron Bagrie is the Principal of Bagrie Economics.*

The bottom line

New Zealand is at an inflection point. A sugar rush is coming from lower interest rates. We are seeing it initially within housing market activity levels though not in prices so far.

A sugar rush upturn is not what we need though.

We need better foundations. Tough times often deliver better foundations because they make people focus.

I'd favour a bit more economic hurt as the building blocks on a more sustainable economic gain.

Three policies for growth, that are needed right now

Our short term really matters and we need growth where we can get it, writes **Simon Bridges**, CEO of Auckland Business Chamber

> Short-term visa free entry for travellers from China and India? There could be fish hooks. But it could also be that the economic pros massively outweigh the cons. Fully utilised hotels, motels, restaurants, bars, bungee jumps, and campervans — that could really be something.'

One of the beauties of being an ex-politician is that you realise how much easier it is to throw out policy ideas without the same level of scrutiny that applies when you do it from the front lines of active politics. In this column, I am going to do exactly this: propose three policy ideas that would provide for growth, acknowledging that I do so without armies of policy people to vet them and without proper cost-benefit analysis.

That said, everything I say in this column has been suggested to me by multiple Auckland businesspeople who I respect and who speak from direct experience in their fields. All are aimed at providing short-term growth injections into New Zealand's economic arm.

This is incredibly important.

Too often these days, the fashionable thing for our political and business classes to do is prattle on about the long-term's importance. It makes them feel noble and has the added benefit of being talk for which they'll be totally unaccountable.

The reality is there is no long term without the short term, and we need more economic growth to grow jobs and income and ultimately keep New Zealanders in our country right now. Getting growth is an urgent issue the government should feel daily pressure to perform on because it is their policy settings that make all the difference.

Boost tourism by considering visa free entries for important markets

Tourism isn't back to pre-Covid levels. The last figures I saw had us at around 85% and slowly growing. This is progress but not enough.

The difference between this current state and 100% (or higher) is hotels, restaurants, and retail not making profits today when they once were, and should be again.

What's more, the feedback I receive is that for a government that is pro-business, it's making it harder and costlier, not easier, to get into our country and spend lots of money having fun.

Indeed, with recent policy changes, getting a visa and coming to New Zealand for a holiday is now more complicated, takes longer, and costs more for Asian tourists.

If you are Chinese, you now need to fill out more paperwork and obtain certified translations into English at a higher cost—about 2500 RMB (NZ$590)—which creates confusion and complaints, including that Australia is much easier and cheaper.

Clearly, our current policy positions are barriers to coming. Asian travellers book later—often last minute—than European and American visitors, and with confusion about English language requirements, for example, they may well just spend their money elsewhere.

I'm told, for example, that the $2500 RMB (NZ$590) for our visa gets you a few days in a nice place in Thailand. Why then would we make it harder for higher-value customers?

Tourism has been our number one performing sector in the past.

Let's not be sniffy about it - let's have policies that go for growth.

One such policy would be to resume a fast-track process we've seen before, where at least higher-value customers—say, business class and gold members of the incoming airlines—can get in more quickly and smoothly.

But what about being even bolder? Earlier this year, Chinese Premier Li Qiang announced 15-day visa-free travel to China for New Zealanders.

I've taken advantage of it twice since then. It means that now, as a Kiwi, it is as simple as having a valid passport, buying your tickets, and getting on the plane. Couldn't we reciprocate? China is no longer a poor country. It has hundreds of millions of middle classes with options.

Let's get more of them back here, enjoying and, more importantly, spending.

Finally, it would be remiss not to mention another country with over a billion people.

The *Economist* magazine has written a fair amount recently about India's burgeoning middle class, which wants to travel on holidays.

It says overseas spending by Indian travellers tripled between 2010 and 2023 to US$33 billion. One forecast suggests it will rise again to US$45b next year.

Indian travellers are some of the latest to make decisions about coming, and the feedback on Immigration NZ from Indian VIPs I have interacted with is very negative. As one high-net-worth individual said to me: "Don't you want me to visit you?".

Let's also look to streamline processes for at least higher-worth Indian travellers and possibly consider something more radical, like the short visa-free period I have suggested for China.

In India's case, I accept there will be some fish hooks. India is a very big country that's still developing, and there could be overstaying problems. But it could also be the economic pros massively outweigh the cons. Fully utilised hotels, motels, restaurants, bars, bungee jumps, and campervans — that could really be something.

Provide more enabling investor migrant settings

Currently, the settings for the investor migrant residency path say you must bring $5 to $15m into New Zealand to invest in something approved by New Zealand Trade and Enterprise that isn't a listed company and, therefore, will be fairly illiquid and with elevated risk.

Funnily enough, almost no one now applies in these categories like they used to.

Get on with getting more international students

As with tourism and investor migrants, international student numbers are also still well down from pre-Covid times, and the policy settings in place, formally and informally, seem to be clearly opposed to getting us back to where we have been.

Remember, this was once a $5b sector for New Zealand, bigger than, say, the wine and fintech export sectors today combined.

New Zealand needs more export sectors of scale if we are to reach the government's lofty (and long-term) goal of doubling exports, growing jobs and incomes, and keeping Kiwis here.

Settings should be urgently reviewed to make them more attractive.

The window is now as naturally more alluring markets, such as Australia and Canada, pull back.

One comment I have heard a couple of times is that this doesn't necessarily need to include an inevitable path to residency for the student.

Australia and Canada have had relatively more relaxed international student requirements and higher residency ones, and we could learn from this, boosting this export services sector without automatically selling jobs and residency to each student afterward.

I've deliberately written here about some challenging sectors in recent times.

Some can be quite fickle about them, thinking we don't need or want them as much as others anymore.

I disagree, but I would argue that in any event, right now, we are in the position of not having enough sectors going well to be complacent about these formerly top breadwinners.

Our short term really matters, and we need growth where we can get it in it.

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

Clockwise: Meeting Saudi Minister of State for Foreign Affairs Adel al-Jubeir; signing the Agreement on Climate Change, Trade and Sustainability in Lima; with Indian Minister of State for Commerce and Industry Jitin Prasada on the sidelines of G20, Brazil.

> As we look to 2025 and beyond, the message is clear: we will be out on the world stage hustling to ensure New Zealand can seize every opportunity, grow, adapt, and succeed in the global economy.
>
> Todd McClay

A big year for NZ Trade

Our ambition sees New Zealand as a world-leading small-advanced economy by 2040, writes **Todd McClay**

This has been a very big year for New Zealand trade with much achieved in a relatively short period of time.

And if ever our exporters needed some good news, it's probably now.

For New Zealand there are always headwinds. Much of the world remains protected and we are forever battling to level the playing field and give Kiwis a fair go on the world stage.

However, as 2024 draws to a close, New Zealand is well-positioned to navigate a complex and evolving global trade and geopolitical environment.

From navigating shifts in global economic policy to expanding our presence in key markets, we have taken deliberate steps to ensure that New Zealand remains competitive and resilient.

As an exporting nation, our future prosperity hinges on meeting the challenges of a shifting global landscape with ambition and determination — but this is not something new.

At Apec in Lima this month, amidst discussions on uncertainty and trade pressures, I found optimism among global leaders — a determination to act decisively and carve out opportunities where we can.

Our Prime Minister Chris Luxon has set a bold vision: New Zealand as a world-leading small-advanced economy by 2040. This ambition is backed by our ambitious target to double exports by value within 10 years. Achieving this is no small feat, but the groundwork is being laid through new and exciting trade agreements, dismantling trade barriers, and targeted trade missions that deliver results for Kiwi companies.

A Year of Milestones

It's important to take stock of what we've achieve and where we should be heading next. Our trade negotiators are some of the best in the world, and they've worked extremely hard this year.

In March we were one of the few countries to succeed at the WTO Ministerial meeting in Abu Dhabi where, as a Vice-Chair we successfully negotiated an extension to the e-commerce Moratorium that sees all e-commerce remain tariff free — giving certainty to New Zealand and the worlds exporters.

In May, the European Union free-trade agreement (EUNZFTA) entered into force many months sooner than predicted, providing $46 million of tariffs saved for Kiwi exporters that they would otherwise have missed out on this year.

In September, we concluded the New Zealand — United Arab Emirates Comprehensive Economic Partnership Agreement, our first free trade agreement (FTA) in the Middle East, giving Kiwi exporters commercial advantage in that growing market. The agreement was negotiated in just over four months and delivers 98.5% tariff elimination on New Zealand exports on entry into force, rising to 99% after three years.

Last month, after just seven months of reengagement, we concluded a trade agreement with the Gulf Cooperation Council (GCC) — unfinished business for successive Governments over 18 years — with a particular focus on goods and services trade. The agreement includes provisions that will make doing business easier, with preferential access for our primary sector exporters, streamlined customs procedures, reduced trade barriers, and commitments to level the playing field for Kiwi services businesses entering the market.

It also delivers duty-free access for 99% of New Zealand's exports over 10 years, and when combined with the UAE agreement removes tariffs on 51% of our exports to the Gulf on day one.

These two agreements secure market access in a highly competitive market for beef, lamb, dairy, manuka honey, fish, and many, many other goods, and contribute towards our ambitious goal of doubling exports by value over 10 years.

Both agreements also include provisions on intellectual property; transparency and trade and sustainability; and include commitments to international labour standards through the ILO, and to climate.

The GCC agreement also includes a section on women's economic empowerment with commitments to the Convention on the Elimination of All Forms of Discrimination against Women. New Zealand also secured our Treaty of Waitangi exception to allow us to meet Treaty obligations.

> By aligning our exports with evolving consumer trends, fostering innovation, and reducing barriers, we are ensuring our economy remains resilient and competitive.

Finally, in November, at Apec in Peru, we signed the agreement on trade with sustainability with Costa Rica, Iceland, and Switzerland; particularly good for our sheep farmers and wood producers to bring down tariffs on sustainable products New Zealand sells to the world.

Growing New Zealand's trade relationships is part of the government's plan to grow the economy, lift incomes for all Kiwis, and create jobs.

Breaking Down Barriers

Beyond signing new deals, we're tackling non-tariff barriers (NTBs) and technical barriers to trade (TBTs) that hinder our exporters.

This year alone, we've resolved barriers impacting more than $730 million worth of goods exports.

From restoring access for log exports to India, to extending tariff-free conditions for digital exports to all WTO members, to getting a 12-month reprieve from EU deforestation regulations that could cost our exporters up to $200m each year — these efforts are reducing costs for Kiwi businesses.

Next year, we aim to address $900m NTBs, including regulations affecting cosmetics in China and structural timber exports to Australia. We are also holding Canada accountable for breaching commitments under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), through a legal trade dispute that New Zealand is prosecuting to ensure our dairy farmers receive their rightful market access.

Engaging Directly with Markets

Trade missions are the backbone of our market engagement strategy. This year we have led eight trade missions with delegates representing 128 New Zealand businesses to: Brazil, China, Japan, Malaysia, the Philippines, Singapore, South Korea, Thailand, and the US.

These missions resulted in 105 commercial outcomes worth millions of dollars. Most notably in just the last month, 13 Memorandums of Understandings signed in Brazil resulted in $100m worth of partnerships for emerging companies in the tech and agribusiness space, and 24 partnerships worth $340m from the delegation of nearly 70 New Zealand companies that attended the China International Import Expo (CIIE).

Continuing this ambition and hustle next year, we are delivering on our campaign promise to deliver more trade missions than any other government during this term of parliament to help businesses harness market access secured through new trade agreements.

Staying Connected

The Coalition Government is reestablishing connections around the world that are important to our economic future. I've had the opportunity of meeting with counterparts from countries we trade with and those we want to trade with more. This includes three visits to India and six meetings with the Indian Commerce Minister, six visits to the Middle East, two visits to China and five meetings with my Chinese counterpart, and four meetings with my EU, and six with UK counterparts respectively.

We've also engaged with Trade Ministers from Latin America, the CPTPP, APEC, OECD, Southeast Asia, Japan, Singapore and Africa.

New Zealand was privileged to be invited to attend the G7 for the first time, and the G20 Trade Ministers meetings in Italy and Brazil, opportunities to talk to some of the world's largest economies about our values and trade priorities.

The Road Ahead

The path to doubling export value won't be without hurdles. Global demand for sustainable, traceable products is rising, and New Zealand must remain at the forefront of meeting these expectations. By aligning our exports with evolving consumer trends, fostering innovation, and reducing barriers, we are ensuring our economy remains resilient and competitive.

Trade isn't just about numbers on a balance sheet — it's about creating jobs, lifting incomes, and securing a better future for all New Zealanders.

As we look to 2025 and beyond, the message is clear: we will be out on the world stage hustling to ensure New Zealand can seize every opportunity, grow, adapt, and succeed in the global economy.

● *Todd McClay is tthe Minister for Trade and Agriculture*

FIF rules: the context has changed

Tim McCready

Venture capitalist Rob Coneybeer underscores the connection between talent, innovation and foreign direct investment (FDI).

"While FDI is important, it is the talented individuals who drive innovation — and that innovation is what ultimately attracts investment," he says.

Using Rocket Lab as an example, Coneybeer illustrates how founder Sir Peter Beck built an internationally renowned company by assembling a highly-skilled team, with many recruited from outside New Zealand. Their collective expertise brought in global investment and helped establish New Zealand as a leader in space technology.

Coneybeer, who is managing director and founder of US-based venture capital firm Shasta, underlined the issues at the recent United States Business Summit in Auckland.

A migrant to New Zealand himself, he highlights the country's natural advantages: political stability, its environment, and a reasonable cost of living. He says these factors all make New Zealand an appealing destination for global talent, but the FIF rules turn otherwise enthusiastic innovators and investors away.

"New Zealand can have a great big bucket for foreign direct investment, but if you have this big hole in the bottom that keeps people from engaging and living here, then it's not worth the effort," Coneybeer says.

Revenue Minister Simon Watts recently announced a review of the FIF rules as part of Inland Revenue's tax and social policy work programme. This has been broadly welcomed by both business leaders and policy analysts, who have long argued for reform.

Rob Coneybeer and Barbara Edmonds at the US Business Summit.

Labour's finance spokesperson Barbara Edmonds supports the review, acknowledging the FIF rules are outdated. "When the FIF rules were designed, we didn't have the global mobility of labour that we have now. The context has changed, and people are more able to choose New Zealand as a place to work," she says.

Edmonds — a former Labour Revenue Minister and IRD tax lawyer — says the potential fiscal loss as a result of any changes will be top of mind for the government, but "there are some elements that could be changed on the edges without it being a potential risk to revenue base," such as adjusting the $50,000 threshold which hasn't changed since the rules came in.

She also points to the transition period as another area that could be considered. It is currently four years but could be extended.

Coneybeer suggests that options should be explored such as allowing individuals to voluntarily opt into a capital gains taxation instead of FIF. He argues that this approach could be revenue-neutral or even revenue-positive.

"If they had the ability to opt into realisation-based taxation on assets in lieu of FIF, then that revenue could come to New Zealand because it is already accounted for with a clear offset against US capital gains tax in the tax treaty," he says.

Edmonds points out that the FIF rules make up part of a broader discussion on tax reform. She notes growing momentum, citing the International Monetary Fund (IMF), the World Bank, the OECD, and senior business leaders who have identified gaps in New Zealand's revenue base.

"There is an opportunity to look at the FIF rules and how they work, if New Zealand had a capital gains tax," she says.

Green energy: a competitive edge

Reflecting on what New Zealand could lean on to attract further international investment, Edmonds told the US Business Summit that New Zealand's renewable energy resources offer a unique competitive edge. She sees it as a foundation for addressing several of New Zealand's challenges simultaneously: climate resilience, economic growth, and job creation.

She highlights the strategic importance of New Zealand's clean energy advantage, particularly as companies intensify efforts to decarbonise supply chains. The ability to offer clean, renewable power positions New Zealand as a preferred location for companies looking to align operations with sustainability goals.

"New Zealand has an edge ahead of the world in renewable energy," she says, noting that climate-related disclosures are requiring companies to track emissions through their supply chains which makes New Zealand's high proportion of renewable energy a magnet for international businesses.

"More and more international companies, including one I met from the US just a couple of weeks ago, want to come to New Zealand and scale here because of our renewable energy sources," she adds.

"Our high renewable energy numbers already give us a significant head start," Edmonds says. But she stresses the importance of continued investment in energy generation, transmission, and storage infrastructure to fully realise this potential.

Foreign Investment Rules

New Zealand's Foreign Investment Fund (FIF) rules are increasingly cited as a impediment to attracting global talent and investment to New Zealand. Introduced almost 40 years ago, the rules were designed to prevent wealthy taxpayers shifting assets to offshore tax havens out of sight of Inland Revenue. However, they've not kept pace with modern economic realities.

Under the rules, New Zealand residents with overseas investments are taxed as though those assets generate a 5% return annually, regardless of whether they are liquid or not.

This can result in double taxation, particularly with the US, where New Zealand's tax agreement fails to offset FIF taxes against US capital gains.

The FIF rules have significant implications for attracting skilled migrants and returning expats. Many reconsider moving to or staying in New Zealand because of the financial penalty these rules impose.

DYNAMIC BUSINESS TOWARDS 2025

Reality races towards Coalition

Tensions are likely to become more evident next year, particularly as 2026 and the election year approach

Dynamic Business
Richard Harman

The deficit blowout will concentrate Finance Minister Nicola Willis' endeavours as she prepares her 2025 Budget.

Like the second act of a play, the second year of a government's first term is where things start to get messy.

It tends to be the year when reality confronts the euphoria of implementing the campaign promises that tend to dominate any new government's first year.

So now, reality is racing towards the Coalition Government.

The first and dominant encounter will be next year's Budget.

Whatever the precise numbers Nicola Willis produces on December 17 when she unveils the Half-Yearly Economic and Fiscal Update, all the signs are that she will not meet her target of getting the country back to surplus by 2027.

Partly that will be the consequence of the recession induced by the Reserve Bank's high interest rates with a consequent drop in tax revenue. And partly it will be a consequence of a huge cost blowout in health largely caused by Health New Zealand hiring a huge number of new nurses. This government is not going to fire nurses to make its fiscal numbers add up.

Otherwise, it has found the back office waste it claimed permeated Wellington difficult to identify and even more difficult to eradicate.

Already Ministers are fighting their corners determined to resist any talk of austerity from the finance minister.

Willis herself has high hopes that the new Treasury Secretary, Ian Rennie, will do two things to make her budget-setting process easier.

She wants him to reassert Treasury's power within the Wellington bureaucracy so that its officials' ruthless cost-benefit analysis dominates departmental thinking.

And she wants Treasury to lead the thinking on how to grow the economy.

Government's 2025 priorities

Growth and productivity will be the government's big priorities next year.

Plans are forming for a splashy launch of Sir Peter Gluckman's review of the science sector along with the Prime Minister's plans for a forum to discuss New Zealand's opportunities for foreign investment.

Linked to this will be what follows the Select Committee Inquiry into banking.

This has been the product of agitation from Federated Farmers but follows the Commerce Commission's inquiry into personal banking services whose results Willis highlighted in her address to the National Party's annual conference earlier this year.

All the signs are that the Beehive will welcome even radical ideas from the Committee on how to rein in the big four Australian banks and stimulate the growth of either new banks or an invigorated Kiwibank.

The other big leg of the growth agenda is in the resource management and infrastructure space, with a group of Ministers led by Chris Bishop but including Simeon Brown, Shane Jones, and Act's Under Secretary Simon Court.

> Already Ministers are fighting their corners determined to resist any talk of austerity from the finance minister.

They have already produced a whole series of deliverables including reinstating the roads of national significance, repealing the Crown Minerals Act, using the Fast Track planning process and National Policy Standards to reinvent the Resource Management Act from obstructing developments.

Bishop expects his amended RMA Bill to pass early next year.

Then, he has promised the new rewritten Resource Management legislation will be introduced into Parliament before the end of next year.

Central to the government's intention to get more order into infrastructure will be Regional Deals.

Invitations to submit a proposal for a Regional Deal will be sent to all councils this month.

The government will then prioritise the regions that have the most potential to deliver on its economic growth agenda. Its intention is to have the first deal concluded by the end of 2025, with three deals expected to be in place by October 2026.

"Regional Deals will support long-term collaboration between central and local government, delivering a joint long-term vision for regions that will be focused on economic growth and productivity," said Bishop unveiling the plan last month.

But it will take time for all those hopes to be realised so for next year, the deficit blowout will be the loudest voice Willis will have to listen to.

Tensions over the Budget

That will probably mean there will be tensions within the coalition over the Budget.

Winston Peters criticism of the effectiveness of the tax cuts is an early signal of that and suggests that New Zealand First would be open to new revenue streams.

A windfall tax on the banks perhaps?

From the other end of the Cabinet table, David Seymour will probably take over as deputy Prime Minister a week or two after the Budget, assuming it is back to its usual time of mid-May.

So far it has been Act proxies like Richard Prebble and Rob MacCulloch who in recent weeks have begun to step up their commentary calling for a more aggressive approach to cost-cutting. But what they say in public is almost certainly what Seymour says to the Prime Minister and the finance minister in private.

Tensions within the coalition are likely to become more evident next year, particularly as 2026 and election year approach and the need for the two smaller parties to "brand" themselves becomes more important.

Resolving those tensions will be a test of Christopher Luxon's political skills, which are hardly likely to be helped by Winston Peters telling an interviewer he was "struggling in the job, but not in a bad way."

In the same interview, Peters said he was planning an 18-months election campaign once he relinquishes the deputy Prime Ministership in May.

That is unlikely to be welcome news on the 9th floor of the Beehive.

But Peters may find his day job as the Minister of Foreign Affairs more challenging next year.

He will have to deal with the international uncertainty provoked by the new Trump administration and navigate New Zealand's relationship with China, which will be thrown into sharp focus when Luxon visits there to meet with Xi Jinping in the first half of next year. The Chinese Ambassador has made it clear any decision by New Zealand to sign up to Aukus would change the relationship with New Zealand.

Luxon has been notably non-committal recently about that possibility, but if (as looks likely) the Peter Dutton-led coalition wins the Australian election expected in the first half of next year, New Zealand could find itself under even more intense pressure from the country the Prime Minister calls "our only ally" to sign up.

But the immediate challenge facing Parliament is David Seymour's Treaty Principles Bill which will be at the Justice Select Committee for oral submissions before the end of January.

The immediate worry is what sort of security threat it will provoke, given the likely protests at Ratana in January and Waitangi in February.

As far as Act and the Bill's principal opponents, the Māori Party, are concerned, the Bill offers political opportunities. Act is using it to raise funds and entice supporters away from National, while the Māori Party is using it to encourage Māori to sign up for the Māori roll and thus boost its chances in the Māori seats.

In the longer term the Maori Party President, John Tamihere, has made no secret of his hope that more numbers on the Māori roll could lead to more Māori seats and thus his party occupying the balance of power.

But that is long term. The immediate challenge for the government is next year's Budget. As the former Australian Prime Minister Malcolm Fraser once famously said, "Life was not meant to be easy."

● *Richard Harman is a respected political journalist and analyst, life member of the Parliamentary press gallery and editor of the influential Politik newsletter.*

Winston Peters: 'You never give up in this business'

The Foreign Minister employed a classic bait and switch strategy to re-engage with the US, writes **Fran O'Sullivan**

Winston Peters' 2025 priorities

- Deepen relationships with India, China, and the United States.
- Reinvigorate New Zealand's presence and influence in the Pacific
- Improve New Zealand's export promotion and investment attraction capabilities
- Foster closer collaboration between government and private sector on export strategies, recognise the severity of the economic situation and the need for urgent action.
- Explore initiatives to attract more investment and fill budget deficits.
- Shift the country's mindset from short-term thinking to a longer-term investment horizon.

When I caught up with Winston Peters at his Beehive office, talk quickly turned to the re-election of Donald J Trump as the 47th president of the United States.

The Foreign Minister is heartened the President-elect has named Florida Senator Marco Rubio as his choice for Secretary of State.

"He's a politician," Peters said approvingly.

The 2024 US election is consequential. Not only is Trump the next president, but his power is amplified by Republican control of the Senate and Congress.

New Zealand exporters are concerned their products will be slapped with high tariffs. Strengthening diplomatic linkages with the US will inevitably be a priority in 2025.

Peters nurses a sore spot that former Prime Minister Jacinda Ardern lacked the political nous to jump on a spontaneous offer from Trump to start FTA talks during his first presidential term.

"If you were thinking on your feet, you would have shook his hand and confirmed it with a note within an hour. We'd have been on our way, I believe.

"No one knows how that would have gone, but our goal was to prise open the door."

His foreign affairs aide talks of how Peters had earlier deployed a classic "bait and switch" strategy.

The "boss" had been making the point that New Zealand has supported freedom in two world wars.

Peters and team had been literally everywhere. He talked about how the US had given a free trade deal to countries such as Morocco, but New Zealand was missing out.

Peters' Georgetown University speech in December 2018 was the "bait". That was where he opined the US has always had a role in the Asia Pacific since the 19th century. But it needed to re-engage. The "switch" outlined in a subsequent speech was "very hardcore".

Said the aide: "This is how you've gone backwards, and your trade relationships across Asia-Pacific.

"So that was the hard, crunchy bit, the rationale, the hard headed economic rationale for re-engagement. It was classic 'bait and switch'. And, you know, they were on the hook."

An opportunity to re-engage on an FTA may (or may not) present itself.

It's notable that Peters brought the respected diplomat Rosemary Banks out of retirement for a second time earlier this year to once again be New Zealand's Ambassador to Washington DC, having made a judgement call that Trump would return to the White House.

> We just think that civil servants can do it, and that we have been magnificently punching above our weight, which is all bulldust.
>
> Winston Peters

"We're not blindsided by the election result. We don't get involved in other countries' politics. We're certainly ready for an administrative change. And all our planning proves that we were.

"I'm not going to boast about it. Except that if you read the *New York Times*, you'd be sadly astray."

Courting India

Peters is laying the groundwork for a formal Prime Ministerial-led visit to India early next year.

Indian Prime Minister Narendra Modi invited Christopher Luxon to visit when they met on the outskirts of the East Asia Summit meeting in Laos.

Luxon has been chasing a free trade agreement with India.

Last month, Peters met with India's External Relations Minister, Subrahmanyam Jaishankar and Australian Foreign Affairs Minister Penny Wong in Melbourne.

"This is the first time we've had the Australian, New Zealand and Indian foreign ministers together.

"Yeah, that's actually quite, quite extraordinary," he said.

In a visit to India in March, Peters also met India's Vice-President, Jagdeep Dhankhar, and National Security Advisor, Ajit Dova.

This is a marked shift in the focus of top level discussions with India which were previously dominated by trade.

Peters is clear the four external Ministers: Luxon, himself, Defence Minister Judith Collins and Trade Minister Todd McClay each have role to play in strengthening the relationship.

Chinese president Xi Jinping has also invited Luxon to make an official visit to China next year.

Peters is expected to travel to Beijing ahead of that visit for formal consultations with Chinese Foreign Minister Wang Yi.

Selling New Zealand

One thing being on the road for more than 100 days this year has taught Peters is that New Zealand is seriously undercooked when it comes to marketing our value proposition offshore.

"If you were out there in the competing market of salespeople, what is our strategy? What are its components?

"And when somebody visits a company, can they walk into one place and find all they need to know, right here, right now as part of our export drive?"

He relates that he asked Cabinet Minister Shane Jones to tell him what was Singapore's advice when he came back from a trip.

"It's really quite simple. They said to Shane, 'you simply have to come out and sell yourself'.

"There are people that I've worked with in recent years, who are ideal people for this purpose, but I don't see them being employed for that job.

"We just think that civil servants can do it, and that we have been magnificently punching above our weight, which is all bulldust."

He related a visit to the Philippines where an official was deputed to assist.

"But they were covering two countries, Indonesia and the Philippines.

"Now this is just a joke. Yeah, not their problem. It's our problem. We haven't got the resources to do the job."

All of this is important because the New Zealand economy is not in good shape.

"Those of us who are saying this economy is in a far worse circumstance – not as a boast – have been proven to be right," said Peters.

At the NZ First annual conference, Peters proposed a $100 million "Future Fund" which would incentivise investment into the fund via tax breaks.

It would be "ring-fenced from politicians and political interference" and used on projects "in the national interest, and not offshore globalised ownership".

"We've got a pretty good idea of what our deficit will be," Peters told the *Herald*. "We could dramatically change that with some serious initiatives that attracts money to fill gaps here, or to get going seriously."

Peters will have a holiday – then it's back into 2025. "You never give up in this business."

DYNAMIC BUSINESS TOWARDS 2025

Elon Musk: the 'wild card' in

Do the billionaire's longstanding ties to Beijing represent a diplomatic opportunity or a clash of political and business interests?

Edward White in Shanghai, Cheng Leng in Hong Kong, Kana Inagaki in London and Stephen Morris in San Francisco

Elon Musk meets Chinese president Xi JinPing in November 2023. Below a SpaceX Starship launch.

Donald Trump is set to begin his second term in the White House surrounded by China hawks. His pick for secretary of state, Marco Rubio, has campaigned against Chinese influence and championed crackdowns on tech groups such as Huawei. Michael Waltz, the incoming national security adviser, calls China an "existential threat".

However, one of the president-elect's closest advisers has a much more complicated relationship with China: Elon Musk. The South Africa-born billionaire and self-styled "first buddy" to Trump has emerged as a potentially significant yet unpredictable player in the relationship between the world's two superpowers.

Musk's business empire sits across a minefield of possible conflicts on issues of national security, tech competition, supply chains and free speech, as well as the future of Taiwan. The world's richest man has deep connections to top Chinese Communist party leaders, and is in the middle of lobbying Beijing over important decisions for his US$1 trillion electric vehicle business, Tesla.

Tesla has received billions of dollars in cheap loans, subsidies and tax breaks from the Chinese government. The carmaker is highly dependent on its Shanghai factory, the biggest in its global network, for not only selling to the country of 1.4 billion people but also exporting its China-made cars to other parts of the world. Musk's Chinese suppliers, especially in batteries, are also crucial to the company's global manufacturing operations, including in the US.

But the administration Musk is to join as efficiency tsar seems ready to follow through on Trump's campaign threat of a sharp increase in tariffs on all Chinese imports into the US, a decision that could dramatically impact Tesla's business.

Musk could potentially provide a "critical bridge" between China and the Trump administration, says Philippe Houchois, an analyst with US investment bank Jefferies. There are already signs that Musk's influence may extend to America's relations abroad, such as his presence on a post-election phone call between Trump and Ukrainian leader Volodymyr Zelenskyy.

Given the stakes for Tesla, the entrepreneur might be expected to act as a "moderating influence" on Trump's planned tariffs, Houchois adds — and "how much or for how long markets ignore potential conflicts of interests ranging from political responsibilities to governance and compensation, is unclear".

There is clear evidence of political pressure over Musk's potential conflicts.

Two Democratic senators have sought a federal investigation into Musk's reported communication with Russian leader Vladimir Putin, raising concern over Musk's high-level security clearances and billions of dollars in US government funding.

> Musk is very pro-China, always has been. The perception that China is trying to screw the US, that is not shared by Tesla.

Plenty at stake

While there is a long history of businessmen acting as middle men between Beijing and Washington, few, if any, have had more at stake than Musk. Other parts of his empire run directly into points of tension between the US and China.

SpaceX, his commercial rocket and satellite business, has drawn sharp criticism from Chinese military analysts who see the company and its vast network of Starlink satellites as part of the American military's expansion into space. And X, the social media platform, is banned in China.

Yaqiu Wang, research director for China at Freedom House, a US-based advocacy group, warns that Beijing has become "very deft" at manipulating foreign business leaders — including leveraging their companies' access to the country — to compel them to "toe" the Communist party line, she warns.

"Musk is not only vulnerable to Beijing's pressure given his extensive business interests in China, he also seems to genuinely enjoy close relationships with China's authoritarian leaders," she says. "This dynamic creates ample opportunities for the CCP to influence Trump's China policy."

Five years ago, Musk secured funding for what was at the time Tesla's most ambitious project, a factory building electric vehicles in a special free trade zone on Shanghai's eastern outskirts.

The prospect of facilitating the loan sparked fierce competition among Chinese banks. Some lobbied the Ministry of Industry and Information Technology, one of Tesla's regulators in Beijing, to be added to the list of approved lenders. From the bankers' point of view, the deal was not only financially failproof, but it was also an opportunity to demonstrate alignment with Beijing's supportive green industrial policy.

In the end, loans totalling nearly US$1.4b came from a consortium of some of the country's biggest state-owned lenders: China Construction Bank, Agricultural Bank of China, Industrial and Commercial Bank of China and Shanghai Pudong Development Bank. The interest rate on the debt was pegged at 90% of China's one-year benchmark interest rate, a discount that state lenders usually offer to their best clients, almost always other Chinese groups.

The special treatment went further. Musk successfully convinced CCP leaders including Li Qiang, then the Shanghai party boss and now China's premier and number two ranked leader, that Tesla needed to own its China business outright. For the auto industry this marked an unprecedented change from Beijing, which had always required joint ventures between foreign and local Chinese carmakers.

"Everybody knew it was the number one project for Shanghai, even for China, that year," says a Shanghai-based credit officer involved in the deal. "With full support from the government, there's no way for us to record any losses. No deals are better than that.

The land for Tesla's factory has been leased from the Shanghai government for 50 years. The company, which did not respond to questions from the *Financial Times*, has not disclosed the price tag. In 2018, the Shanghai Municipal Bureau of Planning and Land Resources said a plot of land was leased for Rmb973 million (US $145m), well below market prices at the time. According to Tesla, the company has met requirements set by Shanghai to spend Rmb14b on the plant by 2023 and received additional grant funding of $76m from the city government the year before.

One Beijing-based government policy adviser described Tesla to the *Financial Times* as probably still one of the "most subsidised EV makers in China". The relationship has been mutually beneficial.

For Musk, the Shanghai factory is Tesla's biggest, producing millions of cars and delivering revenues of $54b over the past three years — accounting for 23% of its total sales. Tesla has also said its new adjacent factory, building battery packs for electricity storage, is on track to start production in the first quarter of 2025.

"He is very pro-China, always has been," says a former senior Tesla executive who worked closely with Musk. "The perception that China is trying to screw the US, that is not shared by Tesla.

For China, the project delivers hundreds of millions in taxes annually, at a time of slowing economic growth. Tesla also paid back its chief loan in 2021.

But more importantly to Xi Jinping's economic planners, the rapid delivery of Tesla's high-tech factory helped turbocharge the nation's nascent electric vehicle industry, both in terms of the local

Trump's dealings with China

supply chain and popularising the EV among retail consumers.

Chinese policymakers had "dreamed for 20 years" of a domestic auto industry but the "inflection point was Tesla's launch in Shanghai", says Bill Russo, the former head of Chrysler in China and founder of Shanghai-based consultancy Automobility.

"Just like the iPhone unleashed a host of Chinese smartphone companies, the Tesla Model 3, initially, unleashed the Chinese EV wave," Russo says.

Over the past five years, Tesla's global operations have deepened their reliance on Chinese suppliers, whose scale, efficiency and levels of automation have become world-leading.

With Trump warning of massive tariffs against imports from Mexico and all of America's trading partners, Musk has already moved quickly to protect Tesla by ramping up production in the US and pausing plans to build a factory in Mexico, which would partly make cars for the US market. But even then his company remains deeply exposed to American protectionism. Tina Hou, who leads China auto research for Goldman Sachs, estimates that more than 90% of Tesla's suppliers for the Shanghai factory are Chinese and when Tesla builds factories overseas these suppliers increasingly "go out" with Tesla. According to Mexican officials, dozens of Tesla suppliers have set up operations in Mexico, including Chinese groups. Musk is also working with its Chinese battery supplier CATL for technology at Tesla's Nevada battery factory.

In April, Musk made his most recent China visit, meeting Premier Li Qiang and other leaders in Beijing, as part of an effort to ease concerns among Chinese regulators over the national security risk posed by cars that collect and process data related to Chinese drivers and their surroundings.

Steve Orlins, president of the National Committee on US-China Relations, says one measure of Musk's strong understanding of the Chinese system is the decision — following Musk's April trip — to overturn a ban on the use of Teslas on Chinese government properties.

"How many US companies have succeeded in getting bans rescinded? Those guys, whether it's Musk or his operating team, somebody gets the system. Because that, in my experience, is pretty rare and remarkable," says Orlins.

Still, the future success of Musk's business in China hinges on obtaining — and maintaining — regulatory approval for his FSD platform, the company's semi-autonomous driving software.

Musk believes his pivot to autonomous driving and artificial intelligence could boost Tesla's market valuation as high as US$5 trillion, five times higher than today. But he is racing against a clutch of rival Chinese carmakers and tech groups, from BYD, Xpeng and Nio to Baidu, Xiaomi and Huawei, who are all developing similar technologies.

Given Musk's newfound access to the White House, a key question, according to auto industry insiders, is whether Beijing could use Tesla as leverage when negotiating with Trump — both in terms of Tesla's FSD approvals and access to supplies of key components.

"Tesla is looking for a solution on FSD so that could be part of the discussions on tariffs: we give you FSD, you negotiate on tariffs," says one analyst at a US brokerage.

An executive at a rival automaker adds: "Tesla is hugely dependent on China for profitability and Musk has direct contact with the CCP leadership. It's inevitable that he will be a piece of the puzzle."

Among Chinese consumers,

Staff celebrate the millionth vehicle produced by Tesla's Gigafactory, Shanghai, in October. Below , a drone image of the Shanghai Megapack factory.

Tesla's rapid global success coupled with an admiration for maverick entrepreneurship has garnered Musk a cult following, and the nickname "the Silicon Valley ironman". He has met Xi, the powerful Chinese leader, at least twice.

Maye Musk, his modelling mother, has also built a strong public profile in China with more than half a million followers on Xiaohongshu, China's Instagram-like platform.

SpaceX and the military

And yet among defence officials in Beijing, Musk's business empire poses several questions of national security, placing Musk in conflict with the absolute priority of Xi and his leadership.

A January commentary published by two authors from the People's Liberation Army's premier research group, the Academy of Military Sciences' War Research Institute, described SpaceX as having "a clear military focus" and "strategic intentions" that would help the US gain a competitive edge in the space arms race.

> Tesla is hugely dependent on China for profitability and Musk has direct contact with the CCP leadership. It's inevitable that he will be a piece of the puzzle.

"Its high-density deployment severely threatens the security of other countries' space assets and affects the normal operation of their satellites," they said.

The researchers added: "Starshield satellites could undertake kamikaze-style attacks on spacecraft and be equipped with weapons payloads to carry out space strikes, posing threats to space security," referring to the version of the Starlink satellite network that is devoted to American national security applications.

Musk told the *Financial Times* in an interview in 2022 that Beijing has made clear its disapproval of his deployment of the Starlink network to help fortify the Ukrainian internet after the 2022 full-scale invasion.

There are also signs that Musk's personal views clash with others in Trump's close orbit who want the US to push back harder against Beijing's increased military assertiveness, including over Taiwan.

In speeches and interviews over recent years Musk has talked about his strong understanding of Chinese policy and his expectation of looming conflict over democratic Taiwan, which the CCP claims as part of China.

"There will come a point in the not too distant future where China's military strength in that region far exceeds US military strength in that region," Musk told the All-In Summit held in Los Angeles last year.

"And if one is to take China's policy literally, and probably one should, then force will be used to incorporate Taiwan into China.

"This is what they've said. If there is not a diplomatic solution, there will be a solution by force," he said at the time.

Musk, according to the former Tesla executive, is trying to reduce tensions between countries and not inflame them further, but "at the same time" has to protect his business. Tesla is more worried about Taiwan than tariffs, the former executive says, adding that Musk has been working to "mitigate" the impact of an embargo on China by rejigging his company's supply chain away from Taiwan.

> There will come a point in the not too distant future where China's military strength in that region far exceeds US military strength.

"That has been true since it became clear to Elon that Taiwan to China is like Ukraine is to Russia and there is nothing you can do to stop that inevitable outcome. Maybe that is cynical, but that is a geopolitical reality."

Musk's ownership of social media platform X raises further questions over the billionaire's interactions with China and inconsistency on free speech.

Wang, of Freedom House, says that Musk's claim that he is a "free speech absolutist", made when he bought the social media platform in 2022, has been proved a "complete sham" by his acceptance of Chinese censorship and attacks on critics.

She adds that despite "all the problems" with X, the platform is still used by people inside China as a way to circumvent the Chinese state's draconian censorship and internet controls.

"It's unclear whether the Chinese government has requested account information of X users who express critical views of the CCP and whether X has handed over such information. Given Musk's cosiness with Beijing, his lack of principle on free speech and privacy rights, his penchant for authoritarian rule, this should really be a concern," Wang says.

For Beijing, after years of ties with Washington at a historic low, the prospect of having an ally like Musk influencing the White House is a definite positive.

Henry Huiyao Wang, a former senior government official and the founder and president of the Beijing-based Centre for China and Globalisation, says that while Beijing is "preparing for the worst" there remains hope that Trump, with the support of American billionaires like Musk, can be "more pragmatic" and US-China tensions can be dialled back.

Musk may also have to navigate pressure on his own China links from other corners of Washington.

Rubio, for example, in August co-signed a letter alleging that CATL, Tesla's main battery supplier in China and with whom it is working in the US, has "deep ties" to the CCP and the PLA and was actively involved in bolstering Beijing's military ambitions — accusations that CATL has denied.

Ultimately, when it comes to influencing Trump on China there will be a "jumble" of views competing for the president's ear, says Andrew Gilholm, head of China analysis at consultancy Control Risks.

On the one hand, there will still be traditional Wall Street titans and tech leaders who are seen as Beijing-friendly and "don't want to rock the boat with China".

And on the other hand, there are hawks, such as Rubio, who "are ideologically anti-China and want to hammer China on all fronts".

And then there is Musk. "Individuals will matter," Gilholm says.

"Musk is a wild card — his interests conflict."

— The Financial Times

Additional reporting by Ding Wenjie and Joe Leahy in Beijing

DYNAMIC BUSINESS TOWARDS 2025

The rapid rise and rise of

Dynamic Business
Bill Bennett

Runaway success is no stranger to the technology sector, but there has never been anything quite like the November 2022 launch of OpenAI's ChatGPT. It kick-started a far-reaching AI boom that has already reshaped industries ranging from customer service and marketing to software development and journalism. Now AI needs to deliver on the promised productivity gains, writes **Bill Bennett**.

ChatGPT is a generative artificial intelligence (AI) chatbot. You can ask it a question or give it instructions in everyday language and it gives human-like responses.

Like humans, ChatGPT can, and often does, make mistakes. Yet it can cut through the fog to deliver surprising insights in less time than it takes to muster a team meeting.

Within weeks of its launch, ChatGPT had 100 million users. That's faster than any product in history. Almost immediately, the world's leading technology companies shifted their focus to AI. It took less than two years for the entire tech sector to change direction.

ChatGPT is not alone. It has direct rivals from little known companies like Anthropic and well known ones like Google. The other tech giants, including Meta Platforms, are also hard on OpenAI's heels. Meta, Facebook's parent company, refocused its entire business and spent close to US$50 billion attempting to build the virtual reality metaverse before, in effect, writing off much of that investment as it pivoted to AI.

Microsoft struck a deal with OpenAI to offer CoPilot to its customers. Apple offers a version of ChatGPT on its latest iPhones and computers.

Laptop brands like HP added AI hardware to help devices process chatbot requests faster and more efficiently.

Soul Machines' digital Marilyn Monroe

ChatGPT numbers

100m
users within weeks of launch

US$3.43t
value of Nvidia at peak

67%
of NZ organisations responding to AI Forum survey say they have embraced AI

The boom is everywhere in the tech sector with some unexpected consequences.

Last month Nvidia overtook Apple to become the world's largest company by market capitalisation.

Its value peaked at US$3.43 trillion.

Nvidia started life making the chips needed to play realistic-looking video games. Around a decade ago researchers found they could use these graphical processing units (GPUs) to train AI systems hundreds of times faster than by using traditional chips. In the two years after ChatGPT arrived, Nvidia's market value grew 800%.

AI Forum report

New Zealand companies wasted little time getting on board the AI boom.

In September, the AI Forum of New Zealand published a report saying two-thirds (67%) of organisations responding to its survey have adopted AI. Almost all reported increased worker efficiency and "positive financial outcomes".

Despite fears, the report found there has been relatively little job displacement. Only 8% experienced it. It does warn that some organisations faced a significant initial

Artificial Intelligence

investment setting up for AI, while most found it manageable.

The AI Forum's upbeat outlook doesn't square with the international experience. In November, *The Economist* reported that only 5% of American businesses say they use AI in their products and services while most companies don't know what to do with it. Moreover, the same report points out that, to date, few AI startups are profitable yet, although it is still early days.

Elsewhere Gartner, the research company, echoes what is showing up in surveys worldwide. There are benefits, but "the technology has yet to deliver on its anticipated business value for most organisations."

Generative AI works by drawing on a vast amount of data including text from books, articles, websites and other written sources. The software analyses patterns and structures in the source material then responds using natural sounding language.

Other generative AI tools use similar databases to create new images, write music and computer programming code.

They all need vast amounts of data and a significant amount of processing. This approach is controversial: writers, artists and musicians are understandably upset when AI engines use their past output in ways that could put them out of a job.

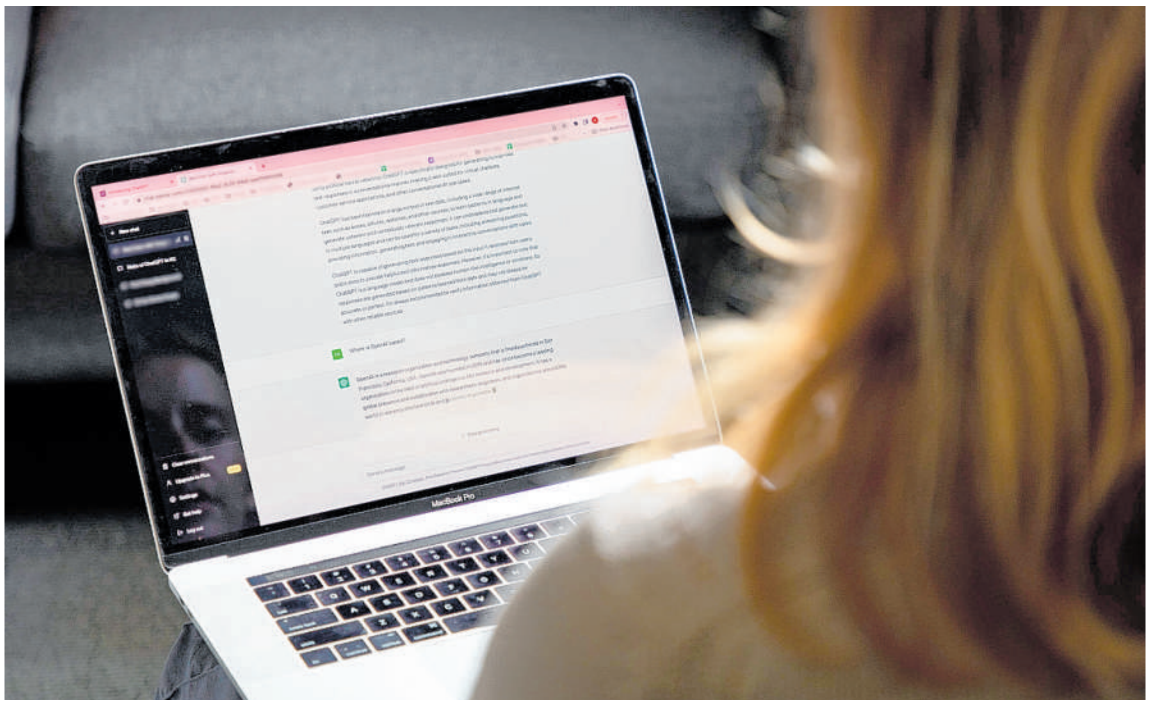
NZ's Soul Machines debuts digital humans

Auckland-based Soul Machines uses generative AI and other AI technologies such as natural language processing (NLP), machine learning and neural networks to create what it calls digital humans. These can be based on celebrities but are more commonly used by companies as realistic-looking artificial customer representatives.

The company makes what it calls "digital humans". These are avatars that are often used by companies to handle customer equities on video calls. Soul Machines' digital humans are able to interpret human emotions during a conversation by analysing facial expressions, tone of voice and language context.

This gives them the information they need to provide appropriate responses in real time.

They look more natural than other



AI holds significant potential to increase productivity and efficiency and enable businesses to compete and expand on the global stage.

Judith Collins

chatbots to the point where interaction with a computer feels more personal.

Soul Machines has a sideline making digital versions of celebrities who are able to interact with far more people than the originals ever could.

This kind of application is an Auckland specialisation. Two other local companies, UneeQ and Ambit AI, also offer customer service chatbots with human characteristics.

Auckland ophthalmologist Dr David Squirrell is co-founder of Toku Eyes along with Dr Ehsan Vaghefi. It uses a related AI technology to help screen patients for diabetic retinopathy.

This is a complication of diabetes and is a huge problem for New Zealand's Pasifika communities. Without screening, people can have serious visual problems and, in cases, irreversible damage, even blindness.

Before AI intervened, sifting through retina data to detect the patients who might need further treatment was painstaking, difficult work. Not only does AI speed the testing, which is vital given that the most affected people often struggle to get medical treatment, it is also more accurate than the manual process.

Toku Eyes' AI picks up things a human might miss. The technology was developed to scan for diabetic retinopathy, but can provide a much broader health check.

Mosgiel-based Techion partnered with AI developers Aware Group to create an AI system that can detect livestock parasites in faecal samples within minutes.

Farmers can act immediately without waiting for results. More importantly, by increasing the accuracy of tests, farmers can reduce unnecessary drenching which is better for livestock health and farm efficiency.

It's not just industry, medicine and agribusiness that has moved fast to embrace AI.

Government chimes in

In September Judith Collins, the minister responsible for digitising government, announced a pilot of GovGPT saying: "AI holds significant potential to increase productivity and efficiency and enable businesses to compete and expand on the global stage."

GovGPT is an AI chatbot designed to improve access to government information. It emphasises how AI is no longer exotic, but, increasingly, part of everyday life.

AI has been a long time coming

While AI has taken off in the last two years, it has been around since the dawn of digital computers.

Early computer pioneer Alan Turing first described what has since become known as the Turing Test 75 years ago in 1949.

Japan started a massive AI development programme in 1982, which was too far ahead of its time. The first natural language chatbot appeared in 1995 and in 1997 a

AI timeline

1949
The 'Turing Test'

1982
Japan begins AI development programme

1995
the first natural language chatbot appears

1997
computer beats the world chess champion

computer beat the world chess champion for the first time.

Since then there have been moments of excitement as advances made AI more possible, but each time things settled down. The market suffered several 'AI winters'.

Developers build AI systems by training them on data. When the internet took off, billions of documents, images and videos became available for training.

Around a decade ago AI emerged from the shadows. Google used it to improve search, Facebook used it to tag photos and phone makers used AI tools to help improve phone camera images. All the time companies were building the bigger databases needed to fuel generative AI chatbots like ChatGPT.

Taking bold steps towards the future

Business leaders must embrace technology and implement it

Bill Bennett

Spark CEO Jolie Hodson wants New Zealand to fully embrace advanced digital technologies like AI, cloud computing and the Internet of Things (IoT).

Last year New Zealand dropped eight places in the IMD World Digital Competitiveness Rankings, falling from 25 in the table to 33.

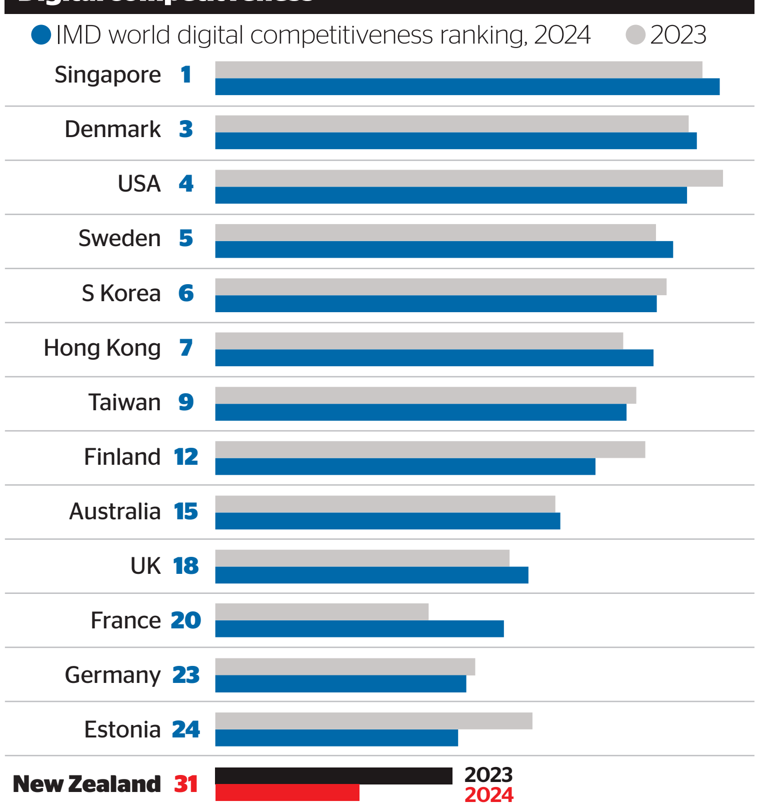
That's no accident.

For the past 20 years, New Zealand has consistently spent less than the OECD average on research and development. By international standards our businesses are particularly low investors in R&D.

As a result, we're in a place where our ability to transform businesses with technology is under-leveraged.

Unlike other countries, there isn't a drawn up a national technology plan. This matters because countries that do better at digital transformation have established clear goals and

Digital competitveness



Herald Network graphic

measures at a national level to track their progress.

It means that despite having world class digital infrastructure, a measure where New Zealand rates highly, it has struggled to make the most of the productivity benefits digital technologies can bring.

New Zealand's productivity is among the worst in the developed world.

Bold Steps

At the recent Bold Steps conference, Hodson explained how Spark worked with the New Zealand Institute of Economic Research (NZIER) to understand what advanced digital technologies could do for the nation if it lifted the use of them.

A 20% increase in the use of advanced digital technologies could boost GDP by 2%.

Industry output could be $26 billion higher over the next decade.

To get there it needs business leaders to embrace technology and implement it. We also need to learn to use these technologies in our everyday lives.

That requires some effort.

The NZIER research shows generative AI is the biggest knowledge gap for New Zealand business users when it comes to advanced digital technologies.

Close to half of business leaders, 44%, feel they lack enough information to make use of it.

It's not just about productivity.

AI and climate change

Digital technology can play an equally important role as New Zealand deals with climate change challenges.

In 2022, a research programme conducted by Spark and thinkstep-anz found that digital technology could help reduce 7.2 million tonnes of emissions by 2030.

This is more than 40% of the reductions New Zealand needs to meet its emissions budget for that year.

As a snapshot of how this can work, Hodson pointed to MyEnviro which uses Spark's IoT network to operate a digital platform in the Hawke's Bay Mangaone catchment area.

It covers 25 farms, 25,000 hectares and four rivers. There are IoT sensors, a weather station, geographic data and real time analytics.

They all combine to give farmers real-time updates on soil health, water quality, emissions, fertiliser use and pasture growth.

Armed with this information farmers can make better decisions about running their operations. They know when it is the best time to plant,

continued on B14

Project requirements before and after Chat GPT

	Pre-Chat GPT	Post-Chat GPT
Budget	$500,000 to millions	$20/month (cost of GPT-4)
Team	5+ AI/ML engineers	1 knowledge worker
TIme to value	2+ years	Less than a week

Herald Network graphic

Economic opportunity of advanced digital tech

Based on a 20% uplift in the use of advanced digital technologies.

Industry output would increase by:	0.7% to 1.3%
Over 10 years, this equates to between:	$14.5b and $26b
GDP Per annum, GDP would increase by a range of:	0.7% to 1.3%

Herald Network graphic

Bold steps towards the future

continued from B13

exactly where to deal with fencing or erosion issues. They get improved water and soil quality.

Hodson says this is a small example, but if this kind of environmental monitoring was extended across the motu, it would have a huge impact.

Similarly we can make improvements to roads, the electricity grid, homes and more.

"Being able to see what is happening in the environment around us in real time would be a huge asset in our response to climate change," says Hodson.

IoT has been described as "the skin of the planet". Like skin, it gives us early warning signs that alert us to respond accordingly.

Another example uses AI to search and summarise research papers on brain cancer from around the world. This does months of work for researchers as they look to help develop different treatments.

Artificial intelligence is the key to ramping up performance.

It takes a human five hours to read 7500 words. AI can do the same in a minute.

Until recently AI was expensive — and inaccessible to most businesses. You needed $500,000 to get a project off the ground. That meant five or more AI experts and a two-year wait until the project delivered value.

Today one person, paying a $20 monthly subscription could get the same project to the point where it delivers value in less than a week.

The arrival of low cost, accessible AI is a huge leveller.

There are challenges to overcome and disruption.

There always are with new technologies. It can be used well or it could be used to distort and deceive.

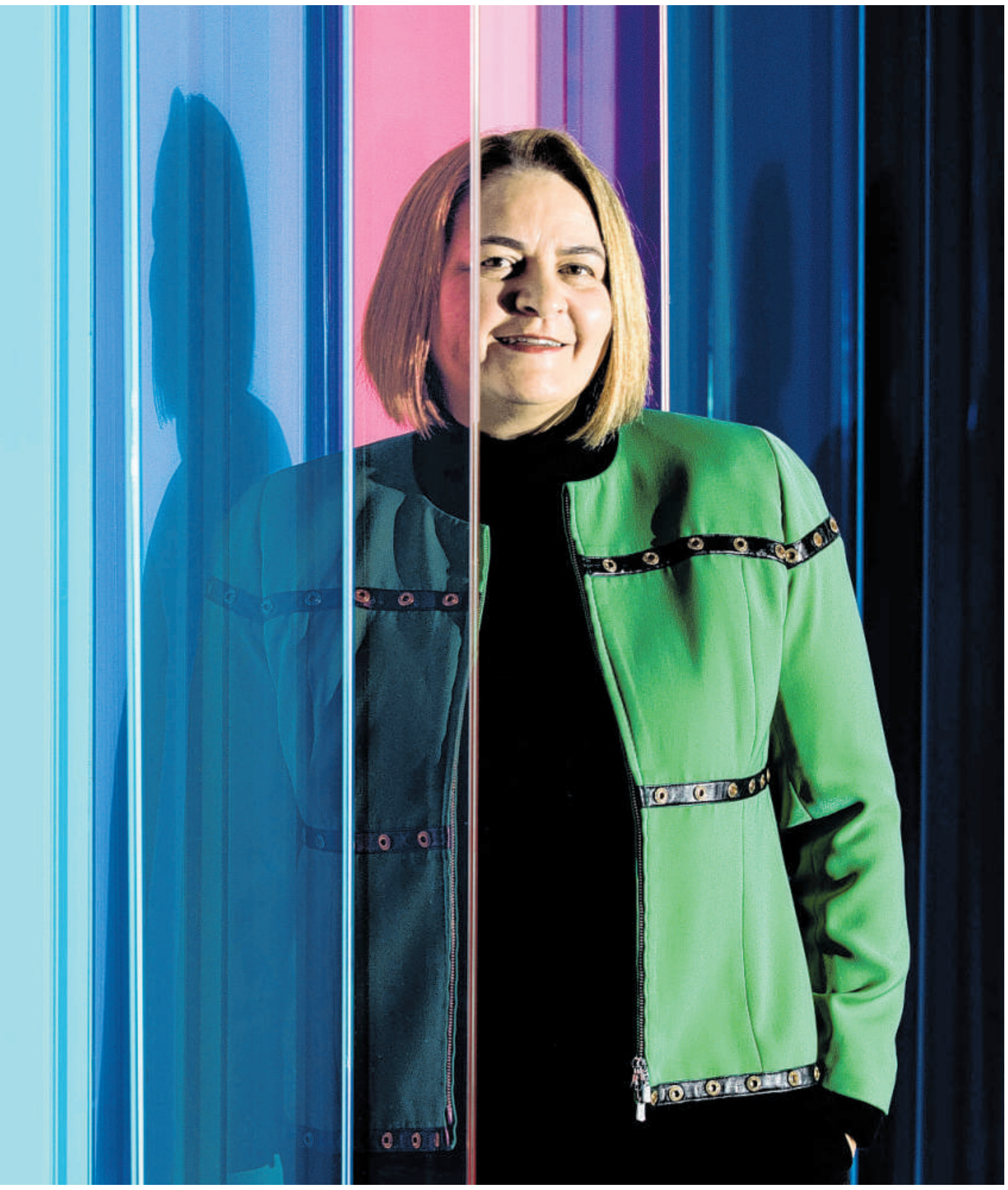
Spark gets around this by putting governance structures in place to make sure the business uses AI in ways that are ethical and responsible.

But the more people with good intentions who are using this technology and skilled in its application, the better off we will all be.

Which is the challenge.

Research shows a lack of technical and day-to-day AI skills is the main barrier to implementing AI. This has to be fixed to make sure New Zealand doesn't fall behind.

> Being able to see what is happening in the environment around us in real time would be a huge asset in our response to climate change.
> Jolie Hodson



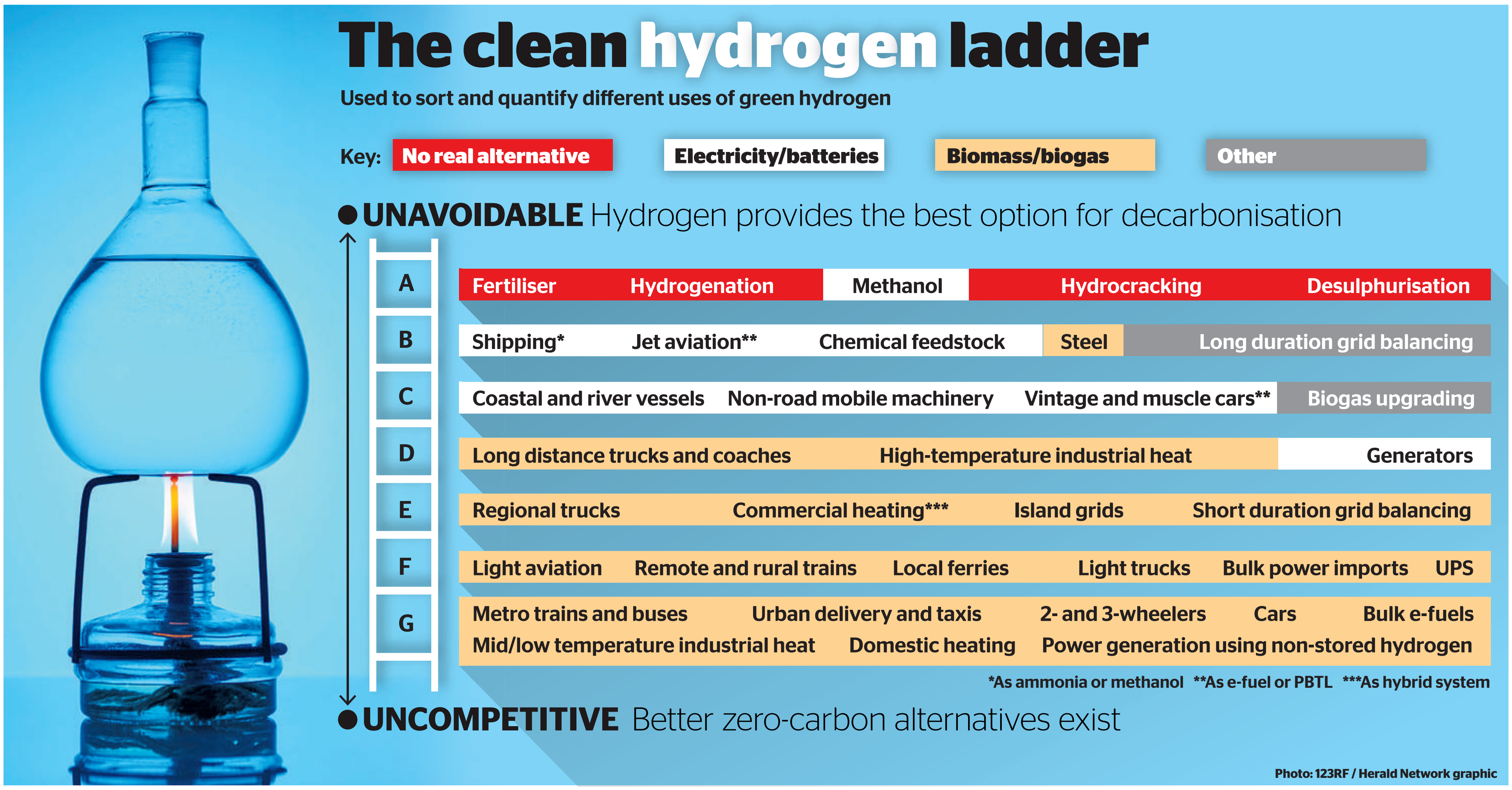


Photo: 123RF / Herald Network graphic

The hydrogen conundrum

Green hydrogen could decarbonise entire industries in New Zealand, but there's a long way to go, write seven academics from the University of Canterbury.

Hydrogen has been called the "Swiss army knife" of decarbonisation because it can do many things. But not all of them make sense.

Today, the world uses about 100 megatonnes of hydrogen per year (MT/y), but this is produced almost entirely from fossil fuels. To use hydrogen for decarbonisation, we must shift to emissions-free forms.

Global forecasts for green hydrogen produced from renewable sources vary widely, ranging from today's demand (100 MT/y) to an optimistic 700 MT/y by 2050.

Bloomberg's recent 2050 forecast suggests a downward trend. Even so, shifting today's demand to green hydrogen poses significant challenges.

In our research, we use the "clean hydrogen ladder" to sort and quantify different uses of green hydrogen.

The hydrogen ladder ranks uses of hydrogen: at the top are industries where it provides the best option for decarbonisation; at the bottom are those where better zero-carbon alternatives exist.

Hydrogen demand in New Zealand

Our research shows New Zealand's total demand for green hydrogen would be around 2.8 megatonnes of hydrogen per year (2.8 Mt/y) if all technically feasible applications switched to hydrogen.

If we prioritise uses where green hydrogen is the only decarbonisation option, demand would be up to 1 MT/y. Fertiliser, methanol, shipping, steel, jet aviation and long-term energy storage would require about 1 MT/y.

Fertiliser and methanol are at the top of the list. They are considered "unavoidable" because there are no other alternatives for decarbonisation. Together, they would require about 0.2 MT/y.

Next on the list are things like shipping and jet fuel (through hydrogen-based synthetic fuels), steel production and long-term grid storage. These could add another 0.7 MT/y.

At the other end of the ladder is where hydrogen is uncompetitive because there are better alternatives, like battery electric cars or heat pumps.

To produce 1 MT/y of green hydrogen, New Zealand would need to triple the installed capacity of renewable power plants and build out a massive 10 GW of electrolysers (devices that uses electricity to obtain hydrogen from water).

Long-term hydrogen storage

A strategic use of hydrogen is long-duration storage to move cheap solar energy from summer to winter, beyond what hydropower reservoirs can balance.

Hydrogen can be stored in complex chemical structures, BBQ-sized tanks and gas tankers (ships). But very large amounts of hydrogen will need to be held underground, with depleted natural gas reservoirs offering the most promising sites.

There are several challenges to be addressed to transfer hydrogen into storage at three or more kilometres underground — and get it back up again. First, as a molecule, hydrogen is not well behaved. It tends to flow through materials that might contain it. This means we need to use specialised (expensive) materials along with careful leak detection.

Second, recent discoveries of thriving microbial communities in New Zealand's gas fields raise the prospect of renewable gases becoming a food source for microbes rather than an energy source.

Ironmaking

Another pressing application for hydrogen is to decarbonise steel production (which accounts for 8% of global greenhouse gas emissions).

Today, coal is used to strip oxygen from iron ore and provide combustion heat. Renewable electricity could supply heat and hydrogen to replace coal. The so-called hydrogen-based direct reduced iron (H2-DRI) process is feasible at scale, as demonstrated by Midrex, HYBRIT and POSCO.

In collaboration with Victoria University of Wellington, in a project on zero-carbon production of metals, we found that electricity prices below NZ$0.13/kWh are necessary for hydrogen steel making to compete with the standard coal-based process. Solar PV is already significantly below these costs during daytime and close with battery backup.

Exporting hydrogen

New Zealand's interim hydrogen roadmap suggests hydrogen exports of about 0.5 MT/y.

Meeting domestic hydrogen demand is challenging enough, but export ambitions add another layer of complexity.

Hydrogen is difficult to transport because it is a very light gas that takes up a lot of space.

But it can be densified. Previous research explored the feasibility of hydrogen exports from New Zealand, looking at cryogenic liquefaction, ammonia conversion and toluene hydrogenation.

Liquid hydrogen, while lower in cost, boils at minus 253C and requires specialised insulated transport vessels, with notable losses expected from boil-off. On top of that, the infrastructure to ship large quantities of liquid hydrogen around the globe does not currently exist.

Ammonia, transported at minus 33C, suffers less from boil-off and is more practical. Next-generation catalysts such as those from Liquium could make ammonia even more favourable.

The third option, toluene-MCH, involves higher costs, but is being tested at a commercial scale in Japan.

Recent research highlights a fourth alternative, e-methanol produced from green hydrogen. E-methanol is promising because of its modularity and because we already know how to transport and store it. However, other researchers see e-methane as more promising as it could leverage existing port and pipeline infrastructures.

The cost of hydrogen

In terms of costs, hydrogen has a long way to go. To reduce costs, electrolysers can be scaled up, though this increases equipment expenses and creates a trade-off between capital and operating costs. Electrolysers rely on expensive and scarce materials like platinum and iridium.

Our research focuses on developing low-cost electrolysers by utilising earth-abundant materials.

Interestingly, other alternatives for emissions-free hydrogen are emerging. So-called "gold" and "orange" hydrogen (from natural accumulation or enhancement of olivine to serpentine, respectively) are good examples. Tantalisingly, New Zealand's unique geology offers the potential of both finding "gold" and inducing "orange" hydrogen.

Ultimately, the success of hydrogen will depend on competitiveness against alternative solutions, mainly electrification and biofuels.

For applications with no easy alternative, emissions-free hydrogen is a direct option.

THE CONVERSATION

> Ultimately, the success of hydrogen will depend on competitiveness against alternative solutions, mainly electrification and biofuels. For applications with no easy alternative, emissions-free hydrogen is a direct option.

The authors

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Disclosure:

Jannik Haas receives funding from MBIE to work on topics related to energy systems and holds clean energy stocks.

Aaron Marshall receives funding from MBIE to work on water electrolysers and energy-related technology. He has received funding from NZIMMR for energy storage technology. He is a co-founder and shareholder of Ternary Kinetics which is developing liquid organic hydrogen carrier technology and has minor shareholdings in a range of energy companies.

Andy Nicol receives funding from MBIE to undertake research into underground storage of hydrogen.

David Dempsey receives funding from MBIE to undertake research into underground storage of hydrogen.

Ian Wright has previously received funding from Natural Environment Research Council (UK) relevant to this topic, and has been a member of the Research Council UK (RCUK) Energy Programme Scientific Advisory Committee.

Matthew J Watson receives funding from MBIE. He serves as an advisor to and has ownership stakes in both NILO and Aspiring Materials and holds other publicly traded stocks in the energy sector.

Rebecca Peer receives funding from MBIE to research topics related to energy transitions.

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DYNAMIC BUSINESS TOWARDS 2025

Funding the energy transition

There are huge benefits for the energy sector by attracting the world's pension funds and infrastructure fund investors to New Zealand writes

Bill Bennett

Using solar and wind means having more intermittent generation that requires a system-wide approach, says Michael Loan.

New Zealand already has a very high proportion of renewable energy on the nation's electricity grid. However, it stills need to prepare for and fund its energy transition.

Russell McVeagh partner and head of infrastructure Michael Loan says, while last year 88% of our generation came from renewable sources, there is going to be a much greater demand for electricity. "It's going to be driven by the electrification of industry and transport. There will be new large loads on the system from data centres and other sources.

"If we are going to meet that demand we will need significant new generation capacity. Having a market that can provide the extra generation will be critical."

Because New Zealand started from an advanced position compared with other nations, there is a wealth of overseas expertise to draw on about how to fund our energy transition.

Loan says renewable energy generation comes with its own set of challenges: "Using solar and wind means having more intermittent generation that requires a system-wide approach. Core industry players, such as the Electricity Authority, are focused on ensuring the system remains reliable and secure as demand grows and reliance on intermittent generation increases."

Loan says New Zealand's energy system is unique. "We have significant amounts of hydro power on the grid. However, the winter price spikes we saw earlier this year in the wholesale electricity market highlight the challenges we face when hydro storage is low.

"It means we need more capacity on the system to better manage the fluctuations in supply and demand. As a country we need to do a better job of accessing the deep pools of capital that international institutional investors are deploying in this space to accelerate the build of that capacity."

One possibility is to operate grid-sized batteries like South Australia's Hornsdale Power Reserve, which is designed to support the flow of intermittent renewable energy into the state's grid.

Loan says there are investors looking at battery energy storage systems and that will become increasingly important. "Where you have intermittent generation, there is a need to shift that generation from its time of production to when it's actually needed, which is where batteries come in."

There is some local capacity for investment in energy transition. Loan says the gentailers (generator-retailers) are pressing ahead with their own investment pipelines. In many cases they are looking to fund investment on the balance sheet.

"For the independent developers and the energy sector more broadly, there are huge benefits if they can attract the world's pension funds and infrastructure fund investors to New Zealand.

"Accessing that capital would release the potential to really move the dial. The trick lies in having the projects that can attract that kind of capital."

> Accessing that capital would release the potential to really move the dial. The trick lies in having the projects that can attract that kind of capital.
>
> Michael Loan

New Zealand has a long pipeline of potential energy transition projects. Much of the discussion around barriers to these projects centres on the consenting process, which needs to be streamlined.

However, Loan says that is not the biggest hurdle: "The hard part is being able to bring forward a project with a sound investment case and a de-risked revenue stream to attract those infrastructure investors that are looking for low risk returns."

This is where it gets difficult. In other infrastructure sectors, public private partnerships generally provide availability-based revenue streams. This means investor returns don't depend on energy demand or how much the asset gets used.

"The real risk is what is the price of the output that you are producing? In many countries the price is supported by government-backed instruments like contracts for difference."

In the energy sector, this is an agreement that says the counterparty must pay the project the amount by which wholesale prices fall below the agreed strike price for the contract volume, and vice versa.

Loan says these government-backed contracts are common in countries looking to transition away from significant fossil-fuel based systems. They are critical to providing investors with the certainty they seek.

"We don't have these in New Zealand. Here the pervading market view is that the role of government is to provide an enabling, consenting environment, but to otherwise leave it to the market to deliver projects."

He says in practice there aren't many investors willing to put their money into projects on a purely merchant basis. That would be investing on the basis that all the output is sold on the market at spot pricing.

Which means having a view of the price path is important. However, New Zealand's wholesale electricity market is complicated.

"There are not many investors who are willing to take that risk. Which is why, for independent developers, getting a power purchase agreement that provides long-term fixed pricing for the project is critical to raising the necessary capital.

"The capital will be there for the right project, but it really depends on the business case and the particulars."

It's common to see companies with projects needing considerable energy such as data centres signing fixed price contracts before a wind or solar farm is built to provide the power.

Loan says there can be huge benefits for corporate or industrial energy users to sign up to these agreements and accessing the pricing available from a generation project.

And such agreements are often critical for underpinning the project's investment case.

"The challenge for that type of user is they want power that matches their load. So, they also often want what's called a firming product to ensure that they're getting electricity that matches that what they need".

It's not only about having pricing certainty, investors also look for certainty in other areas. Loan says they want: "...certainty across the entire suite of project rights and expected capex requirements that will support the investors risk appetite."

He says project financing can be complex and getting a project from an idea through to the start of construction can require significant work.

"You also need an investment environment that will facilitate and support that that flow of capital. Overseas investment regulations are important.

"Our Overseas Investment Act is one of the most stringent internationally. Any project that involves using sensitive land must prove it delivers net benefits to New Zealand. Any further investment in that same project is technically required to demonstrate additional benefits.

"It's very welcome that the Overseas Investment regime is under review and will be reformed. We'll be watching that closely," says Loan.

● *Russell McVeagh is an advertising sponsor of the Herald's Dynamic Business Report.*

Realising assets to deliver infrastructure

Dynamic Business
Nick Leggett

Auckland's Spark Arena was built and is operated by a private company through a form of asset recycling arrangement.

New Zealand is grappling with having to solve a mounting infrastructure deficit that threatens the country's economic competitiveness and the quality of life of our people, while at the same time prudently managing our government finances.

Most New Zealanders understand that we need to invest in and build modern, fit-for-purpose hospitals, schools, transport networks and other public infrastructure. Yet over a third of our infrastructure pipeline has no current source of funding. It is in this context that we must expand our funding toolbox and seek to make greater use of private capital.

One way to do this is through a planned programme of "asset recycling".

Asset recycling involves realising the value of public assets through sales, leases or strategic partnerships with the private sector and then ring-fencing that capital to fund the building of new infrastructure.

From the public's perspective their services remain the same or, if anything, can become more efficient. Regulated sectors also provide consumer price control protections.

At its heart, asset recycling is about unlocking the economic value from some of the assets we already own to increase and improve our future public infrastructure. This can be done through several means including partial privatisation, temporary partial privatisation, and lease and management arrangements.

> Asset recycling is not about selling off the family silver but smartly leveraging the value of existing, under-performing, or difficult-to-manage assets.

Asset recycling isn't new in New Zealand, it's just under-utilised.

To fund a much-needed new wharf at Napier Port in 2019 the Hawke's Bay Regional Council agreed to sell a 45% share of the port following extensive public consultation. The sale, which included priority share purchases for the local community, raised $234 million that allowed for the construction of the wharf along with a fund for further community investment.

The value of the port with the new wharf was such that the Council's 55% share following the sale was worth more than its 100% share before it.

Auckland's Spark Arena was built and is operated by a private company through a form of asset recycling arrangement with Auckland Council known as a Boot (build, own, operate, transfer). This freed up council funds for additional projects and released it from having to manage this major events venue.

Across the Tasman, the Restart NSW scheme that has contributed to transformative projects from highways to rail and healthcare infrastructure is supported by an asset recycling programme. Strong controls are in place to ensure funds are reinvested correctly and business cases stack up, but by recycling existing assets in this way, New South Wales has invested nearly AU$2.5 billion into over 800 projects across the state since 2011.

The Restart NSW example and the use of asset recycling generally nicely aligns with the recent proposal from New Zealand First for a "Future Fund" for infrastructure. Countries like Singapore and Ireland have effectively used independent funds such as this to manage infrastructure investments, blending public and private capital as well as overseas investment to secure national prosperity.

It is critical to differentiate between outright privatisation and asset recycling.

Asset recycling is not about selling off the family silver but smartly leveraging the value of existing, underperforming or difficult-to-manage assets. The well-managed recycling of assets can create a "win-win-win" scenario that improves the operation of existing infrastructure through private sector expertise, generates capital for the development of new or upgraded public assets investments and enhances public services.

For instance, a well-structured lease agreement can maintain public ownership while outsourcing management to a private sector organisation that can run the asset better.

The political challenge lies in designing an asset recycling framework that ensures robust governance, transparency and builds a long-term political consensus. We should draw lessons from successful models abroad while addressing legitimate public concerns about asset control here at home.

What's needed is a comprehensive national policy direction on asset recycling where the opportunity cost of government or local authorities continuing to maintain and operate existing infrastructure is compared to monetising those assets and investing the realised funds into new or upgraded infrastructure.

The time for bold but thoughtful action is now.

Asset recycling should be a tool in our infrastructure toolkit, applied judiciously and transparently to help build what we so desperately need — public infrastructure fit for future generations.

● *Nick Leggett is Chief Executive of Infrastructure New Zealand.*

New finance cab on the rank

Fintech Taxi turns provisional tax into working capital, writes **Bill Bennett**

Taxi, a fintech startup, uses provisional tax payments as security to offer low-interest finance – at rates far below traditional banks.

Co-founder Nicola Taylor says Taxi was initially set up during lockdown with the aim of democratising finance.

The New Zealand Institute of Economic Research estimates widespread adoption of Taxi could add between $9.4 billion and $10.8b annually to GDP.

Taxi works by using the money locked up in a business' provisional tax payment as security against business funding.

Taylor says: "You can use it as a source of security just as someone might use their house as a source of security. The advantage to a business owner is that interest rates are much more affordable than bank rates."

She describes it as "tax-powered working capital". It's an idea that has taken off with the business growing at a rate of 120% every four months since opening in March of this year.

Currently Taxi's interest rate is 5.9%. Taylor says some of the company's clients were paying 22.5% on their business overdrafts, so the difference is significant.

The other advantage Taxi has is its flexibility. Small business bank loans usually require a lot of paperwork. "We don't ask for complicated cash flow forecasting, we don't put you through hoops to get the funding. The funding is there to be used, you are part of the economy and it's available to you."

Taxi's other advantage over small business bank lending is its speed. Customers sign-up through an online site which simplifies the process.

"We have had people create an account for the first time and within nine minutes they have completed all their sign-ups. They have filled in everything they need to. Then within 24 hours they will have access to the funding."

The experience is about going online and spending a few minutes answering simple questions. This compares to working with an accountant, setting up cash flow forecasts and making an appointment to talk to the bank. Once there, you may have a stressful meeting, possibly feeling misunderstood and even being rejected. In a world where time is money, the traditional process can be a real overhead.

Two words Taylor uses that are not normally associated with business lending are "democratic" and "dignified".

"Dignified" comes from doing away with the possibility of rejection, so long as you meet basic criteria and have made provisional tax payments, there is no barrier to getting the funds. There is no need to justify yourself.

"Democratic", because this kind of lending against provisional tax payments has been available to large companies for some time.

"We didn't think that was fair. Every Kiwi business needs this kind of funding".

In the past a company needed to pay $30 million in tax or provisional tax to unlock funding. It took Taxi's approach to bring the same facility to SMEs.

That means almost every size of business. Taylor says: "We've had people accessing $1800, that's our smallest user. We've also had someone access $660,000. There has been a strong uptake not only across a wide range of industries but also across all sizes of business".

Businesses often use the money as working capital. One example Taylor came across while researching the idea of Taxi was for a cafe needing a new oven.

"We've seen users just keep the facility there for their peace of mind. They're not necessarily drawing on it."

Others will use it to invest in something needed to improve productivity or to trade through a quiet season. Some use it to purchase additional stock or to widen their service offering.

A common use is to manage cash flow. Taylor says all these uses can have a large impact on a business.

The idea for Taxi came to Taylor and her co-founder Josh Taylor during the 2021 lockdown.

The pair previously founded Tax Traders, another fintech.

"At the time we did a transaction for a big corporate taxpayer. It took two days of work at our end and two days at their end. It cost somewhere between $20 and $30,000 in legal fees. There was that much complexity."

She says after that they were determined to bring some equity to the tax system making this kind of lending available for every business.

"It's not OK that the benefits are only available for corporates and not for the everyday SMEs who make up most of the economy."

Taxi became a mission to challenge the status quo. "It's a new product and a new market.

"Nobody has ever done this before except a couple of big corporates. We've seen firsthand just how important working capital is for SMEs.

"It is important for the mental health of business owners and we've seen just how important it is for the country in terms of productivity."

All of this fuelled the Taylors' motivation, but there was an obstacle to overcome.

Taylor says because of their experience they realised it might be complicated, but it turned out to be more so than anticipated.

Discussions widened to include Tax Traders Co-CEO Tim Kirkpatrick who is also a shareholder.

"In September 2021, during lockdown, I pitched the idea to Josh. I pitched it to Tim," she recalls.

"We were all on the same page.

"And I said to the guys, 'I think we can build this before Christmas'.

"It was built before Christmas, but not that one. It took over two years. That speaks to the precision required, the legal complexity and the technical complexity."

Josh Taylor says the technical complexity is because Taxi means taking tax payments which are a regulatory requirement and it needs to collect and track the payments making sure they continue to cycle through to Inland Revenue.

"Because they are unused and can sit at IRD for up to 18 months, there's a period of time where we can use them as security for additional funding.

"The complexity lies in structuring the arrangement so that a company's tax remains compliant while there's a facility. It means timeframes, legislation, credit-lending criteria.

"There is this intersection of different things, then we have to package it all up in a way that keeps the complexity from the end user while still giving them comfort knowing the complexity is taken care of and managed."

Josh Taylor and Nicola Taylor, co-founders of Taxi.

> In the past a company needed to pay $30 million in tax or provisional tax to unlock funding. It took Taxi's approach to bring the same facility to SMEs.
>
> Nicola Taylor

NZIER on Taxi's economic benefits:

Cash flow constraints and barriers to capital for investment stymie growth potential and entrepreneurialism. By utilising provisional tax payments, Taxi provides greater access to working capital for business investment, improving productivity, lowering production costs, supporting increased innovation and product development and expanding productive capacity.

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

Fonterra triumphs at the Deloitte Top 200 Awards

Dynamic Business
Tim McCready

Fonterra was a standout winner at the Deloitte Top 200 Awards 2024, claiming three prestigious awards. Port of Auckland also celebrated a stellar night with two wins at one of the most anticipated events in New Zealand's corporate calendar.

Held at Auckland's Viaduct Events Centre, the black-tie dinner brought together nearly 900 business leaders to celebrate resilience, innovation, and strategic leadership driving New Zealand's economy forward during an era of global challenges.

New Zealand's dairy giant **Fonterra** was named **Company of the Year**, a testament to its transformative journey over the past year.

The co-operative has implemented significant changes — reducing debt, exiting non-core businesses and concentrating on high-quality ingredients and food service products.

This strategic shift, along with disciplined cost management and sustainability initiatives, has solidified shareholder confidence and driven remarkable financial performance.

In September this year, Fonterra posted a net profit of $1.1 billion for the 2024 financial year, following a record $1.6b profit the year prior.

The panel of high-profile judges, convened by NZME's Fran O'Sullivan, praise Fonterra's ability to balance transformation with financial discipline, noting:

"Profits have improved markedly. Strong cashflow has driven down debt and supported payment this year of a 50c special dividend to its shareholders — helping to drive a 71% increase in the Fonterra shareholder fund unit price.

"By concentrating resources on areas with the highest potential, Fonterra is well-positioned for sustainable earnings growth, despite tough international markets.

For his pivotal role in Fonterra's turnaround, CEO **Miles Hurrell** was named **Chief Executive of the Year**.

Hurrell's leadership has delivered record profits, improved milk payouts to farmers, strengthened the co-operative's balance sheet, and improved employee engagement.

"Miles has focused on Fonterra's core operations of processing and selling New Zealand milk efficiently while divesting less critical parts of the business and considering the sale of its consumer division," say the judges.

"With a collaborative approach, Miles has built an aligned and forward-thinking team, making him a stand-out chief executive."

The **Visionary Leader** award went to Zuru Group siblings, **Mat, Anna and Nick Mowbray**, in recognition of their courage, creativity and innovation that has built a multinational juggernaut.

Stacey Morrison and Jack Tame host the 2023 Top 200 Awards.

Established in 2003, Zuru Group now generates $3 billion in annual revenue, employs 5000 people across more than 30 global locations and spans toys, fast-moving consumer goods (FMCG), and tech building.

The Top 200 judges commend the siblings' bold decision to leave New Zealand in their 20s to establish themselves in China.

"They have sustained their entrepreneurial spirit, which has seen the company expand into new areas utilising China's scale and technological prowess," they say.

"Such ambition and success take courage, innovation and a lot of hard work, and in the opinion of the judges best exemplifies the visionary leadership of this award."

The exceptional leadership of **Jan Dawson,** chair of Port of Auckland, has earned her the title of **Chairperson of the Year**.

Since assuming the role in September 2021, Dawson has helped revitalise the port's operations, improved stakeholder trust, and set the foundation for long-term growth.

The port has built a strong relationship with Auckland Council, the port's sole shareholder, and this year increased its dividend to $40 million, reflecting its financial turnaround and focus on shareholder value.

"Under her leadership, the Port has made significant strides in overcoming complex issues," the judges say. "From securing a new CEO to addressing an automation project that had become derailed, fostering stronger collaboration with unions, and aligning more closely with Auckland City Council, the Port's primary stakeholder."

Meridian's CFO, **Mike Roan**, earned the title of **Chief Financial Officer of the Year** for his critical role in driving operational growth. Under his leadership, the partially state-owned energy company achieved a 16% increase in earnings before interest, tax, depreciation, amortisation and financial instruments (ebitdaf), reaching $905m in the past year.

"Mike Roan has been recognised by his board and the market as one of New Zealand's leading CFOs over multiple years," say the judges.

"He is an absolutely integral member in chief executive Neal Barclay's team that has posted market-leading returns."

Global dairy marketer **The A2 Milk Company** received the **Most Improved Performance** award for its operational turnaround and resilient business model.

Amidst challenging regulatory environments in key markets such as China and the US, a2 Milk negotiated new strategic partnerships, strengthened its leadership team, and surprised the market with upgraded earnings guidance. The company will pay its first-ever dividend in February.

"While the journey is not complete, there are good signs that a2 Milk is back on track," say the judges.

Infratil's strategic foresight and disciplined approach to long-term infrastructure investments have driven remarkable growth, earning it the **Best Growth Strategy award**.

With early bets on data centres and renewable energy, the infrastructure investment firm's strategy reflects bold decision-making and exceptional execution which have been a hallmark of its success. Shareholder returns have been exceptional with at a compound annual rate of 23% a year over the past five years.

"These accomplishments reinforce Infratil's strategy in infrastructure investment, with a focus on driving innovation and sustainable growth around what the company describes as 'the ideas that matter'," say the judges.

Continuing Fonterra's run of success last night, **Richard Allen** was named **Young Executive of the Year** in recognition of his exceptional leadership and strategic vision.

Over his eight years at Fonterra, Allen has improved capital efficiency, developed strategic customer relationships, and identified the need to shift from siloed and reactionary initiatives.

Now President Global Market Ingredients, Allen is focused on expanding Fonterra's markets and diversifying income streams.

"His strategic restructuring of the Atlantic region and innovative approaches not only strengthened Fonterra's position in international markets, but also contributed significantly to New Zealand's export legacy," say the judges.

Port of Auckland was named winner of the **Diversity & Inclusion Leadership** award for its transformative approach to addressing deep-seated organisational challenges through a bold focus on diversity, equity, and inclusion.

"By prioritising a people-centred approach, they created a high-engagement, high-performance culture that recognised and served the unique needs of their diverse workforce and stakeholders," the judges say.

The reset has achieved remarkable improvements in safety, employee engagement, union relationships, and overall performance, demonstrating the power of diversity and inclusion to drive sustainable change and deliver exceptional outcomes.

Spark NZ took home the **Sustainability Leadership** award for its long-term commitment to embedding sustainability across its operations.

The judges recognise Spark for its governance, accountability, and measurable progress in decarbonisation and digital inclusivity.

"Since 2020, Spark has been implementing a comprehensive three-pillar strategy, fully integrated into its day-to-day operations and across the entire footprint of the company," they say.

The Deloitte Top 200 awards include a special **Judges' Award**, designed to recognise individuals or organisations whose performance has made a significant impact on the business community.

This year's recipient is **Dr Oliver Hartwich**, Executive Director of The New Zealand Initiative, honoured for his outstanding contributions to public policy and thought leadership in New Zealand.

Hartwich has been instrumental in shaping public discourse, not only by identifying critical challenges facing the country but also by proposing practical solutions.

Under his leadership, The New Zealand Initiative has delivered rigorous, independent research that has influenced national debates and informed key policy decisions.

"We recognise his sterling contribution to public policy thinking and his willingness to advocate publicly through significant media engagement," the judges say.

They highlight that in recent years, The Initiative's policy recommendations have played a pivotal role in several critical areas, with a particular mention of its work in improving New Zealand's education system.

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; also producer boards, co-operatives, local authority trading enterprises and state-owned enterprises.

An overview of the Top 200 Index, along with New Zealand's Top 30 finance companies, is featured at the end of this report. This includes insights into revenue, profitability, efficiency and other key metrics. These numbers offer an insight into how the biggest companies in New Zealand operate and are accompanied by commentary and analysis from the *Herald*'s team of business reporters.

The high-level view of the Top 200 this year shows total revenues increasing by 4.1%, a modest rise compared to the 12.4% growth seen in 2023. However, underlying earnings (ebitda) fell by 8.1%, and total profits after tax declined significantly, down 57.2% year-on-year.

In the financial sector, the Top 30 finance companies showed a marginal decline in year-on-year assets of 0.9%, while cumulative profits rose slightly by 0.8%.

ANZ remains the largest bank by a considerable margin, with $194b in assets — $61b ahead of second placed Westpac. ANZ also outpaces all other banks in terms of profit and equity.

Deloitte Top 200 Awards winners and finalists 2024

Leading the next wave

As green shoots start to appear in our economy, I'm excited to see the bold steps NZ's leading businesses take to seek out new opportunities, new markets and new ways to add value, writes Deloitte chief executive, **Mike Horne**.

I think we can all agree that as we near the end of 2024, the economic environment remains challenging, with GDP per capita still at 2019 levels and unemployment increasing to 4.8% as of September.

However, despite this current snapshot, New Zealand is on the road to recovery.

Business confidence and investment intentions are improving, the Reserve Bank has joined international peers in cutting interest rates, dairy prices have had robust growth, and tourism has seen recovery back to pre-pandemic levels. Emerging sectors such as gaming, space and aviation continue to grow in strength, with weightless exports doubling since 2019 to $548 million in 2024.

Importantly, 'admiring the problem', isn't a productive use of time. We in the business community need to be aware of the wider environment, but we can't be governed by macro conditions alone.

It is the actions we can take, and the factors we can influence, that will ultimately help to deliver the critical balance of short-term resilience and longer-term growth to businesses and the economy as a whole.

The business community powers a huge amount of societal prosperity, and we should be encouraging and celebrating that success.

The Deloitte Top 200 gives us an opportunity to celebrate the companies that have shown resilience, agility, foresight, and harnessed innovation, despite significant economic headwinds, to drive our country forward.

New Zealand's leading businesses play a key role in promoting the balance between risk and ambition. While sensible risk management is important, we can't let risk become all pervasive, because embracing ambition and opportunity is fundamental to growth — and core to progressing New Zealand's productivity and prosperity.

> The Deloitte Top 200 gives us an opportunity to celebrate the companies that have shown resilience, agility, foresight, and harnessed innovation, despite significant economic headwinds, to drive our country forward.
>
> Mike Horne

We're seeing that the global rules-based order, from a geopolitical point of view, is changing. As a small trading nation, we have benefitted from this order, and we need to be nimble and adapt to this change. While this is challenging, experience tells us that this is also an opportunity for New Zealand, if we plan, embrace and be ready to quickly pivot for however that change plays out.

We dropped off the global radar because of our border closures during the pandemic and it has taken a long time for us to get back in the fray.

Global connectivity, whether for markets, innovation, ideas, or capital, are fundamental to our positioning. The danger is not that New Zealand is thought of poorly, it is that we are not thought of at all. We have a lot to offer on the global stage and some outstanding businesses to be truly proud of, but we have to be out there telling our story

As business leaders, it is critical for us to actively participate in driving New Zealand forward. We need to take a long-term view and invest now for the future. Leading the next wave means seeking new opportunities, new markets, and new ways to add value and revitalise our economy.

How can we add value beyond innovation and beyond the traditional?

Last year, I wrote about how embracing new technology was key. Today, AI is no longer coming — it's here, and there is a need for big business to embrace it at scale. As leaders, we need to build AI fluency and understand the technology's transformative potential to realise our collective ambitions.

Deloitte's recent report, *The future of digital fibre infrastructure in New Zealand*, revealed our fibre network could add a projected $163 billion in productivity gain to the economy over the next 10 years if we act now in areas such as driving innovation with AI, seizing opportunities to grow exports and regularly reviewing regulatory settings.

The success of private-public partnerships, such as the Ultra-Fast Broadband initiative, demonstrate the benefits of business working more closely with Government, including contributing to legislative review and providing strategic thought leadership.

Increasingly, we are depending on our leading organisations, including our Top 200 business community, to take up the mantle of restoring Aotearoa's ambition and presence, profile, and connectivity on the global stage.

We can hope with this commitment to the New Zealand economy, and a focus on making bold, strategic choices now to reap longer-term benefits, our Top 200 companies can embrace the opportunities ahead and lead Aotearoa into an uncharted, but exciting future.

Top 200 Judging Panel 2024

Fran O'Sullivan
Top 200 Judging Panel convenor

Fran O'Sullivan ONZM is a high-profile business columnist for the *New Zealand Herald*. Fran is the Director of the *Herald's* influential Mood of the Boardroom — the premier CEOs survey in New Zealand, and *Herald* Business Reports. She chairs the NZ US Council's Friends Board and is a member of the NZ China Council. She is a regular participant in NZ's international partnership forums and chairs the Metropolis Body Corporate. Fran is a former editor of *National Business Review*, is an INFINZ fellow and has an award-winning track record in business journalism.

Neil Paviour-Smith
Judge

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

Hinerangi Raumati
Judge

Hinerangi Raumati is a fellow of Chartered Accountants Australia and New Zealand and a member of the New Zealand Order of Merit. She has 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 matauranga as an appropriate lens for doing business in Aotearoa. She is chair of Tainui Group Holdings and the iwi investment company of Ngati Mutunga. She is on the board of Genesis Energy, NZ Super Fund, Taranaki Iwi Holdings and Pouarua Farms GP. Her iwi are Ngati Mutunga and Waikato.

Jonathan Mason
Judge

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.

Gavin Lonergan
Judge

Gavin Lonergan is a partner in leading private equity firm Direct Capital. The firm has raised more than $1.7 billion in capital and invested in more than 80 private companies since its establishment in 1994.

In his 27 years with the firm, Gavin has served on a number of Direct Capital's portfolio company boards, and he is a previous chair of the New Zealand Private Capital Association. He is currently a director of Qestral Corporation and Caci Group.

Company of the Year

FONTERRA

Winning back shareholder confidence

Andrea Fox

In the turnaround of Fonterra, 2024 Deloitte Top 200 Company of the Year, it's hard to know what's been the secret sauce — simplification or transformation.

Chief executive Miles Hurrell says it's probably both.

"We couldn't go and transform the organisation for the long-term and look at growth without first going through a simplification to get back to what we know we're good at."

Thanks to both strategies New Zealand's biggest business is almost unrecognisable from 2018 when the board hurried in Hurrell as interim chief executive ahead of the farmer-owned co-operative declaring its first-ever loss — of $196 million.

Suddenly gone from New Zealand was Theo Spierings, whose pay that year was $8m. The chairman, the late John Wilson, had stepped down during the year for health reasons.

The company went on to post a $605m loss the following year.

The grim results, after failed and struggling forays into China and global milk supply building, coupled with a public perception of lacklustre performance since Fonterra's creation from an industry mega-merger in 2001, helps explain why the Deloitte award judges said: "It hasn't been plain sailing for our country's biggest company over the years".

Hurrell, appointed permanent CEO chief executive in 2019, says in 2018 "things had got away on the company a little bit".

"Debt was at $6.6 billion, we needed to get back to a situation where we knew what we were good at, where we were focused and could show our shareholders and our staff and the New Zealand public that we could actually deliver on what we said we would. That was about simplification."

In 2018, the year Fonterra posted an historic first loss, corporate advisory firm TDB calculated that the mega-merger had delivered dairy farmers less than 2.5% annual compound growth in revenue.

The industry architects of the merger, which saw Fonterra emerge with 96% of New Zealand milk production, had pitched 15% in their argument to allow the-then near-monopoly. Today its milk market share is 78%.

Hurrell says he saw very quickly that Fonterra needed to change its path and make "tough calls".

"Our balance sheet was very much stretched and we were losing the support of our shareholder base very quickly. Now we have our balance sheet in order we can actually start to focus on the things that are going to transform our organisation and take it to the next level."

So began the journey by Hurrell and the board under 2020-elected chairman Peter McBride to steer Fonterra back to basics, focusing on the world-valued provenance of New Zealand milk, stoking its massive what Hurrell calls its "ingredients engine", and winning back the confidence of its 8000 farmer-shareholders with steadily improving financial results and dividends.

In FY24 the company reported earnings before interest and tax (Ebit) of $1.56b, 11% down on the previous year but a solid follow up to FY23's performance and reassuring for shareholders and observers calling for consistency of results.

Group net profit after tax was $1.1b, also down on FY23's $1.5b but again a solid outcome. Revenue was $22.8b ($24.5b). Earnings of 70c a share were at the top end of guidance and only marginally down on FY23's record 75c a share. The total dividend for the year was 55c a share, which included a special dividend of 15c a share. Debt reduced to $2.6b, a drop of $602m or 19% on FY23.

Fonterra's revenue last year of $24b represents about 10% of the total revenue of all the Top 200 companies.

The strength of the balance sheet has now emboldened Fonterra to, as Hurrell puts it, "lift its horizons to transform us even further . . . to the next generation of the company" with a plan to exit the capital-hungry and highly competitive consumer products and brands world of business. The new strategy is to focus on what it calls its core strengths, providing the world with high-quality "functional" ingredients and food service products.

As a farmer-owned co-operative, with the associated cost of capital that comes with the model, Fonterra is not a natural owner of a consumer business, its leaders say. It has struggled to do it well, despite some of its inherited brands such as Anchor and Anlene being national icons for years.

The business had one of its best years in 2024, but its return on capital was just 6.8%, up from 3.9% in 2023 and 0.2% in 2022.

The judges said they had recognised the big improvement in Fonterra's performance since it refined its strategic focus on core operations.

"Fonterra has been disciplined on cost management, exited non-core businesses and generated good returns even amidst challenging global conditions," they said.

"Profits have improved markedly. Strong cashflow has driven down debt and supported payment this year of a 50c special dividend to its shareholders — helping to drive a 71% increase in the Fonterra shareholder fund unit price.

"By concentrating resources on areas with the highest potential, Fonterra is well-positioned for sustainable earnings growth, despite tough international markets.

"Fonterra's commitment to sustainability initiatives, dairy innovation, and developing future leaders reflects a long-term vision that goes beyond just financial success."

Hurrell says the opportunities in ingredients and food service products provision are "endless". This area includes advanced, adult and medical nutrition. Notably, he says, Fonterra has global scale in which to maximise the opportunities.

He agrees the world has changed a lot since 2018 when Fonterra set about a turnaround, but notes, as New Zealand has long exported 95% of its dairy production, it has always had to play in a globally volatile paddock. Today geopolitics is front and centre.

"Free trade is a thing of the past

Company of the Year

in some countries' minds. Access to capital is no longer free and easy. Markets like China are slowing. So yes, our world is different. Which again only reinforces the point to focus on areas in which you can be world-class and overachieve."

Fonterra was pitched by its architects back in 2001 to be "a national champion".

Can it claim to be one at last?

"Yes," says Hurrell, "you only need to look at Fonterra's balance sheet."

While it's true that up until 2018 there were concerns that Fonterra wasn't delivering, he says, it needs to be remembered the co-op is an extension of its farmers' businesses.

"It's important to look at the frontier of the P & L and the balance sheet but it's also important to look at the balance sheets of the dairy industry in New Zealand. And that is something I think we can stand behind and say we are a national champion."

Fonterra's now showing its potential, but "there's a heck of a lot of runway still to go."

For now, the wars in Ukraine and Gaza and the United States presidential election occupy his mind.

While the conflict regions are not important markets for Fonterra, the ripple effect on other markets is something to watch, he says.

"We've always had to navigate these sorts of things, albeit at a lesser level, and I think we've been quite nimble in the past to be successful in that regard. I have no reason to doubt we won't be successful going forward.

"[But] you can never rest on your laurels ... again it comes back to being an extension of our farmers' farms and they have a perishable product.

"If you don't collect it every day, it will go off."

Port of Auckland has achieved a remarkable turnaround.

"Tina" featured in Turners' successful advertising campaign.

Finalist: Port of Auckland

Just two years ago, the Port of Auckland was offside with every one of the stakeholders vital for its functioning as New Zealand's main import gateway.

It had adversarial relationships with its owner, the Auckland Council, with the unions which represented its front-line workers, with its cargo and freight customers, with ratepayers, who believed they were carrying a company whose dividends should have been easing some of their rates burden.

Its health and safety record was a horror. It was secretive, particularly about suspected big spending on a clearly failing container terminal automation project. Its productivity was scorned and its financial performance was weak. The public was more than ready to entertain political suggestions it should be shut down and its operations relocated.

Today as the port celebrates recognition for outstanding performance as a company of the year finalist in the prestigious 2024 Deloitte Top 200 awards, that scenario seems bizarre.

One of the first remedies by chief executive Roger Gray, brought in during 2022 along with a largely new board of directors, was to institute a strategy called "regaining our mana".

A three-year plan, its goals were reached by the end of FY24 and the next phase "strengthening our mana" is under way. The strategy is underpinned by the port's vision to be: "safely and sustainably profitable, delivering a fair return to Auckland Council and remaining the preferred port of our customers and our people".

In FY24 the port company exceeded its forecasts for underlying net profit after tax, growing it to $55.2 million from $45.2m in FY23. The company declared a $40m dividend to the council, up $10m on the previous year, and $5m more than committed to in the port's statement of corporate intent to the council.

In a tough economic climate for the supply chain, revenue rose to $339m from $320m the previous year with "modestly" increasing operating costs reflecting inflation and increased wage costs and a lift in stevedore numbers to meet demand. The port's target for FY25 is $65m underlying net profit after tax and by FY27, $100m.

In the FY24 annual report, chair Jan Dawson and Gray write: "The speed at which we have turned the port's results around demonstrates the team's commitment to safety, lifting performance, delivering returns to our owner Auckland Council, and rebuilding the trust of our people and Aucklanders".

Gray says the port is now working on three areas of improvement.

"[We're] becoming very, very customer-centric. How can we improve our delivery of what our customers want and are prepared to pay for?

"We're continuing our whanaungatanga, the cultural transformation of the port. The absolute foundation of that is safety — we'll never stop on our journey of safety. This is our partnership with the union movement, we see the unions as our partners, not as our enemies.

"The third element is a once-in-a-generational investment in infrastructure. We have a very large infrastructure programme that's going to reset the port over the next three to four years for the next 40 years."

Gray believes the spectre of relocation has been put to bed by the council's decision to agree to a long-term plan for the port and to commit to a tripartite agreement between the council, unions and port company.

Listening has been a major contributor to the turnaround, he says.

"We had to actually listen to our customers and deliver what they wanted, which is a safe exchange of cargo."

The critical decision there, says Gray, was the board's decision to cancel the terminal automation project, which quickly followed his appointment. The project, which booked a loss of $65m, made the port "very self-focused".

"In regards to the cultural perspective and the workforce, it was about our commitment to [health and safety and wellbeing] and our focus on really moving from an adversarial to a partnering relationship with the unions ... it was transparency, open honest transparency, and our preparedness to be open with that.

"For the community, it was about actually starting to deliver cargo, starting to deliver a fair commercial result."

As for productivity, Gray says "there's more to do" but he's chuffed that for October the port recorded the highest container throughput in five years.

The FY24 annual review says the port has bucked economic trends with strong container import volumes and revenue growth.

"We've stopped gifting volume to other ports by getting ourselves very self-focused on automation and [offside] with our unions. We probably dropped the ball on just doing the fundamental core business and as a result, customers made a choice to go by other ports," Gray says.

"The real innovation ... is our partnership with the unions and our preparedness to bring them into the decision-making and also to bring workers into solving problems.

"Lifting boxes on and off ships is not a particularly complicated task.

"It's how you work with your workforce, how you engage with them and engage in the partnership is the real secret sauce."

Finalist: Turners Automotive Group

"Diversification" is the quick but underdone answer to how used car retailer and financier Turners Automotive outdrove the consumer economic slump to a finalist spot in the 2024 Deloitte Top 200 Company of the Year award.

A chat with chief executive Todd Hunter reveals layers of reasons behind the NZX-listed group's recognition and record FY24 earnings.

Such is its strategy of being the country's "supermarket" for used cars, sacrificing margin to meet demand from car owners for cheaper vehicles and thereby keeping up sales, ensuring it has a "quality" loan book, being a leader in vehicle sourcing, and yes, having a diversified business, even expanding its investments in a tough economy.

But Hunter, chief executive since 2016, says the momentum that's got Turners to where it is today has been building for a decade, though the economy of the past 36 months has certainly put its transformation strategies to the test.

A household name for 60 years as New Zealand's largest used vehicle auctioneer and an offshoot of the fruit and vegetable company Turners and Growers, Turners has sold more cars this year than last year, assisted, but not entirely due to, adding branches to its national network.

Hunter says the used car market is generally quite resilient.

"It's quite difficult to run your life efficiently without a vehicle. Yes, there are ups and downs but they're nowhere near as pronounced as with new cars. We've seen people shifting out of more expensive cars into less expensive cars and we've very deliberately positioned stock for where the demand is.

"We've certainly sacrificed the margin to keep those sales at these levels."

Retail sales account for around 75% of Turners' annual income. After tax net profit rose by 1.5% in FY24 to $33 million. Before tax, profit was up 8% to $49.1m on the previous year, while Ebit gained 12% to $58.6m. It says it's well-placed to beat its 2025 net profit before tax target of $50m, and has announced a new medium-term target of $65m net profit before tax in 2028.

Turners is "the supermarket" of used cars in a market that's a corner shop and highly fragmented, Hunter says.

"We bring the supermarket strategy to that market with a low margin, high volume approach, but with a trusted experience. And trust is not normally a word you'd associate with the used car sector."

The group's financing and credit management and insurance activities have been "natural stabilisers".

"Six years ago we started repositioning the quality of our loan book and have been progressively improving the quality."

Industry data shows 6.5% of all used car loans are behind in their payments — but Turners' books show only 3% of its customers are late payers, Hunter says.

"Your first objective is to lend to people who can pay you back, and have a buffer to withstand unforeseen events ... we're essentially running a prime, and super prime, loan book."

"If you go back 10 years we were very much a wholesale kind of auction business. The transition has been into a consumer-focused business. We still have a wholesale business, we still run auctions, but we are absolutely optimising our business for the person who's going to sit in the car. You get better and better at that over time and work out where the opportunities are. The used car segment is one where scale is going to win out in the end."

Hunter says success in this business is all about being able to source vehicles.

"You're only as good as your ability to source. I would say that's our biggest competitive advantage.

"We get about 40% of our cars from consignment vendors of leased cars and government cars, and 60% from people we buy cars off.

"We import a few cars from Japan but it's like a tap we turn on and off to get the inventory we need — 5% or less is imported."

Turners this year took a 50% stake in mobile vehicle service platform My Auto Shop and invested $1m in insurance comparison site Quashed.

It had been contemplating a foray into the vehicle servicing and repair sector for some time, Hunter says, but didn't want to own "a whole bunch of mechanics workshops".

"Vehicle repairs and servicing is like used cars, very fragmented, lots of small players. These guys [My Auto Shop] are bringing quite a disruptive customer experience. They're very digitally-orientated and bring a trusted and transparent approach."

"It's a $3 billion industry in New Zealand. If we got a third market share in the used car market, that'd be a $100m business for us.

"Strategically, it makes so much sense. We can buy and sell used cars, we can finance and insure them. But we've never been able to offer people servicing and repairs through the lifetime ownership of their car. It generates a lifetime revenue opportunity for us."

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

Chief Executive of the Year

Miles Hurrell, Fonterra

Making the tough choices

Duncan Bridgeman

Miles Hurrell is the first to admit he's been on a roller-coaster ride since becoming chief executive of Fonterra in 2018.

"I've got a few more grey hairs to show for it," he told the *Herald* in an interview for the Deloitte Top 200 awards where he took out CEO of the Year at last night's event.

It was, as he puts it, a fast and furious process from the outset. Hurrell had been working at Fonterra since November 2000 in various roles but suddenly found himself in the hot seat when former CEO Theo Spierings announced his resignation and then chairman John Wilson stepped down due to health reasons.

New chairman at the time John Monaghan asked Hurrell if he'd be interested in taking the CEO role for an interim period while the board undertook a permanent search. That was in the autumn of 2018 and Fonterra was in bad shape, heading towards its first annual financial loss after a failed global expansion left it saddled with huge debt and significant impairments. "The co-operative had a few issues and we needed to lean into those quite quickly," Hurrell said in his typical deadpan manner followed by a grin acknowledging the understatement.

"And so, I went in with my eyes wide open. Clearly, I knew what was coming and what was therefore expected of me."

Those issues he mentioned were big ones.

Later that year the co-operative revealed a net loss after tax of $196 million after taking a $405m impairment hit on its Beingmate investment in China, plus a $183m payment to Danone following a dispute over a 2013 whey protein recall.

It got worse.

The following year Fonterra posted asset write-downs and accounting adjustments of $826m and a net loss of $605m with net debt peaking at about $6.2 billion.

Fonterra, which spent $755m acquiring an 18% stake in Beingmate, would eventually lose billions of dollars on its ill-fated expansion plans. Shareholder watchdog, the Fonterra Shareholder's Council, calculated around $4 billion was wiped off the balance sheets of the co-operative's 10,000 farmer-owners in FY18 and FY19.

"There's no two ways about it, these results don't meet the standards we need to live up to," Hurrell said in his first official financial results press statement.

"In 2018, we did not meet the promises we made to farmers and unit holders," he said.

Acceptance and sacrifices

Leaning into that mess, Hurrell announced a wide-ranging strategic review with major asset sales such as the co-operative's 50% stake in DFE Pharma and iconic ice cream maker Tip Top.

It would also sell its two farm hubs in China, a 51% stake in Dairy Partners Americas (DPA) Brazil and close its Dennington milk processing plant in Australia.

Hurrell would also embark on a brutal cost-cutting exercise and then lead the co-operative through a difficult capital structure reform process in 2022.

Asked how he went about that process and how he felt about it at the time, Hurrell said the first thing for him was finding out if he had the support of Fonterra's 20,000 employees at the time and its 10,000-odd farmer shareholders.

"In my own mind, I needed to feel I had the support of them because we knew we had to do things significantly differently. We knew we were going to have to make some really tough choices."

One of the first big calls was anyone earning more than $100,000 received no pay rise in that first year. Fonterra also held back all bonuses and incentive payments.

"Those are very big calls for people's livelihoods when ultimately, most of these people had little to do with the investments in China.

"But our farmers had had significant equity taken from their own balance sheets. And I knew that we had to make some of these big calls in the short term to get ourselves in a position where we could hopefully be successful in the long run and, and, you know, six years on, touch wood, I think we've got through that."

Fonterra's financial turnaround was displayed in September last year when it posted a record net profit after tax of $1.6b, followed by a $1.1b net profit announced this September for the 2024 financial year.

The improvement allowed the dairy co-operative to afford its second-largest annual dividend in its history of 55 cents per share, including a 15 cents special dividend.

Farmer returns are now as high as they have ever been with Fonterra currently forecasting a mid-point of $9.50/kgMS and an upper end of its forecast range touching $10/kgMS.

The previous record farmgate milk price was $9.30 paid in 2021-22 season.

Forward-thinking

This performance was highlighted by the Deloitte Top 200 judges who said Hurrell has been instrumental in the turnaround.

"Under CEO Miles Hurrell's leadership, Fonterra has achieved record profits, improved milk payouts to farmers, a stronger balance sheet, and higher employee engagement," category judge Jonathan Mason said.

"Miles has focused on Fonterra's core operations of processing and selling New Zealand milk efficiently while divesting less critical parts of the business and considering the sale of its consumer division.

"With a collaborative approach, Miles has built an aligned and forward-thinking team, making him a stand-out chief executive."

> I knew that we had to make some of these big calls in the short term to get ourselves in a position where we could hopefully be successful in the long run and, and, you know, six years on, touch wood, I think we've got through that.
>
> Miles Hurrell

Hurrell, who turned 50 this year, is not finished yet.

His new task is to embed a revised strategic direction, which prioritises Fonterra's high-value dairy ingredients and foodservice businesses and a stronger focus on B2B operations.

Under Hurrell's leadership, Fonterra has achieved record profits and improved milk payouts to farmers.

"We believe we can create more value by concentrating on our ingredients and foodservice channels," he said.

As part of that process, Fonterra is exploring divestment options for its global Consumer business, as well as integrated businesses Fonterra Oceania and Fonterra Sri Lanka.

This will be yet another major step with a full exit of those businesses potentially returning up to $3b, or $2 a share of capital, according to a report commissioned by the shareholders' council.

The businesses for sale include well-known consumer brands in New Zealand and Australia, such as Anchor, Mainland, Kāpiti, Perfect Italiano and Fresh'n Fruity, plus the Australian manufacturing and ingredients businesses.

"There is never really time to take a breath because you're always thinking about what's next," Hurrell said.

"But it's such a nice position or a mindset change to move from having to get the business in shape, having to get your balance sheet in order for survival, to now looking at growth.

"At the same time, we need to make sure that we set the right disciplines, so we don't get ourselves in a similar situation again in the next decade."

Strong support

Hurrell said the key to setting a longer-term strategy was that once you had identified the core strengths of the business, you needed to explain what success looked like.

"It was important that we could paint a picture around what a successful ingredients and food service business looks like.

"That's the piece of work that we ultimately launched back in September to paint that picture and give confidence that you're on the right path."

Hurrell said he's had a lot of strong support from within the co-operative, some of that stemming from having worked in the engine room previously.

He first joined Fonterra in 2000 and worked in dairy across Europe, the US, the Middle East, Africa and Russia.

He worked in Bahrain in the early days and then Dubai before shifting to Germany and the US.

He oversaw Fonterra's Russian office at the time and the African operations, meaning he was on a plane more often than not during those years.

Eventually, he was asked to come back to New Zealand and head up Farm Source, Fonterra's rural supplies and farmer support and advisory service.

"While I'm not off the farm, when you work 20 years for a co-operative you certainly get exposed to how things go on the farm," he told *BusinessDesk* in 2021. He said he'd learned a lot since becoming chief executive, telling the Herald that his leadership style had changed as a result.

"I think having the right team in place early on is important. It's always easy in hindsight but having people around you with different views is something I've adjusted to.

"That's probably one of the things in my leadership style that's changed over time in that you might have historically employed people who were very similar to yourself in the way that they thought about things. But … that is actually one of the things that will hold you back.

"And so, one of the things that I've learned, certainly in the past five or 10 years, is that diversity of thought around the leadership table is critical to getting the right outcome.

"So, in hindsight maybe that might have been something that I brought into my thinking a little earlier."

One thing that Hurrell has always felt is a weight of responsibility on his shoulders.

"If you lose sight of the role that you play both within the company, but also in the New Zealand context and in the dairy industry and in the global context, and the importance of that role, then I believe that is a slippery slope.

"Recognising that what you do has a hell of an impact and sometimes you might think they're a very simple or a small decision, but the impact of those could be quite large if you don't think them through.

"So I spend quite a bit of time thinking those things through and those are the sort of things that I would say, keep me up at night."

Finalist: Roger Gray, Port of Auckland

When Roger Gray joined Port of Auckland staff told him they used to avoid going to barbeques because they didn't want to tell people they worked at the port.

That's how bad a shape the company was in with an appalling health and safety record, hopeless financial performance and an organisation that had lost the respect of the public, the media and the Mayor of Auckland.

So, it's fair to say he had a lot of work to do when he became chief executive in March 2022.

"I don't think it came with a plan," he told the *Herald*. "What I did come with was a focus on turning around the business and the most important thing at the start was to find out what the situation was.

"And what I realised very quickly was that we had lost all of the stakeholder groups' respect. We were seen as being secretive, poorly performing. We weren't delivering our core job. We disregarded the customers.

"We were at war with our unions and we didn't listen to the community … we'd lost everybody.

"What we did as an executive is we sat down and said, we've got to regain that respect and that's what we focused on for the first two and a half years until June 30 this year.

"We went back to basics and said, we're going to be a port and just focus on getting the place back to exchanging cargo safely. And we had to stop killing people."

Gray had all the credentials for the role, having experienced complex logistical challenges and working with tough unions (Gray's father was a union organiser).

Before joining Port of Auckland he was chief executive of Lyttelton Port Company for two years. Prior to that he worked at Air New Zealand for six and a half years, including his last role as group general manager airports, in

Chief Executive of the Year

which he managed ground handling and lounge operations at 55 locations.

He's also held several senior leadership roles with Goodman Fielder, including managing director of Quality Bakers.

He had previously served for 20 years in the Australian Army, retiring as a lieutenant colonel.

One of the first things Gray did was to form a better relationship with the union and ask members to help design solutions so they became partners not opponents.

"It is naive to think you can break the unions on the waterfront and that you won't have unions because they've been here since the 1850s and they'll continue to be here until the 2050s and beyond.

"We sat down with them and said, okay, we need to improve the operational performance and profitability and most importantly worker safety ... we had a sad history of fatalities at the port.

"We've had some amazing improvements here on the recommendation of the union.

"And so, we have worked in partnership with the unions to really redesign how we work, how the staff feel empowered to say no and the team ... they feel safer."

The results speak for themselves. Port of Auckland will pay its council owner $40 million this year, up by $10m after reporting an underlying after-tax profit of $55.2m in the 12 months to June 30, also up $10m on last year.

And no one died.

Finalist: Neal Barclay, Meridian Energy

Taking a long-term view is a key part of any chief executive's role but especially so when you're heading up

Port of Auckland's Roger Gray (top) and Meridian's Neal Barclay.

a major electricity generator and retailer.

Neal Barclay has led Meridian since 2018 and in that time has remained steadfastly focused on the future, despite plenty of immediate issues both operationally and in the market.

This winter was especially problematic with a shortage of gas combined with low rainfall and inflows into the country's hydro lakes causing an energy supply crisis and sending wholesale electricity prices soaring.

While the market has settled since lake levels returned to normal, the issue isn't going away and solutions are needed, in tandem with New Zealand's emissions reduction plan and zero carbon commitment.

Gentailers like Meridian are charged with increasing their investment in renewable energy while their profits are in the spotlight.

Meanwhile, the Commerce Commission is resetting the regulated price for distribution and transmission, meaning electricity prices will climb significantly, including at household level.

Barclay told the *Herald* those price increases over the next five years would be substantial.

"As a generator and a retailer, we need to manage the impact of that on our customers.

"Ultimately though, as we move to a more renewable grid, we see the cost of energy coming down to New Zealand consumers".

Meridian has and continues to invest heavily, he says, countering some of the criticism flowing from some quarters. The company recently completed the 176MW Harapaki wind farm project and is now commissioning a solar power station at Ruakākā in Northland that will produce more than three times the energy of the biggest solar farm currently operating in New Zealand.

"Then we've got about $3 billion of new developments, earmarked before the end of the decade.

"Further afield we're expecting to invest up to about $10 billion by 2050 which will be the sort of notional target we're all aiming at to have in a zero carbon economy."

Barclay is diplomatic when it comes to facing up to some of the claims being made about the industry.

"That criticism is going to be there at times like this and we just need to make sure that we stick to the long-term plan, deliver the new renewable development that is necessary and a unique opportunity for our country, I believe.

"There has been significant investment in the past 10 years — despite assertions that there hasn't been — but there's going to be a lot more coming up as well."

Meridian has been a strong performer for its shareholders, including the Crown with its 51% shareholding.

Its net profit went from $95 million to $429m in the year to June 30 — with much of the increase influenced significantly by net gains on hedge instruments of $249m.

The industry's preferred measure of performance — earnings before interest, tax, depreciation, amortisation and financial instruments (ebitdaf) were up 16% at $905m.

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

Chief Financial Officer of the Year

Mike Roan, Meridian

A blueprint for the future

It's not every year that you can negotiate and sign a deal that is the culmination of a decade of talking.

But Meridian chief financial officer Mike Roan can count that as one of his biggest achievements in 2024 after signing a 20-year power supply agreement with New Zealand Aluminium Smelters (NZAS) to keep the Tiwai Point plant operating.

Roan, who has been at Meridian since 2006 and chief financial officer since 2019, says that deal and the company's strong financial performance are some of his proudest moments in what has been a tough year for the energy sector.

The partially state-owned company's net profit went from $95 million to $429m in FY2024 and while much of the increase was influenced by net gains on hedge instruments of $249m, Meridian's earnings before interest, tax, depreciation, amortisation and financial instruments (ebitdaf) were up 16% to $905m.

"We had a great financial year . . . which Shareholders, ultimately, are there so that you can support them and their interests. It's always nice when you do have a decent financial year to be able to do that."

Roan said it had been incredibly tough to reach the deal with NZAS but it now set a blueprint for how the company could work with big power users in the future.

"Everyone knows the relationship with the smelter has been tenuous and difficult for as long as I've been at Meridian, so it's really nice to put a line under the tension and challenge and uncertainty. I think it also creates a bit of a blueprint for existing and other industrial customers to expand their own operations by using electricity, or possibly a longer bow, in attracting others.

"To do what we can to grow the economy off the back of confidence that any international investor can see we have put our money into and been able and willing to support a big industrial user of electricity in New Zealand. It feels good."

He said that negotiation had gone on for the best part of 10 years with a material focus for the past three years after NZAS owner Rio Tinto terminated the agreement in 2021.

He said it was very tough to get the deal over the line.

"International companies are very very good at looking at their business and thinking about whether to do business in New Zealand or anywhere else. They are very sophisticated and have massive resources to support their interest." But he said in this case Meridian had a number of things on its side as well.

"The fact that New Zealand had got to the point where we were sick of them. We really had had enough of the 'will we stay or will we go' talk.

"We had had enough time to think through the negotiation strategy and approach that was as much about making sure they were good corporate citizens of the country — their environmental performance is poor. A lot of it was you need to tidy up your act environmentally."

On top of that was the demand response provision which means the smelter will wind down its operations to reduce the load on the power system if needed.

"Go to any business that's had a proud history of making aluminium and say well actually we are going to reward you for not making aluminium — they would look at you and go 'huh'?"

Little did Roan know that just three months after reaching that agreement it would be asking NZAS to action it.

"If anyone had told me that we would be exercising the biggest one of those demand response provisions only three months later — I would have said not a chance.

"When you deliver something you have been working on for 10 years and it brings certainty which now people can use to invest — which we all know we need to invest in renewable energy to decarbonise — it felt very good."

To cap things off for the year the company also completed the Harapaki wind farm in Hawke's Bay and started construction of the first grid-scale battery.

Roan said there were three key attributes in a good chief financial officer.

"One is the capacity to listen and think. Most of what a CFO does is focus on the future — most of the decisions you are making are in the face — no one knows what is going to unfold and so your ability to listen to what others' views of the future look like and think about them in relation to your own. It's crucial that you are not too rigid in your own thinking."

Secondly, it was vital to be able to challenge executive peers.

"You must be able to challenge peers in relation to what they are doing and how much they are spending — and no one likes that. You have got to be comfortable doing that and over time you build respect."

On top of that a chief financial officer had to be able to present a credible view of the business and its strategy to current and future investors.

Judge Jonathan Mason said under Roan's leadership Meridian had not only achieved substantial operational growth but also reinforced its commitment to renewable energy innovation, positioning itself as a leader in sustainable energy solutions.

"Mike Roan has been recognised by his board and the market as one of NZ's leading CFOs over multiple years and he is an absolutely integral member in Neal's [chief executive Neal Barclay's] team that has posted market-leading returns."

Roan is this year's Tax Traders CFO of the year.

Finalist: Lyndal York, Fisher & Paykel Healthcare

Australian Lyndal York became chief financial officer at Fisher & Paykel Healthcare in 2019 and is based in Australia but comes to New Zealand about one week a of every month.

She has been a key part of the team over the past five years that has produced a 64% shareholder return for Fisher Paykel for the 12 months ending September 2024. As leader of the finance team, York has supported key product investments and managed a complex set of financing and tax issues, with manufacturing and processing in Mexico, China and New Zealand, backed by a significant sales effort in the US.

York says recovering from the Covid years when revenue was running hot in some parts of the business and returning to business as usual has been one of the biggest challenges in the last year.

"It's definitely that coming out of Covid. Covid was definitely a positive in terms of revenue for some parts of our business but also had challenges and detriments to other parts of our business.

"The challenge really for the last year and a half or so has been coming out of Covid and reassessing where are all of the different parts of our business at today and then pulling

them all together and getting that sense check of here we are today and setting the scene for okay here's we want to be."

That focus was now firmly on returning to its target margin while continuing sustainable profitable growth.

York said the company did incredible work during the Covid years making sure any patient that needed its products got them. "That was our single focus over those few years."

She said it wasn't focused on cost increases or trying to mitigate those or keeping inventory at reasonable levels.

"Over the last year or so we've had more stable ordering patterns and not seeing that volatile demand that we were through Covid."

Now it is back to its goals of doubling its revenue every five to six years, getting to a gross margin target of 65 and operating margin of 30.

"What my whole team has been working on is really making that clear to the whole business . . . so that everyone can see what role they can play in getting us back there."

York said she considered her nomination as recognition not only for her whole team but also the business as a whole. "We very much operate as a team within F&P, there's no silos or distinct roles and responsibilities — the performance of the business is everybody's responsibility. We feel in the executive team that we are all in it together."

York said she was proud of being able to set the scene for where the business was and where it wanted to be and felt the energy of everyone working together.

She said finance was seen as an integral part of the business, not just the policeman or the bean counters running around with a stick.

York said a good chief financial officer was someone who understood the business and that the business was a priority and that everything worked around that.

"Having that deep understanding of what are we trying to achieve as a business and so then being able to say what do we need to do to ensure we can do that."

It was also about the business being able to carry on and do what it needed to do without having to worry about the financials.

"We make sure everything is in place as and when we need it. The fact that in finance you see and touch everything, which has a financial impact. So you have that really broad view across the business of interconnection and any cracks or flow-on effects. Being able to see that and making sure that all the right connections are made, I think, is a key part of the role of the CFO."

Finalist: David Mackrell, NZME

David Mackrell says this year has been more challenging than most years for the business with the media industry under pressure in the tough economic environment.

"If you think back to Covid which was about crisis management — there was a real burning platform of change to survive through that — we used it to create what we thought was the right-sized company going forward.

"Then you look at this year and we have made some good progress towards our strategic goals as we headed into the back end of 2023 and the first check-in point. Then we started this year with acknowledging the economic environment is pretty tough and it made it really hard — you could point to indicators that you were making good progress on but that wasn't showing up in the financials which made it a tough sell out into the market."

Mackrell said while it was easy to point to competitors and say the company was performing better than them, ultimately there was a requirement to have a sustainable future and make sure that the company was in the right place.

"Advertising in particular is one of those things that people chop off, that's the first thing to go. It makes it very difficult to pinpoint exactly what the future might look like.

"What's the new normal that might exist? Is it as it was or has it changed dramatically?"

The economic environment made it really tough to plan for the future.

"We know it's going to get better but at the same time in a disrupted market like media there are underlying changes that are going on all the time — and we saw that in what happened to TV and Discovery in particular and we know the implications that's had on TVNZ as well.

"None of us are immune to what is going on from that industry perspective."

Despite the tough environment, Mackrell says he's proud of the strong balance sheet the company has built up which was critical to NZME's future.

"That is back a few years now but maintaining that strength in balance sheet means we can make choices about our future. We are not having to make choices for someone else, we've got lots of options in front of us."

Mackrell said the company had kept its eye on hitting strategic targets, although not necessarily the financial ones given the economic environment — but things like continuing to develop OneRoof and the digital transformation across both audio and publishing.

"That strength of the balance sheet means we can make those choices about how we invest in the future."

He said the role of the chief financial officer was to talk about what had happened but also what the future could look like and what are the risks and opportunities.

"It's about coaching and collaborating with the other executives to make sure they are thinking about what are the things that are in front of them specifically in their business and how do we prepare ourselves for those . . . determine a strategy that will map that pathway through."

Mackrell said that being chief financial officer or leader was pretty lonely at the top and often a chief executive's best confidant was the chief financial officer — a role that involved challenging a chief executive's view but also with a certain amount of safety.

"I believe the CEO/CFO role is as important as it has ever been and then line that up with the board. Their

engagement with the CEO and often the CFO is the other role they have a lot of engagement with."

He said the chief financial officer was often the other channel into a company for the board. "I think it's become more important as boards have become increasingly focused on what the risks are and what's going on."

Mackrell said the chief financial officer was also the external voice of the company and had to articulate the strategy in a way that was understandable to investors.

Mackrell has led the sector delivering a 30% total shareholder return for the 12 months ending September 2024 and on an annual basis over the past five years of his tenure.

Under his financial leadership, NZME has addressed challenges such as declining print revenues, inflationary pressures, and shifting consumer behaviours by accelerating its digital transformation.

Mackrell's experience from Heartland Bank and Air New Zealand allows him to balance NZME's traditional media with a forward-looking digital strategy. His work has driven growth in digital audio, news, and real estate, positioning NZME as a media leader.

— Tamsyn Parker

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

Chairperson of the Year

Tim McCready

Jan Dawson is the 2024 Chairperson of the Year at the Deloitte Top 200 awards.

With extensive experience governing large organisations, this award celebrates the significant transformation of the Port of Auckland that has enhanced safety and delivered strong financial results.

Dawson has been the chair of Port of Auckland since September 2021, and since then, has led the port on a transformative journey that has revitalised its operations, improved stakeholder trust, and set the foundation for long-term growth.

Deloitte Top 200 judge, Hinerangi Raumati, says Dawson "brings a gravitas that has been crucial in rebuilding trust during challenging times.

"Under her leadership, the Port has made significant strides in overcoming complex issues – from securing a new CEO to addressing an automation project that had become derailed, fostering stronger collaboration with unions, and aligning more closely with Auckland City Council, the port's primary stakeholder."

As well as the port, Dawson is a director of Serko and ACC.

She has previously held roles as chair of Westpac New Zealand, deputy chair of Air New Zealand and director of AIG Insurance New Zealand, Beca, Goodman Fielder and Meridian Energy. Before this she held the chair and chief executive position at KPMG New Zealand, following a career in audit, consulting and accounting services in the United Kingdom, Canada and New Zealand.

The judges note that when Dawson took over as chair of the Port of Auckland, it was grappling with significant challenges including operational disruptions and strained relations with its shareholder, Auckland Council.

She recalls: "The port had been through a tough time with Covid and supply chain disruptions, and it became very clear that we needed to get back to basics."

The appointment of a new chief executive was a critical first step. Dawson and the board appointed Roger Gray to steer the port towards a sustainable future.

"When Roger came on board, we agreed a nine-year roadmap, focused on delivering cargo to customers in a timely, efficient manner across all businesses of the port," Dawson says, crediting his expertise and leadership as pivotal in aligning the port's goals with stakeholder expectations and rebuilding respect as a company.

Her approach as chair has been described by the judges as "calm and consensus-driven, ensuring that every board member has a voice in the strategic direction of the Port of Auckland" – an assessment Dawson embraces.

"If you ever have to take a vote at a board meeting, you've failed," she says, adding that with a good board, everyone has something to add, and the role of chair is about ensuring everyone's voice is heard and finding solutions that benefit the company.

This approach has been instrumental in building trust not only within the board but also among the port's diverse stakeholders.

Under Dawson's leadership, the port has built a strong relationship with Auckland Council, the port's sole shareholder. By maintaining open communication and involving unions in decision-making processes, particularly around safety and productivity, she has fostered a collaborative atmosphere.

"Transparency and communication have been crucial," she explains. This openness extends to the media as well, with Dawson implementing a proactive approach to media relations to ensure clarity and honesty about the port's operations.

Dawson says her highlight this year has been overseeing the port's

Jan Dawson, Port of Auckland

Rebuilding trust during challenging times

delivery of key financial and operational goals ahead of schedule.

"We have got to where we thought we would be in three years, in two," she says.

In the past year, the port increased its dividend to $40 million, a testament to its renewed focus on financial performance and shareholder value.

But Dawson points out that this achievement was not only financial.

"We didn't just focus on financial performance. We are focused on people, safety, and what customers value and want.

"And we did that at a time when there was a lot of distraction for the executive team and the board with the prospect of the Long Term Plan requiring us to look at a long-term operating lease of the port which had the potential to distract management away from what we were doing in a transformational sense and from what they needed to do."

Looking ahead, the port is planning for its next phase of development to ready it for the future.

It aims to enhance Bledisloe North Wharf with upgraded infrastructure, that will help the port meet Auckland's freight needs, support the cruise industry, while also providing more access to the waterfront for Aucklanders and reducing ferry disruptions. Dawson is excited about these initiatives, which she sees as essential to securing the port's place as a vital asset for Auckland and New Zealand.

"The port will be here for the next 35 years minimum," she says confidently, looking forward to a new era of growth and innovation.

Finalist: Dame Rosanne Meo, Briscoe Group

Dame Rosanne Meo describes her two-decade tenure as chair of Briscoe Group as "an extraordinary journey" filled with both challenges and achievements.

Throughout periods of market disruption – from the financial crisis to the rise of e-commerce and the pandemic – her steady leadership has kept Briscoe Group on course, reinforcing its resilience.

In recognising her as a finalist for Chairperson of the Year, the judges applaud Meo for her strategic vision and commitment to Briscoe Group's long-term success.

"Despite the ongoing challenging retail environment, Briscoe Group delivered record sales numbers in its most recent half-year result and an underlying trading profit close to last year," says Raumati.

"This is an impressive result and Meo's leadership has reinforced the company's strong position in New Zealand's homeware and sporting goods market."

Meo attributes much of her success to a strong partnership with CEO Rod Duke, whose operational expertise she views as essential to Briscoe

Group's achievements. However, she emphasises the importance of directors maintaining "a very strong hand on the tiller" while respecting management's responsibility to run the business.

As she explains through a 'grandstand' analogy: "Directors must not go on to the field of play. At times, they'll come down to the sidelines to cheer or shout a bit of advice, but the further up the grandstand you sit, the more you see of the field, and of adjacent fields."

From this vantage point, she says, "you can have an objectivity that is very hard for executives when you're living in the company on a day-by-day basis."

As one of the first professional woman directors in New Zealand, the first woman to chair a state-owned enterprise in New Zealand and the first woman to lead an NZSX-listed company, Meo's impact on the nation's corporate landscape is profound. The judges commend her for having "shaped a legacy of governance grounded in inclusivity, respect, and steadfast independence."

Meo's extensive board experience has included roles as chair of TVNZ, Forestry Corporation, AMP NZ, and Baycorp NZ. She currently serves as patron of the Auckland Philharmonia and as chair of AMP NZ's staff superannuation schemes. Recently, she retired from her roles with the Kelliher Trust and the Middlemore Health Foundation.

"I've never gone after big names," she says. "I've sought out diverse sectors where I could make a meaningful contribution."

An advocate for continuous improvement, Meo stresses the importance of directors scrutinising themselves to avoid becoming "too isolated in a boardroom." She believes in openly sharing these evaluations with fellow directors and executives to ensure that everyone is "independent of thought" and responsive to the current conditions.

"Every board should be doing this every year," she says. "But we should all be doing it whether we're a director or not. Are we doing our best? That is very important."

Meo has announced that she will step down as chair of Briscoe Group in two years, concluding her influential chapter with the company. While she plans to spend more time with her family, including her two daughters and five grandsons, she says she will remain engaged in causes and sectors that spark her passion.

Finalist: George Adams, Synlait

George Adams' leadership has been instrumental in guiding Synlait through a period of financial instability, culminating in a $217.8 million recapitalisation.

The Deloitte Top 200 judges recognise Adams as a finalist for Chairperson of the Year for his role in steering the specialty milk producer through crisis and commend him for stabilising Synlait's future.

Adams was appointed as an independent director of Synlait in March 2024 and became chair in May 2024. Top 200 judge Hinerangi Raumati Tuua says his tenure "stands as a testament to resilience, strategic foresight, and a willingness to step into challenging situations when others might hesitate".

Adams explains that he "thought long and hard about joining Synlait" but ultimately decided its importance to New Zealand made the effort worthwhile.

He believed he could navigate Synlait's challenges while addressing concerns raised by the Mainzeal case, which left many directors wary of high-risk roles.

"Mainzeal caused a large amount of concern in the director community – and rightly so," he says.

"I felt there had to be a way to show that directors can guide companies through difficult situations without putting their own assets at risk."

Adams says that "because something is hard is not a reason to not do it," candidly describing Synlait's situation as "frankly bloody hard, but the outcome was worth it".

Synlait's troubles reached a breaking point earlier this year, as its debt burden became unsustainable.

"We had to negotiate with the banks who were running out of patience," he says. "We had to completely refinance the business to the tune of $450 million, settle years-long disputes with our largest customer, and at the same time ask them for money. Then we had to figure out the best route to raising capital by being fair to everyone while being certain we could raise the amount of capital required."

At the same time, Synlait lost the confidence of its farmer suppliers, with many issuing cease notices to signal their intent to stop milk deliveries. "A dairy company without a milk supply is just a big collection of worthless stainless steel," says Adams.

He reflects on this process, noting there were several points where the balance of probability was that a solution wouldn't be found.

With time ticking, the board had to make swift, decisive moves.

"In this environment, you can't afford to debate things endlessly, you have to resolve a position and move forward," he says, describing his role as ensuring necessary conversations and decisions happened within strict deadlines.

The board engaged legal representatives and an investment banker, and constantly evaluated its position, rigorously testing assumptions on directors' duties and going concern.

"Really good advice was absolute-

ly invaluable – it was a safe haven," says Adams, urging other directors facing crises to prioritise quality advice.

The recapitalisation involved substantial investment from Synlait's two largest shareholders, Bright Dairy and The a2 Milk Company, requiring intricate negotiations with banks and the strategic alignment among stakeholders.

Looking ahead, Adams sees the recapitalisation as "just the end of the beginning" for Synlait. His attention now shifts to business turnaround, with a focus on customers, revenue and cost. He says performance will be critical to give farmer suppliers sufficient confidence to withdraw their cease notices.

Beyond Synlait, Adams is chair of Bremworth, New Zealand Frost Fans, Netlogix New Zealand, Apollo Foods, Insightful. Mobi and the Business Leaders' Health and Safety Forum. He is a director of ArborGen.

The Chairperson of the Year award is sponsored by Forsyth Barr.

Judges' recognition award

Dr Oliver Hartwich

A man for all seasons

Graham Skellern

In another world, Dr Oliver Hartwich would love to have been a comedian.

Taking the mickey out of something is in stark contrast to his serious role of helping to create public policy.

Friendly and effervescent, he is a man of many talents. He is an experienced economist, an accomplished policy advisor, a savvy columnist, essayist and broadcaster (he likes making podcasts), a reluctant lawyer, and an engaging and entertaining public speaker.

That's why he likes his job so much as executive director of the think tank The New Zealand Initiative. He can utilise all those talents.

But there's one other talent — he enjoys writing satire, on the side. "In an ideal world I could have become a comedian but I needed something to pay the bills."

Hartwich moved from the Sydney-based think tank The Centre for Independent Studies in 2012 and built the Wellington-based New Zealand Initiative, formed through a merger between the New Zealand Institute and the New Zealand Business Roundtable.

"It's such a diverse role and I can translate complicated things in a form of language that people understand without them being an expert in the field. Our mission statement when the Initiative started 12 years ago was to make New Zealand a better country for all its people — and that statement still stands today."

The Initiative conducts independent research and injects new ideas into political debates on a wide range of policy issues — from education to economic policy, poverty to housing, and from local government to immigration.

Hartwich and his impressive PhD team of research fellows have established The Initiative as a credible new voice in the country's political debates.

His thought leadership has earned him the Deloitte Top 200 Judges' Recognition Award. The judges said The Initiative produces thought-provoking, independent research and policy recommendations on topics that are freely available to the public.

"Oliver has been a key contributor to the public dialogue, not simply in identifying the key issues we face as a country but how we might address them. We recognise his sterling contribution to public policy thinking and his willingness to advocate publicly through significant media engagement."

The judges said in recent years The Initiative's policy prescriptions have been influential in key and critical policy areas, with a particular note about education.

A German native who now proudly calls New Zealand home, Oliver has brought to New Zealand a combination of his personable communication style matched by his impressive experience in developing public policy in the United Kingdom as chief economist at the Policy Exchange, and advisor in the House of Lords, as well as being a Research Fellow for the Centre of Independent Studies in Australia, the judges said.

Education — a priority

Hartwich is feeling proud that the Coalition Government has heard The Initiative's calls to improve the education system.

"We want a decent education system that delivers opportunities to every child in life — unfortunately this hasn't always been the case. We've declined in the OECD education test Pisa (Programme for International Assessment that evaluates the knowledge and skills of 15-year-old students in reading, mathematics, and science).

"Over the last two decades, half of the 15-year-olds are as good as 13-year-olds were — that's how much we have lost. The problem with literacy and numeracy is that more than 40% of school leavers today are functionally illiterate.

"We've argued that the system needs to be improved with a new, knowledge-rich curriculum, better career structure for teachers and improved assessment system. We've been on the same path for 12 years.

"Teachers have been taught on sociology theory, but you talk to young teachers and they don't feel they have the education to succeed in front of a classroom. That is the problem. There needs to be a recalibration towards a better integration of trained and tested teaching skills and methods that are used in front of the class.

"There's been a belief that if you expose students to new knowledge, they will just absorb it. Teachers still need to instruct students directly about how it works," said Hartwich.

In early August, the government announced the first three components of Make it Count — a new maths curriculum that will be introduced in term one next year with resources, including teacher and student workbooks provided in every primary and intermediate school.

There will be twice-yearly standardised assessments for maths in primary schools and small group interventions to support students who have fallen significantly behind. A sum of $20 million is provided for professional development in structured maths for new teachers.

> Our mission statement when the Initiative started 12 years ago was to make New Zealand a better country for all its people — and that statement still stands today.
>
> Dr Oliver Hartwich, executive director of NZ Initiative

More policy initiatives

Hartwich and his team have been pressing the case for local councils and Central Government sharing the tax revenue from new residential development and thus easing the burden on infrastructure costs and housing affordability.

More housing would lead to more funding for local services and infrastructure. The Initiative's research has shown that basing payments on new building consents or completed builds could provide the strongest incentives for councils.

"All that councils have [at present] are the costs of providing infrastructure, such as roads and water, while the tax revenue on new builds goes to Wellington. That's the main problem behind the housing market and affordability.

"There needs to be better financial incentives for new development that creates economic activity. We have to make sure councils keep some of the extra tax revenue from development."

Hartwich is pleased the Government is now considering sharing GST revenue with councils and it might even be on a 50/50 basis.

Aligned with this, The Initiative is promoting localism. "When we started this word in 2012 no-one knew what it was," said Hartwich.

Localism is formal agreements between various stakeholders — central and local government, businesses, tertiary institutions, iwi — to align their efforts around shared strategies and investments tailored to a specific area. They provide a pathway for devolving powers and funding to the local level, giving communities the tools they need to shape their own futures.

Hartwich is heartened by the moves from government to encourage more international capital. "We've argued the point that New Zealand needs to be more welcoming — it has one of the more restrictive Foreign Direct Investment (FDI) regimes in the OECD.

"I'm happy with the announcement from (Associate Finance Minister) David Seymour that that the main criterion for checking FDI applications is whether the proposer has negative implications for New Zealand's national security.

"It will make it easier for applications and for capital to come to New Zealand. The more bureaucratic processes deter investment. Ideally, we should abolish the Overseas Investment Act — New Zealand doesn't need it — and roll out the red carpet to international investors like the Netherlands and Ireland have done."

Hartwich said New Zealand has made it hard (for foreign investment) because of a mentality issue. "The fear that we will become tenants in our own country is not justified. FDI offers trade, job opportunities and economic growth."

Next on Hartwich's agenda is transport costs and introducing a Smart Road User Charges system nationwide to replace the current fuel excise duty, and therefore reduce the price of petrol. Under the system, vehicles would be charged based on actual road usage, time of day, and vehicle type. The proposed system aims to reduce congestion, improve road maintenance, and ensure a fairer distribution of costs.

From Essen to Wellington

Dr Oliver Hartwich was brought up in the industrial heartland of Essen, the home of coal and steel. "It wasn't the prettiest part of Germany but it was the most honest."

He studied at Ruhr University Bochum and gained a Master's Degree in Economics and Business Administration. He then became a research assistant at the Bonn University concentrating on competition law issues, and took a year out in 2001 as a visiting fellow to the Sydney Law School.

Hartwich completed his PhD in Law back at Bochum university but "I didn't want to become a lawyer; it was purely an academic interest."

There was another reason for travelling to Australia — to meet his penfriend of eight years who lived in Adelaide.

He and Julie married in London in 2004 when Hartwich was assisting Lord Oakeshott of Seagrove Bay in the House of Lords on pensions legislation.

He worked at the think tank Policy Exchange in London from 2005-08, becoming chief economist before deciding to make another move.

"She was keen on Berlin; I was keen on Sydney. I won."

Hartwich spent four years at The Centre for Independent Studies in Sydney before taking up his new role in Wellington.

"When we moved to New Zealand in 2012, we bought a house and two weeks in the country my wife got pregnant.

"Leo is now 11 years old and we are very settled here," Hartwich said.

Regaining our ambition

New Zealand could have avoided the economic pain if the Reserve Bank had simply not stimulated the economy as much as it did, says The New Zealand Initiative executive director Dr Oliver Hartwich.

In the response to the Covid pandemic, the bank flooded the market with money and it only created inflation, he says.

"We had a supply shock - supply chains were severely disrupted - and the labour market was extremely tight driving wage inflation. This created headaches for companies in an overheated economy.

"After creating the inflation, the bank has tried to get it back in the bottle by increasing the official cash rate and driving us deliberately into a recession.

"It wasn't good economic management from the Reserve Bank. It will take us a few years to settle down after much economic pain," Hartwich says.

"With interest rates coming down again and with the economic reforms the government is undertaking, things will get better.

"In the next year or two we should get back to good times."

Hartwich said "what we are working on is to make New Zealand do better. The country needs to become ambitious again.

"If you look out there, the rest of the world has moved on and New Zealand has some catch-up to do.

"We put too much faith in the previous government, bureaucrats and regulators. We should have unlocked private initiatives and relied on the markets to grow and take the opportunities," said Hartwich.

Most Improved Performance

a2 MILK

Creating a more resilient business

Graham Skellern

Following the Covid disruption, global marketer a2 Milk made a concentrated effort to strengthen its sales channels and develop a growth plan. The effort is paying off.

A2 Milk surprised the market late last month by upgrading its full-year earnings guidance and announcing it will be paying the first dividend in its 20-year history in February. A2 Milk's share price took off again.

Chair Pip Greenwood told shareholders at the annual meeting that it has made considerable progress in developing its operating model and creating a more resilient business.

"We made great strides in lifting capability across the organisation, investing in a more sustainable future, expanding distribution in China and across new markets, and delivering new and improved products to our consumers, and we reported another strong financial performance.

"As we look ahead, obtaining access to additional China label registrations and developing our own nutritional manufacturing capability are critical components of the company's supply chain transformation strategy," Greenwood said.

A2 Milk was particularly pleased that its China and English label infant milk formula (IMF) products achieved a top five brand position in its main market of China during the 2024 financial year.

The latest results meant a2 Milk won the Most Improved Performance category at the Deloitte Top 200 awards.

A2 also believes it is on track to achieve $2 billion revenue by the 2027 financial year.

The judges said the business community continues to traverse multi-year disruptions arising from the Covid pandemic: re-establishing markets and supply chains, managing the wave of inflation pressures that resulted, and now dealing with the recessionary impact of policy settings.

Within the context of what has been a very difficult operating environment, the judges recognised the performance of a2 Milk as it dealt with the significant market disruptions to its business.

"The company successfully negotiated new strategic partnerships, adjusted to challenging regulatory environments within its key markets of China and the US, and strengthened its leadership team. While the journey is not complete, there are good signs that a2 is back on track," said the judges.

Revenue for the 12 months ending June increased 5.2% to $1.68 billion; operating earnings (ebitda) were up 6.9% to $234m, and net profit was $167.5m, a gain of 7.7%. Earnings per share was up 9.2% to 23.2c.

Revenue growth was again driven by the China and other Asia markets, up 14%, and representing two-thirds of total sales.

A2 Milk finished the financial year with $970m in cash, $212m from the previous year, and given the strong balance sheet, the board believed the time is right to introduce a dividend policy of 60-80% of net profit.

Category-wise, IMF sales increased 4.6% in China with the Chinese label up 9.5% while the market was shrinking; liquid milk grew 3% in Australia and 7% in the US, and sales of other nutritionals, made up of plain and fortified milk powders, UHT and fresh milk exports to China, rose 37%.

"Importantly, after several periods of decline, we stabilised our English label IMF sales (in China) and achieved growth in the second half," said chief executive David Bortolussi.

He said a2 Milk's team have been executing various initiatives including forming new strategic partnerships, capturing growth in emerging e-commerce channels, investing in marketing activations, and improving customer service through drop-shipping (selling products on the website and sending the orders to another company to ship the goods directly to the buyer).

Bortolussi said the liquid milk businesses in Australia and the US, both under new leadership, progressed well in the 2024 financial year with innovation delivering positive results and a2 Milk continues to progress its application for long-term Food and Drug Administration approval to import infant milk formula into the US.

"In terms of financial performance after refreshing our growth strategy, we have grown group revenue by $469m at a compound annual growth rate of 11.6% and improved our edbitda margin to 14% from a post-Covid low of 10%," Bortolussi said.

> After refreshing our growth strategy, we have grown group revenue by $469m at a compound annual growth rate of 11.6%.
>
> David Bortolussi, chief executive of a2 Milk


Alistair Dickie

Finalist: Compass Group NZ

Leading food services provider Compass Group New Zealand has sought continuous improvement, whether it's health and safety, brand innovation or sustainability.

"We take great care with health and safety," says Compass director of growth Alistair Dickie. "Our people work in a pressured environment to produce great food on time across multiple sectors.

"We make sure our people go to work safely and send them home safely. This also flows through to our clients – we make sure the food we serve and send out is safe.

"We identify any allergens for who our food is being served to. It is temperature-controlled every step of the way, and is nutritionally sound when you are dealing with children and the elderly."

Dickie says Compass is continually innovating the product through the uniqueness of each brand. "We understand the persona of the customers we serve – a soldier at Waiouru is a different proposition to a school student.

"The student needs a nutritional and balanced meal that is the right-sized portion. A soldier needs fuel and intake to get through the day's exercises, duties and disciplines – 550 grams of protein, carbohydrates and starch for lunch and 800-1000 grams for dinner.

"We include a dietary, healthy approach and make sure our food engages the mind and helps mental wellbeing."

Dickie says Compass is committed to zero wastage. The company uses lean path technology in the kitchen to track and reduce food wastage in production that results in cost efficiencies and reduces the carbon footprint for our clients.

The attention to detail enabled Compass to secure a new two-year contract for the Ministry of Education's Healthy School Lunch programme, worth $79 million, and some 125,000 students will receive a lunch during school days.

Compass is in a collective with suppliers Gilmours and Libelle to cater for 480 intermediate and senior school from the end of January.

Over the past four years Compass' revenue and market share has steadily increased – $207m in the financial year ending September 2021; $221.6m in 2022 (net profit $6.6m); $274.21m in 2023 (profit $11.94m); and a record $296m this year.

A subsidiary of British multinational Compass Group, the New Zealand operation began in 1987, and has 4000 staff including more than 500 chefs at 300 sites around the country.

Compass also services Scott Base in Antarctica with one permanent person.

It operates in the education, hospital and senior living, corporate and leisure, business and industry, and defence sectors with six brands and 77 clients, which also have multiple sites.

Medirest provides the daily food for patients in 12 public hospitals and a premium bedside service for four Southern Cross private hospitals, and for CHT Care Homes residents. Restaurant Associates caters for Air New Zealand, Qantas and Emirates airport lounges, as well as for ANZ Bank and Deloitte.

Chartwells serves boarding school students, cafes and staff functions at secondary schools such as St Cuthbert's College, Saint Kentigerns, Diocesan School for Girls in Auckland, Sacred Heart in New Plymouth and Te Aute Boys College near Hastings.

Eurest caters for staff canteens in the industrial sector for clients such as Affco, Tegel, Fonterra, and Team Global Express. ESS is contracted to look after the Army, Navy and Air Force dining needs at Whenuapai, Devonport, Ohakea, Waiouru, Trentham and Woodbourne bases.

Compass has introduced a new brand Rapport which provides concierge and reception services for the Deloitte Centre in Auckland and Wellington, and the ANZ towers in Auckland, Wellington and Christchurch. Compass, ever extending itself, will also clean, complete routine maintenance and run laundry services for its clients.


Jonathon Maddren

Finalist: GPC NZ

Well-established GPC NZ has been around the country for 100 years through its Repco automotive aftermarket parts and accessories business.

Lately, GPC has been undertaking a refreshment plan by investing in new infrastructure, focusing more on the customer and engaging more with its team members.

"We have had an in-depth review of customer needs now and into the future and how we service them," said GPC NZ executive general manager Jonathon Maddren. "We shared our plan with our teams to reinvigorate the business. It's not that we lost focus; we had to move with the times."

He said the make-up of the vehicles on the road has changed with the advent of hybrids and EVs and the different technology involved. "We've been training staff and even customers to meet the (new) product requirements."

GPC's 30,000 sq m, automated distribution centre at Wiri has been fully operational for a year and stocks many hundreds of thousands of automotive and industrial parts.

Five distribution Auckland-based distribution centres were consolidated into one state-of the art facility to cater for GPC's ongoing growth.

In May last year GPC bought the remaining 70% it didn't own of SAS Autoparts (Shock Absorber Services) which has 19 locations through New Zealand. A year earlier GPC bought certain assets of Century Distributors and BGH Group to extend its customer base.

According to the 2023 financial statement on the Companies Register, GPC had total revenue of $580.23m, up from $148.76m the previous year – with trade customer contracts making up $426.65m and retail $153.58m.

Gross profit was $268.72m compared with $232.23m in the 2022 financial year ending December, and net profit $25.97m, up- from $20.54m. The inventory was worth $1634.42m.

GPC NZ is part of GPC Asia Pacific and is owned by Atlanta-based Genuine Parts Company, established in 1928 and listed on the New York Stock Exchange.

The parent company has 10,700 locations in 17 countries and employs more than 60,.000 people.

The New Zealand operation has Repco for retail and the trade; NAPA with more specialist products for the trade; and Motion industrial products which has "belts, bearing and fluids to keep the factories moving."

GPC NZ has 1900 staff and 160 locations with 87 Repco stores, 39 NAPA and 34 Motion.

The Most Improved Performance award is sponsored by BusinessNZ.

Best Growth Strategy

Graham Skellern

INFRATIL

Investing in the right place at the right time

An early focus and positioning in data centres and renewable energy by infrastructure investment company Infratil has led to inexorable growth in recent years.

"The beauty of Infratil is its long-term sustainable growth," said chief executive Jason Boyes.

"We take a long run-up with investments, incubate them in the portfolio and make a call over whether they will be part of the central story. We have the ability to move from one long-term investment to the next as the world changes around us."

In 2016 Infratil invested A$784 million for a 48% stake in CDC Data Centres and US$100m for a 37% shareholding in United States-based Longroad Energy. The independent valuation of Infratil's CDC investment increased A$287m between July and September this year because of increased customer demand and expanding facilities.

This meant Infratil's 48% stake was valued between A$4.386 billion and A$5.248b.

CDC has 12 data centres, including those under development, in Australia and New Zealand, and is set to double its business by adding more than 400MW capacity by 2034.

Digital, including full ownership of One New Zealand (formerly Vodafone), now makes up 62% of Infratil's portfolio.

"The move to cloud storage and the acceleration of artificial intelligence has certainly made data centres a red-hot sector — it's a new asset class that didn't exist eight years ago," said Boyes.

"We think data centres still have legs to grow and we would like to have more international exposure."

In 2021 Infratil invested a further US$100m in Longroad for utility-scale wind, solar and energy storage projects as it becomes a major player in US renewable energy.

"Thirteen years ago when I started here, half of the portfolio and most of the operating cash flow was centred on Manawa Energy (formerly Trustpower). It just shows how the portfolio can change — by focusing on the right one at the right time and moving onto the next thing," said Boyes.

On top of its shareholdings in Manawa (it is under a takeover offer from Contact which Infratil supports) and Longroad, the utilities investor has stakes in further renewable energy companies — Galileo in Europe, Mint in Australia and Gurin based in Singapore.

Boyes said Gurin is on the cusp of meaningful development in Asia renewables that will be really attractive and accelerate that sector.

"After the long run-up (in renewable energy and data centres), we've got to the point where we are delivering," he said. "Once the growth starts to arrive at pace, it's hard for other people to enter the markets and disrupt momentum.

"It's a complex environment accessing land and power and getting connected. We found our sites eight years ago and got set up."

Infratil's investment approach and sustained returns has been recognised by the judges as the winner of the Best Growth category at the Deloitte Top 200 awards.

The award comes in Infratil's 30th year of operating and being listed on the NZ Stock Exchange. It is now the fourth biggest local company on NZX market capitalisation ($12.42b) and was recently added to the MSCI Global Large Cap Index at the expense of Spark, opening up the door to increased liquidity in its shares and attention from international investors.

The judges said Infratil has again exemplified outstanding growth in 2024, balancing its strong focus on the New Zealand market with strategic global expansion.

Domestically, Infratil reinforced its commitment to digital infrastructure by moving to full ownership of One NZ. Globally, its strategy to invest in renewable energy and data centres has been transformative, with a sharp rise in the company's valuation driven by the surging demand for AI-driven data infrastructure.

Infratil's strategy reflects bold decision-making and exceptional execution which have been a hallmark of the company's success. Shareholder returns have been exceptional with at a compound annual rate of 23% a year over the past five years.

"These accomplishments reinforce Infratil's strategy in infrastructure investment, with a focus on driving innovation and sustainable growth around what the company describes as 'the ideas that matter'," said the judges.

For the six months ending September, Infratil's proportionate operating earnings (ebitdaf) on its investments increased 25% to $506m. Its full-year guidance range was narrowed at the top end to $960m-$1b.

Finalist: NZME

A digital transformation has enabled publisher and broadcaster NZME to keep its head above the challenging economic and business conditions.

NZME chief executive Michael Boggs said the digital landscape is crucial in today's media environment "which is why our growth strategy focuses on enhancing our digital capabilities, while maintaining the strength of our traditional platforms.

"We are focused on enhancing user experiences across all our platforms, using tools to leverage data insights to better serve our audiences and grow our competitive advantage."

The digital investment includes launching OneRoof for all things property, iHeartRadio to listen to audio everywhere, and digital subscriptions to be informed with premium content.

Boggs said both digital and print channels play important complementary roles. "While digital continues to grow in importance, print remains a valued medium for our audiences and advertisers.

"Our integrated approach sees us leverage the strengths of both digital and print to provide the best possible offering to our diverse audiences across the country," he said

Michael Boggs

"Having won Most Improved Performance a couple of years ago, being named as a finalist for this (Best Growth) award makes me extremely proud. Not only does it demonstrate the hard work of our dedicated team of 1200, but it also highlights our strong strategic direction that will allow us to continue innovating and growing," Boggs said.

The judges said that in a fiercely competitive landscape, NZME holds its ground, exemplifying resilience and innovation. Its success shows that with ambition and a proactive approach, it's possible to thrive — even in tough times.

NZME have also led the charge in standing up to global digital giants, like Google, advocating for fair industry practices, they said.

For the six months ending June, NZME increased revenue 3% to $171.25m and net profit was down 4.3% to $1.89m. Operating earnings (ebitda) were $21.4m compared with $21.3m in the previous corresponding period.

Digital revenue increased $5.9m to $50.1m with OneRoof's climbing 47% and leading to NZME's profit for the first half of the 2024 financial year. Digital now contributes nearly a third of NZMEs total revenue.

OneRoof listings inquiries increased 29% and digital listings revenue grew 63%. The audience gap between OneRoof and the No. 1 property platform in the market has reduced to 10%.

Digital audio revenue increased 33% year on year with podcast downloads hitting 48m, up 12% and podcast revenue growing 68% for the half. Streaming radio revenue increased 16%.

NZME's digital publishing business delivered an increase in profitability in the half, with digital subscription revenue up 13% and digital subscriptions up 11%.

Boggs said NZME has a very clear three-year strategy. The business will continue to introduce market leading innovative products, accelerate the delivery of new customer experiences, streamline business processes, and improve productivity and efficiency.

"In areas like audio, we continue to outperform the market with total share of revenue outperforming its share of audience," he said.

NZME told the market in early November that given the delayed economic recovery, advertising revenue was weaker than expected in September, resulting in the third quarter's being 1% lower than the same period last year.

NZME lowered its full-year ebitda guidance to $53m-$55m, from $57m-$61m.

The fourth quarter started more positively and full-year advertising revenue is expected to grow by around 5%, said NZME.

Finalist: Vector

Auckland gas and electricity distributor Vector is getting well prepared for the energy transition by developing a data-driven and more resilient network.

Vector, which added 160,000 new electricity connections this year, is well into its Symphony strategy designed to transform the traditional poles and wires into an intelligent energy system that give consumers in Auckland more choice and control.

Chief executive Simon Mackenzie said at Vector's annual meeting that Symphony "encompasses our approach to navigating the energy transition by creating infrastructure alongside digital solutions equipped to manage the complex demands of the future.

"It includes a strong focus on data, customers, and our own people as enablers.

"It's about creating a system that delivers safe, cleaner, more reliable

> We take a long run-up with investments, incubate them in the portfolio and make a call over whether they will be part of the central story.
>
> Jason Boyes, Infratil

and affordable energy solutions."

Mackenzie said if large, flexible loads such as electric vehicle charging are unmanaged, "we expect peak congestion to increase accordingly and Vector's network capacity would need to more than double to accommodate that increase in peak load."

Mackenzie said over the past year Vector has continued to engage with experts from New Zealand and around the world to further "our understanding and develop strategies around network resilience challenges, using data and advanced climate modelling."

Vector has worked closely with NIWA and Fire and Emergency NZ to model extreme dry year risk, and contacted United States-based electricity network businesses to learn from their significant experiences in managing wildfire risk.

Vector has mapped the potential impact on customers.

It has engaged external specialists to develop detailed flood modelling at its zone substations, enabling Vector to forecast the location and depth of the inundation.

Through its smart meter data programme, Vector has established EV tracker which monitors where electric vehicles are appearing in suburbs and helping Vector plan for the network growth.

"Through this tracker we've identified that it's not just single electric vehicles we need to look out for, there are now more than 150 households around Auckland with two electric vehicles," said Mackenzie.

"The charging requirements can

Simon Mackenzie

significantly impact demand on the local low voltage network, making this sort of analysis even more important so we can see the potential for constraints before they happen."

Vector has also collaborated with Amazon Web Services and Google on the next generations for network management. The new tools include GridAware, which uses new technology including drones, machine learning and modern AI processes to survey and guide maintenance of the network.

For the year to June, Vector increased revenue 5.4% to $1.14 billion and net profit was down 21.8% to $79.91m.

Operating earnings (ebitdfa) was up 14% to $365.2m. At the end of September Vector had 626,636 electricity connections, up 1.6% on the same period last year, and 120,556 gas network connections, up 0.6%.

The Best Growth Strategy award is sponsored by 2degrees.

Young Executive of the Year

Natalia Rimell

High-flying Fonterra executive Richard Allen is the 2024 Young Executive of the Year in the Deloitte Top200 Awards in recognition of his exceptional leadership and strategic vision.

The award is designed to recognise young leaders who exemplify innovation, resilience, and forward-thinking with the winner a "standout individual who is prepared to go beyond perceived limitations to strive for personal and organisational excellence".

The Deloitte Top 200 category judges were highly impressed by the calibre of candidates in the Young Executive category.

Allen was shortlisted along with other talented young leaders Gemma Gloyne from Fletcher Building, NZME's Kathryn Luxton, and Glenda Taituha-Toka from Tainui.

Allen joined the co-operative in 2016 as VP China Food Services, rising to become President America and Europe, through to his current role as President Global Market Ingredients in August this year.

Across his eight years at Fonterra, Allen has identified areas for improvement, including enhancing return on capital and working capital, the need to shift from siloed and reactionary initiatives, and fostering strategic customer relationships.

Now in a pivotal role, Allen is focused on expanding Fonterra's markets and diversifying income streams.

He has grown the Co-op's EBIT by $140 million in two years through his Atlantic strategy as President Europe and Americas.

"His strategic restructuring of the Atlantic region and innovative approaches not only strengthened Fonterra's position in international markets, but also contributed significantly to New Zealand's export legacy," said judge Liam Dann, the *Herald's* Business editor at large.

Outside of Fonterra, Allen co-founded and is the Chair of Snowball Effect, an investment platform design to support New Zealand start-ups which has "instilled in me a strong entrepreneurial spirit and a focus on innovation. I encourage my team to think creatively and challenge the status quo by fostering an open and inclusive culture where new ideas are welcomed and tested."

Allen told the *Herald*, "Being a finalist for this award is a humbling experience. It reflects not just my efforts, but the incredible support and dedication of the team at Fonterra over the past 18 years. This award is a testament to our Co-op's core value of being 'Good Together,' highlighting the collective pride we share in achieving our goals."

Allen has two major goals that guide his career; "making New Zealand better through business growth", and "nourishing the world through sustainable New Zealand agriculture".

His long-term goal at Fonterra is to "deepen my experience in implementing our global ingredients strategy to drive fundamental business transformation and set the Co-op up to drive new value in an increasingly volatile world." He continues: "We've invested the time up front to build a strong plan that the team is deeply connected to, so now it's about rolling up the sleeves and getting on with it. Expecting setbacks, pivoting and moving forward."

The Judging panel said: "Richard's impact spans vital aspects of New Zealand's economy, positioning it for a prosperous future while supporting innovative ventures. Despite spending much of his career overseas, his passion for 'NZ Inc.' and his plans to return to New Zealand next year resonated".

The judges also commended Allen for being a role model to other young Kiwi executives, inspiring them to elevate productivity sustainably on the global stage for New Zealand.

'Be authentic, stay curious, and set high expectations for yourself'

Allen's advice to other aspiring young leaders is to "Be authentic, stay curious, and set high expectations for yourself. Embrace adaptability in today's dynamic business landscape and focus on building strong, collaborative relationships. Success is a team effort, and there's no substitute for hard work."

Finalist: Glenda Taituha-Toka

Glenda Taituha-Toka, General Manager of Heritage & Identity at Tainui, was praised by the judges for her visionary leadership in advancing iwi and Māori business strategies.

The judges were impressed by her ability to operate outside traditional corporate frameworks, noting that "Glenda challenges others to view leadership through a new lens, with a focus on cultural integrity, community wellbeing, and transformative change."

Her achievements include establishing an innovative partnership with Aon New Zealand that delivered significant benefits to marae, including insurance savings of $1 million that could be reinvested back into the community. She also successfully managed critical insurance claims for marae affected by Auckland floods, with settlements ranging from $100,000-$200,000.

Under Taituha-Toka's leadership, Waikato-Tainui's cultural footprint has grown, with her team designing and installing new works for prominent establishments including Novotel Tainui, Te Arikinui Pullman, NZ Police, ACC, and the University of Waikato.

She has created innovative ways to connect with tribal members across age groups and simplified the process for distributing funds across various social development areas.

Being named a finalist was an acknowledgment of the unique contributions iwi and Māori businesses bring to Aotearoa's economy, said Taituha-Toka. "Being Māori all day, every day is increasingly seen as a value proposition across all sectors.

"This recognition affirms Waikato-Tainui's succession strategy, which has provided a platform for individuals like myself to test our capabilities in a supportive environment."

"I've always stood by the philosophy of being the 'first follower.' Our role is to implement th aspirations of our tupuna (ancestors) and leadership, which challenges us to think beyond ourselves and have an intergenerational horizon on our careers."

For future leaders, Taituha-Toka advises: "There are a lot of leaders, but be an implementer. Be the first follower of an aspiration. It is humbling and rewarding."

Finalist: Gemma Gloyne

Fletcher Building's Gemma Gloyne impressed the judges with her bold transition from human relations to operational leadership and her success in transforming a concept into reality.

Under her leadership as general manager of Fletcher offshoot, Vivid Living, the company launched its first village at Red Beach, now home to 30 residents. It achieving outstanding customer satisfaction with an net promoter score of 87.5, establishing a unique model that challenges industry norms.

The judges praised Gloyne's broad perspective on tackling business challenges and her hands-on engagement across all aspects of the business.

She demonstrated strength in developing innovative solutions in the aged care housing sector, introducing a new retirement model that features shared capital gains and guaranteed repayments. Her first village is forecasted to be cash positive at $10.5 million, with projected EBIT revaluation gains of $7.7m over nine years.

"When I began, Vivid Living was just a concept on paper," said Gloyne. "Through curiosity, resilience, and a people-first approach, we've built not just a business but a community that's changing how retirement living operates in New Zealand.

"Our success comes from putting customers at the heart of everything we do, from financial modelling to village lifestyle offerings."

For Gloyne, who has grown her team from three to seven members, leadership is about authentic engagement: "Leadership isn't about having all the answers; it's about embracing curiosity and leading by example. There's no task I won't tackle, from cleaning toilets to negotiating contracts.

"When your team sees you pitching in wherever needed, it builds unity and drives results."

Her advice to aspiring leaders focuses on courage and adaptability: "Don't be limited by perceived thresholds or traditional career paths. Be bold enough to say yes to opportunities outside your comfort zone, and remember that curiosity and willingness to learn can propel your growth in unexpected directions."

Looking ahead, Gloyne is focused on expanding Vivid Living's portfolio while continuing to innovate in sustainable retirement living solutions, including piloting low-energy community initiatives that can be scaled across larger developments.

Finalist: Kathryn Luxton

Kathryn Luxton, general manager of Digital & Marketing for OneRoof at NZME, has been recognised for her outstanding leadership and strategic approach to digital marketing.

Her innovative initiatives have propelled OneRoof to significant growth, solidifying its position as a leading digital property platform in New Zealand.

Over the past year, Luxton's data-driven strategies have yielded impressive results. Real estate listing inquiries, a key revenue driver for OneRoof, surged by 89%. The judges saw this as a testament to her ability to navigate a challenging commercial environment and drive digital transformation.

"Kathryn has led the development of a crucial part of NZME's business, overcoming challenges and paving new pathways to growth, demonstrating a deep understanding of digital processes, marketing, team development, and business growth," the judges said.

Luxton says her background has had a big impact on her leadership, saying it has helped "me into a strategic, process-oriented, and results-driven leader, so I create clear strategies, tactics, and targets to give my team focus and clarity."

She continues to emphasise the importance of guiding a team with compassion in order to get the best results: "I work to foster a positive environment, creating a safe environment where big ideas are welcomed, and team members feel empowered to challenge the status quo fosters innovation."

Luxton's impact extends beyond OneRoof. Her contributions to NZME's digital landscape have been instrumental in shaping the media industry. By leveraging data-driven insights, she has successfully enhanced user engagement and commercial success, positioning OneRoof as a key player in the digital property market.

As Luxton continues to lead the charge in digital innovation, her recognition as a finalist underscores the judges belief that Luxon has the potential to shape the future of the media industry within New Zealand: "Her success with OneRoof is now benefitting other areas of NZME, contributing to a healthier media landscape and democracy."

Glenda Taituha-Toka

Gemma Gloyne

Kathryn Luxton

The Young Executive of the Year award is sponsored by The University of Auckland Business School.

Sustainability Leadership

SPARK

Advancing New Zealand's low-carbon future and digital inclusion

Tim McCready

Leela Ashford; Spark is taking energy from Genesis' first solar farm in Lauriston, Canterbury.

Spark NZ's commitment to sustainability has solidified its role as a leader in environmental and social responsibility within the telecommunications sector.

Deloitte Top 200 sustainability judge Katie Beith praises Spark's journey, saying it has demonstrated exemplary sustainability credentials.

"Since 2020, Spark has been implementing a comprehensive three-pillar strategy, fully integrated into its day-to-day operations and across the entire footprint of the company."

This approach has seen Spark awarded the 2024 Deloitte Top 200 Sustainability Leadership award, recognising its exemplary governance, accountability, and long-term strategic approach to integrating sustainability across its operations.

Leela Ashford, Spark's corporate relations and sustainability director, explains: "We think of embedding sustainability in two ways — through a robust governance structure and by operationalising our strategy into the business."

This includes oversight through its board, leadership squad, and several steering committees that focus on material topics. "We then have three cross-functional squads that bring together a diverse group of people, perspectives, and skillsets from across the business to drive our work across emissions reduction, supply chain and human rights, and governance."

Electricity accounts for more than 80% of Spark's scope 1 and scope 2 emissions, and it has recognised that its biggest opportunity to achieve its science-based emissions reduction target is to decouple business growth from emissions growth by investing in renewables.

In May, Spark entered into a 10-year power purchase agreement with Genesis Energy. This will see it take 100% of the energy generated by Genesis' first solar farm in Lauriston, Canterbury, from January 2025 — accounting for around 60% of Spark's electricity needs. The remaining 40% will continue to be sourced from Genesis via the grid as occurs today.

"This will continue to be Spark's focus in the years ahead, using its electricity procurement to underpin new renewable developments, thus enabling it to meet its target in a way that also supports New Zealand's broader decarbonisation," says Ashford.

Spark is also critically aware that New Zealand has an unacceptably wide digital divide, with cost, accessibility, lack of skills or a lack of trust being the primary barriers for those who are excluded.

Both Spark and the Spark Foundation are focused on digital equity, investing in increasing Māori and Pasifika participation in the technology sector, continuing to support low-income households to participate in the digital world, and increasing the accessibility of its products and services.

Through Spark Foundation's not-for-profit broadband service, Skinny Jump, it supports over 32,000 homes across New Zealand.

Ashford explains: "Digital equity is critical to a just transition and at the heart of our sustainability approach."

This focus on digital inclusion extends to robust cybersecurity, privacy, and data ethics practices.

The judges were also impressed with the extent of Spark's sustainability impact beyond its own internal goals.

"Spark goes beyond its own sustainability goals, actively driving New Zealand's progress on the agenda. This is reflected in the different leadership positions it has taken to enable access to technology and showcase how it can be used to drive sustainable practices," says Beith.

Spark's approach reflects a commitment to addressing the significant challenges that climate change will bring to New Zealand. It recognises the need for a system-wide change across the economy to mitigate these impacts and adapt to a warmer planet.

At the heart of its strategy is the understanding that New Zealand cannot achieve the scale of this change without addressing its long-term productivity challenges, and that technology will be essential in enabling the transformation.

This is exemplified through Spark's thought leadership, public policy approaches, and its role as a founding member of the Climate Leaders coalition — a CEO-led community of almost 100 organisations leading the response to climate change through collective, transparent, and meaningful action. Spark CEO Jolie Hodson has been the convenor of the Coalition for the past three years.

Ashford says that Spark knows technology has a critical role to play in helping New Zealand transition to a high-productivity, low-carbon future, and so its approach to sustainability aims to maximise opportunities as well as manage risks.

"We see it as our responsibility to advocate for the integration of technology into our country's climate change responses and to invest in the technologies and digital infrastructure that will underpin productivity and sustainability improvements across the economy and within New Zealand businesses."

Stephanie Spicer

Finalist: Oceania Healthcare

Oceania Healthcare, a leader in New Zealand's retirement living and aged care sector, has been recognised as a finalist for the Deloitte Top 200 Sustainability Leadership award for its dedication to building sustainable, community-centred villages that put environmental responsibility and resident wellbeing at the forefront.

"By fostering environmental stewardship and social connection, Oceania is leading responsibly, supporting its long-term goals, and making a positive impact across New Zealand's communities," says sustainability judge Katie Beith.

Since 2019, Oceania has measured its Scope 1 and 2 emissions, along with certain Scope 3 categories. In FY2023, it completed a detailed assessment of all material Scope 3 emissions sources, using FY2022 as a baseline.

This assessment identified that emissions from capital goods — such as upfront carbon from its developments and emissions associated with our refurbishments — are its most material emissions source. To address these, Oceania has set a short-term science-based target, verified by the Science Based Target initiative (SBTi) in FY2024.

Head of Sustainability at Oceania, Stephanie Spicer, says sustainability is a key consideration in Oceania's decisions around new developments and refurbishments.

"We choose locations where we can add value to the local community, and climate resilience is a key part of our due diligence process.

"Our designs incorporate energy-efficient systems and improve indoor environmental quality, and we have construction waste diversion targets in place during the build process."

Oceania's focus on sustainability is embedded in its design and construction practices, with all new developments designed to meet the New Zealand Green Building Council's certification, such as Homestar, ensuring warmer, healthier living environments for residents and improved workspaces for employees.

The judges recognise Oceania's Sustainability Linked Loan as being a catalyst for meaningful change. It includes ambitious environmental and social key performance indicators (KPIs) and has driven Oceania to implement emissions reduction projects, divert construction waste away from landfill, and enhance care resident wellbeing.

"As a people-centric organisation, the care resident wellbeing KPI was crucial to align with our commitment of providing exceptional care and improving the quality of life for our residents," says Spicer.

Governance plays a critical role in Oceania's sustainability initiatives.

The company has established a governance framework that ensures both internal and external accountability. "We have a board sustainability committee and a management sustainability steering group chaired by our CFO," says Spicer. These oversee Oceania's sustainability initiatives, set targets, and ensure transparency in its reporting, helping to integrate sustainability into its strategic decisions and daily operations.

To embed a culture of sustainability, Oceania provides training and workshops focused on sustainability topics and has introduced an annual employee sustainability award.

To drive accountability, the company has linked sustainability performance metrics to senior management remuneration.

"By fostering a culture of sustainability, we ensure that our people are not only aware of our commitments but are also active participants in achieving them," explains Spicer.

Lisa Hinde

Finalist: Precinct Properties

Precinct Properties, a leader in New Zealand's real estate sector, is setting the benchmark for sustainable urban development.

An owner, developer and manager of real estate in New Zealand's largest city centres, Precinct is a finalist for the Deloitte Top 200 Sustainability Leadership award, celebrated for its strong commitment to environmental, social, and governance (ESG) principles.

"Precinct is dedicated to redefining urban development with a focus on sustainable, community-centric growth that enhances urban living," notes sustainability judge Katie Beith.

"Its robust $3.3 billion portfolio sets a strong example of how cities can grow vibrantly with sustainability, social value, and economic growth at their core."

As the only New Zealand company to sign the World Green Building Council's net zero carbon buildings commitment, Precinct is leading the charge in addressing climate change in the built environment.

"This commitment underscores our dedication to addressing and managing our built environment impacts on climate change," explains Lisa Hinde, Head of Sustainability at Precinct.

"Through this, Precinct can leverage the collective expertise of an industry that has contributed and built this framework and position ourselves to deliver meaningful progress toward net zero."

Precinct's sustainability programme is deeply embedded throughout the organisation, underpinned by a robust governance framework.

A dedicated ESG Committee at board level, along with four sub-committees focused on specific pillars of the ESG strategy, ensures sustainability is integrated across all business levels.

"Our sustainability programme is supported by transparent targets and objectives, both internally and externally," says Hinde. "With operational control over our development pipeline and investment portfolio, we maintain strong influence in upholding these commitments across our portfolio and supply chain."

A key focus of Precinct's sustainability strategy is reducing Scope 3 emissions, particularly upfront embodied carbon — emissions generated before a building becomes operational, mainly through the production, transportation, and construction of materials.

"Embodied carbon is a substantial contributor to our overall emissions and a challenging aspect for the real estate sector to manage," says Hinde. "To address this, we prioritise adaptive reuse projects, retaining as much of a building's original structure as possible to minimise demolition and reconstruction."

Precinct is also taking steps to address emissions from carbon-intensive materials like steel and concrete.

"Our current embodied carbon research study is examining global benchmarks and comparing them to local suppliers, aiming to assess their capacity to meet or exceed these standards," Hinde explains.

These efforts not only drive improvement but also incentivise the use of local suppliers, creating industry-wide benefits.

Precinct's sustainability efforts extend beyond its own operations, actively engaging clients and tenants to create shared value.

"We recognise the many benefits of progressing toward mutual outcomes together — not only for the environment but for building lasting partnerships," says Hinde. This approach includes initiatives such as quarterly occupier reporting and the promotion of social values such as diversity, inclusion, and community engagement.

One standout initiative is Precinct's joint venture with Ngāti Whātua Ōrākei, a partnership that embeds cultural representation and social value into developments.

This includes the Te Tōangaroa project with capital partner PAG and the upcoming Downtown Carpark redevelopment, which will involve cultural representation, scholarships, and social procurement initiatives.

"Across our portfolio, we have the potential to influence other businesses," says Hinde. "We're excited about the opportunity to create real change within the procurement space."

The Sustainability Leadership award is sponsored by Snowflake.

Diversity and Inclusion Leadership

PORT OF AUCKLAND

Building a high-performance culture through diversity

Natalia Rimell

Port of Auckland's transformative approach to diversity and inclusion has seen the company take out the Diversity and Inclusion Leadership category in this year's Deloitte Top 200 awards.

The port company acknowledges it has been through some difficult times with poor health and safety records, operational and financial performance and low staff morale between 2018 and 2022 adding to strains felt by the board, shareholder Auckland Council, the unions and workforce as a whole.

A "radical transformation" was in order, starting with the company's culture, which was described as 'the root cause' of problems.

"Port of Auckland's bold cultural reset was centred on leveraging diversity, equity, and inclusion to drive transformational change," the judges noted. "By prioritising a people-centred approach, they created a high-performance/high-engagement culture that recognised and served the unique needs of their diverse workforce and stakeholders."

A new organisational strategy, "Regaining Our Mana", was implemented along with a new and comprehensive culture pillar, called Whānaungatanga, to leverage the diversity of everyone in the port community to help the port thrive, succeed and be a great place to work. This followed a change in board and new CEO and executive team in 2021.

Whānaungatanga (a relationship through shared experiences and working together which provides people with a sense of belonging) was one of three key pillars in the Regaining Our Mana strategy. The other two focused on customer and commercial aspects. The cultural overhaul utilised a High Performance, High Engagement (HPHE) methodology, focusing on inclusive problem-solving and collaboration across all levels, including unions, management, and front-line workers.

The Whānaungatanga pillar leverages the power of people working together, from union members, management, frontline workers, and subject matter experts to help solve problems collaboratively," port representative Shelley Ashdown explains. This extensive collaboration required "strong relationships with unions and a mindset shift for leaders," fostering trust and mutual respect across all levels.

Collaboration between union representatives, executives, and staff led to a comprehensive health and safety strategy that reduced workplace injuries by over 50% between 2023 and 2024.

"The introduction of initiatives like the Māori Outcomes Framework and dynamic rostering reflects a genuine equity lens and a collaborative 'hearts and minds' approach," the Deloitte Top 200 judges added. "These efforts demonstrate how deeply embedded cultural values and stakeholder partnerships have been in driving sustainable transformation."

The upshot is the port company's safety metrics improved significantly with net profit after tax soaring from a $10.3 million loss in FY22 to $40.5m in FY23, and employee engagement reaching record highs. The strategy has been widely recognised in New Zealand, resulting in wins for the 2023 Safeguard NZ Safety Collaboration Award and the HRNZ Future of Work Award.

"We have seen safety, financial, and engagement measures all significantly improve since we launched Whānaungatanga," Ashdown said. "It has broken down silos, fostered strong, respectful, and collaborative relationships among management, unions, frontline workers, Māori and Pasifika, leading to better inclusion and diversity of thought to solve issues."

Said the judges: "The results have been remarkable, with transformational improvements in health and safety, engagement scores, employee retention, union relationships, and an extraordinary turnaround in financial outcomes."

"Port of Auckland's transformation shows that embedding Whānaungatanga into the organisation's core has not only driven cultural change but also delivered impressive operational and financial results. We are confident that this DEI-driven strategy will remain a core pillar of the port's success in years to come."

Port of Auckland Pasifika staff celebration held this year (above). Below: Matariki staff celebration, back row from left to right: Paul White, Charissa Wolfgramm, Mafi Tuipulotu, Tessa Auelua. Front row: Shelley Ashdown, Janey Clark.

Previous ANZ chair Sir John Key and CEO Antonia Watson convened a hui with Māori and iwi leaders.

Powerco people: the company set its sights on participation, pay, and power gaps.

Finalist: ANZ

ANZ garnered praise for its Te Ao Māori Strategy Tākiri-Ā-Rangi strategy — an 18-year long plan to "make the Māori world view part of our organisational culture, and to build personal wealth and business prosperity for our Māori customers".

The Deloitte judges recognised its importance not just for the organisation, but for the wider industry and country as a whole, noting it as "an impressive, sophisticated and innovative long-term strategy to integrate Te Ao Māori into the core of the organisation and its services, and transform the banking industry as a whole, recognising the demographic shifts happening in Aotearoa".

The strategy is not just about cultural integration; it also makes good business sense. With one-in-three under 25-year-olds in New Zealand identifying as Māori, ANZ acknowledges the importance of engaging this key group, which represents the future workforce and customer base.

Peter Parussini from ANZ said: "Tākiri Ā Rangi is more than morally doing the right thing.

"It makes good business sense when considering our future customers and workforce," he explained.

The programme was initiated in 2022, and is set to continue through until 2040, which will also mark the bicentenary of the Treaty of Waitangi, with the intention to 'look out for a generation', where most companies set three to five year plans for similar initiatives.

ANZ states "our long view aligns with our Te Ao Māori approach, acknowledges the scale of the transformation challenge ANZ has taken on and ensures this transformation will be embedded in the fabric of the organisation beyond the tenure of the current ANZ leadership."

There were early challenges, including scepticism about the need for a separate Māori strategy.

However, ANZ's leadership took a collaborative approach. "When Tākiri Ā Rangi was developed, we worked across the business with over 1000 staff providing direct feedback.

"The previous chair, Sir John Key, and CEO Antonia Watson, convened a hui with Māori and iwi leaders, receiving strong support for the direction we were heading," said Parussini.

The strategy has been divided into seven phases with this year marking the end of the initial two-year phase Ngā Tau Tuatahi (the Early Years). The strategy as a whole is driven by three core principles:

- To develop strong relationships with Māori as part of ANZ New Zealand's long-standing purpose to "shape a world where people and communities thrive — kia hanga i te ao e ora ai, e tupu ai te tāngata me te kāinga."
- To seek and improve the financial wellbeing and sustainability of all our customers — kia whakamanahia te oranga o tātou. 4 of 12.
- To enhance our understanding of Te Ao Māori as we grow as a company and as a nation.

ANZ has also introduced initiatives like Hohou I Te Rongo, a Tikanga Māori-led programme designed to support staff in dealing with extreme events like robberies and deaths.

"The anecdotal feedback from staff has been very positive," Parussini said.

The organisation has also incorporated local Māori imagery and partnerships into branch openings and refurbishments. "Whenever we open a branch now or refurbish it, we engage local iwi and hapū in the process, and staff and communities have responded positively,"

The judges were impressed with the results.

"Even in its early phase, the strategy has delivered tangible business outcomes and has had outstanding engagement across the organisation," as well as the bank's wider intention to the nation, noting the strategy "is beautifully expressed using a Te Ao Māori worldview, linking to the bank's own history and foundation document of 1840 which emphasised a purpose of mutual prosperity for all in our country."

Finalist: PowerCo.

In 2020, Powerco set out to fix long-standing Participation, Pay and Power gaps within the organisation.

Female representation in senior roles was low at 37%, employee psychological safety was lower than they wished it to be with only 75% of staff feeling that their opinions counted, an Employee Net Score (ENS) at 13%, Māori participation a lowly 3% and a gender pay gap of 19.3%.

The power company looked to address the issues and create a workforce "that reflected the community we served".

It was expected that by fixing these issues they would also tackle connected negative impacts to their financial and customer performance.

"We set our sights on participation, pay, and power gaps, aiming to increase Māori participation, reduce the gender pay gap, and improve employee psychological safety and belonging.

"The strategy was tailored to reflect the diversity of the community we serve and to create an inclusive workplace where everyone feels valued," said Powerco Head of People and Culture Leile Sims.

The organisation decided a multifaceted approach was needed and divided requirements into the following categories: policies and procedures, organisational values, recruitment strategies, remuneration practices, organisational culture and creation of the right development opportunities.

The power provider initially used external expertise to assess the situation and how they could resolve the problems, starting with policies and procedures and creating clear Diversity & Inclusion metrics and clear targets: Achieve the Accessibility Tick, Rainbow Tick, and Advanced Gender Tick; Close the Gender Pay gap year on year;

Increase Māori participation to 10% by 2025; Improve Engagement and Psychological Safety Metrics.

"We got buy-in by involving employees in developing cultural values and providing training to create leadership commitment to inclusion and diversity.

"It was also achieved through proven success of programmes like our psychological safety training and ultimately delivering results for our business and our people," says Sims.

The judges praised the organisations' values.

"In addition to the moral imperative, it recognises the connection between DEI, broadening talent pools and improved long-term business outcomes".

They selected Powerco as a finalist for its efforts and "wide-ranging impact with outcomes including significantly improved workforce and leadership diversity (women in leadership at 50% and more than doubling their Māori participation), much improved employee net promoter scores and psychological safety metrics, and a large drop in their gender pay gap."

The Diversity & Inclusion award is sponsored by Barfoot & Thompson

Visionary Leader

Mat, Anna and

Clockwise: Mat, Anna and Nick Mowbray

No holding back on innovation and disruption

Dynamic Business
Graham Skellern

Zuru Group's Nick Mowbray, co-chief executive with his brother Mat, is quite candid: "We were terrible for the first seven or eight years. It was slow and tough going but we had no choice but to keep ploughing forward."

After automating their production systems to improve operating efficiency, building creative and talented teams, and creating key retailing contacts through international toy fairs, the Waikato born-and-bred siblings Mat and Nick and Anna Mowbray clicked into gear.

"Mat was very engineering and factory-focused, Anna made sure we were executing the operations and building the teams, and I was out there selling, hustling and marketing," said Nick.

"When we were young, we were fighting for survival but we were highly competitive and just wanted to win. We never borrowed a cent and built the business organically. Once we got momentum and taught ourselves how to scale up, the improvement compounded faster each year. We had a combination (of skills) that worked well."

There is a fourth Mowbray sibling – the eldest, Andrew, who founded his own business AWOP (Another Way of Paying) which provides a radio frequency identification cashless payment system for events and festivals in New Zealand.

AWOP is based at the historic Matangi dairy factory (established in 1885) owned and restored by the Mowbrays equally entrepreneurial father and consulting engineer Harry, with help from Andrew.

Their mother Linda, a teacher, supported Harry and the children in business, said Anna. "They were a dynamic duo, so efficient and mum had a big personality with huge energy. She could achieve three tasks at the same time. We weren't allowed to use the word 'can't' at home."

Mat and Nick and Anna two years later rushed off to Hong Kong to start their toy business after Mat had won a school science fair with his patentable miniature hot air ballon which had a little burner in a can.

Mat and Nick continued making and selling them out of a barn in Tokoroa – "we paid the rent by milking the cows and spraying the weeds," said Nick.

Anna said the science fair win gave Mat the notion that he could innovate. "He is a dynamo, an incredible engineer and he's a fearless and deep thinker. Mat's the unsung hero in this whole journey."

> Once we got momentum and taught ourselves how to scale up, the improvement compounded faster each year.
>
> Nick Mowbray, Zuru co-chief executive

> I was obsessed with the details of chain supply, the cost of goods, distribution network and meeting the needs of customers.
>
> Anna Mowbray, former Zuru chief operating officer

Going for Growth

Established in 2003, Zuru over the past 14 years especially has grown into a $3 billion (revenue) multi-national with 5000 team members, nine production factories, eight centres of excellence (in Auckland, the United States, London, Italy, India, China), and 34 sales offices with interactive showrooms around the world.

Its 19-level, 24,150 sq m head office housing 3500 staff is located in Shenzhen, China. Zuru has just built a 100,000 sq m confectionery factory and is presently completing a petfood factory in Thailand, the first factory located outside mainland China.

Zuru's US main office is in Bentonville, Arkansas where Walmart is headquartered. It has campuses including a 34-room showroom in Los Angeles and another in Minneapolis, and is developing a new 6500sq m centre of excellence in Angel, London to grow European sales.

Zuru has become one of the leading global toy makers and suppliers – No. 6 in sales in Canada, No. 7 in the US, top three in Australia and top five in the UK, though it went to No. 3 above the bigger Hasbro for three months.

But Zuru now is not just about innovative toys. The global group has three divisions – Zuru Toys, Edge and Tech – and sells its products into more than 120 countries through clients such as Walmart, Amazon, Target, Costco, Tesco, Kmart and Coles.

Zuru Toys became known for products like Robo Fish (the world's fastest-selling toy in 2013), Bunch O Balloons, XShot, Rainbocorns, Mini Brands, Smashers, Max Build and others. It makes and supplies 58 million XShot dart and water blasters a year.

Edge, started six years ago, focuses on fast-moving consumer goods (FMCG) in six categories: Baby care, with nappies Millie Moon (exclusive for Target) and Rascals (Walmart's fastest-growing brand); Personal care including Monday Haircare and Osana Naturals; Pet care with Bonkers and Nood petfood; Health and wellness with Habit supplements; Homecare with One laundry drops and the Zorb sweeper; and Confectionery with Gumi Yum Surprise. With sales of 2.5 billion nappies, worth $600 million over three years, Millie Moon has become Target's No. 2 brand and has taken 14% market share.

The Tech division, in its development stage, is planning an assault on the traditional building industry with an automated building information modelling (BIM) system.

Combining software – Zuru's BIMversion is called DreamCatcher – with robotics, the Tech division

Visionary Leader

Nick Mowbray

will automate the design, engineering and construction of affordable new homes. Zuru is already establishing a 10ha factory in Shenzhen to produce the houses. "It will be a fully-automated output, meeting every building code and compliance in the world," said Nick.

"The house will be shifted in parts and assembled on the site at a tenth of today's construction costs. Our AI personal assistant will create tens of thousands of materials to fully visualise your project.

"We will be testing and selling the houses within the next two years. It will have a dramatic impact on the building industry and make new houses far more affordable," he said.

The toys division contributes $2b in revenue and Edge $1b with a profit margin of around 30%. "We will increase revenue 25% this year and go again next year and get close to $4b revenue," said Nick. "We don't have any revenue goal; we just want to continue getting better. We are just beginning."

Nick said "everyone thought we were crazy going into fast-moving consumer goods (FCMG). We had a strong thesis: Toys was large and when you get to size and scale it gets harder to grow because you are replacing products with new ones.

"We realised the FCMG category was dominated by duopolies, even monopolies. With our data driven platforms, we can reach the customer more efficiently, develop better products and compete with these guys."

Nick has different descriptions for the whole business: A robotics and automation company; a reimagination company; a digital company.

"At Zuru we win when we combine innovation and automation with a data-driven approach," said Nick.

"We reinvent 40% to 50% of our toy products each year."

Zuru's fully-automated processes means it can go to market faster and cheaper than many others. The company, for example, can inject a toy or collectible into the 3D printed Gumi Yum Surprise egg and retail for around US$2.

"We have 500 automation and software engineers in India, China, New Zealand and the US who can automate one new production process per week. We have paid planning, execution and measurement across You Tube, Google's Display, Search and Shopping, Amazon, Criteo and Citrus Ads.

"We can leverage four billion data points per day to inform product, marketing and commercial strategies," said Nick.

"There are four million followers on Tik Tok for our Rascals premium diapers, Bonkers pet snacks and Monday Haircare."

Nick said the in-house digital data agency and AI-powered product review reports are at the fore of every initiative. Zuru has 12 FMCG brands and 30 in development with 3D and prototyping capabilities.

What the Top 200 Judges said:

The Mowbrays' grit, tenacity and creativity in challenging the traditional global retailing and production systems has earned Mat (45 years), Anna (41) and Nick (39) recognition as Visionary Leaders in the Deloitte Top 200 awards.

The judges said it takes a great deal of courage and foresight to leave New Zealand in your 20s, move to China and set about building what will ultimately become a billion-dollar plus business.

"Two decades on from when Mat and Nick Mowbray first moved to Hong Kong to set up a toy factory – later joined by their sister Anna – and then moving to mainland China, their initial toys business has expanded into what is now the Zuru Group.

"They have sustained their entrepreneurial spirit, which has seen the company expand into new areas utilising China's scale and technological prowess."

The judges said it is light years from the siblings' early days when, armed with a $20,000 loan from their parents, they purchased an injection moulding machine and started making toys in a Guangzhou factory.

"They could not speak the local dialect, subsisted on vegetables and rice – and the occasional McDonald's – and even slept in the factory while they developed their big sellers like Robo Fish, X-Shot and Bunch O Balloons.

"They adopted an organic growth strategy that has seen the business financed completely internally. The Mowbrays were bold enough to take on global toy giants; form relationships with key retailers like Walmart – which got their product onto key consumer shelves – and along the way become expert in large-scale Chinese manufacturing," the judges said.

Known for its cutting-edge software and world-leading automation and manufacturing systems, Zuru Group with 5000 team members in more than 30 global locations is perfectly placed to continue building its reputation as one of the fastest-growing and most disruptive companies in the world.

"Such ambition and success take courage, innovation and a lot of hard work, and in the opinion of the judges best exemplifies the visionary leadership of this award."

Marketing nous

As well as the Guangzhou factory, the Mowbrays set up a showroom in Hong Kong. "We wanted to capture all the international buyers coming through," said Anna Mowbray.

"There were as many lows as highs, but we built credibility with retailers and delivered on our promises. I was obsessed with the details of supply chains, the cost of goods, distribution network and meeting the needs of customers.

"We started applying that and started to see success. We built manufacturing teams and infrastructure, and China became the powerhouse of our business. We were persistent and showed up at toy fairs offering the value they were looking for.

"Nick travelled door to door and worked with retailers about delivering on time and at the right margins. We showed integrity by being the first ones to show up when something didn't work out.

"Business doesn't need to be complex but there is a formula."

Anna said Mat, Nick and her would meet weekly to "throw ideas around, look at the social trends and the new technologies, and figure things out. My office was then the centre of the research and development team (there are now 100 creative team members in Auckland, China and New York).

"Touching and feeling the toys, it was a fun place to play. It was action packed. Toys are fickle just like the fashion industry and we had to constantly reinvent products every six months.

"The methodology and mindset, we had it down pat in the end and it wasn't till I came back to New Zealand that I realised we had built something truly exceptional, with the infrastructure that is behind the business."

New Directions

After 16 years, Anna cashed up her shareholding and stepped out of Zuru to chase her own business dreams like her older brother Andrew.

"I set a goal when I was 35 to do something different before I was 40. I wanted to stretch my personal growth and development," she said.

Anna, who has three children, returned to New Zealand in 2020 after experiencing the Covid-19 outbreak and impact in China. She soon realised that New Zealand was not as prepared as it should have been in providing personal protection equipment (PPE) to front-line workers.

She organised a team in China to wait on production floors and buy PPE supplies from manufacturers with cash payments and chartered five planes carrying 160 million pieces of PPE, masks, gloves, medical gowns, face shields and sanitisers.

She has invested and become a director of the Auckland Football Club and the recently-opened aluminium can manufacturer Recorp. The purpose-built Recorp factory in Manukau, with Zuru-like automation, can produce 550 million beverage cans annually at 1850 cans a minute.

"We are eliminating single-use plastic bottles and providing an alternative source of canister than can be recycled, and is better for the environment. The market in New Zealand is short of 300m cans and are brought in from China or Australia. We are able to fill that deficit and help expand the market," she said.

At the end of August last year, Anna established Zeil – an interactive job market that she describes as a mixture of Tinder and Instagram. Using artificial intelligence, Zeil matches candidates with jobs – there are now 5000 listed on the platform.

"We are focused on middle management and below and democratising recruitment for everyday Kiwis.

"We know that the job seeker is looking for a great fit and organisation that caters for their values.

"Its super-exciting. We've come into a monopolised sector that lately has had very limited innovation," Anna said.

The Future

First it was disrupting the toys and consumer goods market, then recruitment and coming up is the building industry.

The Mowbrays, now the richest family in New Zealand with an estimated $20 billion fortune, continue to be opportunist and successful.

Said Nick,who was the 2018 New Zealand Entrepreneur of the Year: "We just keep working. I feel more motivated today than I've ever felt. We have a bigger purpose through Zuru Tech. I enjoy competing most of all and taking market share like the baby business. It's fun and it's worth getting up in the morning."

Said Anna: "The Visionary Leaders Award is fantastic.

"It celebrates what New Zealanders are great at, innovation, and inspires the next generation to build great product. I feel proud that we have globalised products and taken them to market."

Bunch O Balloons was one of the first successful products off the Zuru Toys production line.

The Zuru Group's DNA

Nick Mowbray says: "You can settle for not trying to do something extraordinary or you can try and do something that truly changes the world."

Team members working at Zuru say "you can gain 15 years' experience in the space of two years."

Zuru leverages advanced robotics and automation in its production, creating cost-effective manufacturing while maintaining high quality. This technological edge has enabled Zuru to offer competitively-priced products in a market dominated by larger, more established brands.

Here's a selection of Zuru's call to arms that inspires and motivates Zuru staff each day:

- Good humans only. Getting right people in the right roles to do great things.
- Collaboration: Team members rather than employees. Leadership is on the dance floor, not the balcony.
- Radical candour or feedback: Debate hard, and contest and stress test ideas, no matter where they come from, to get the best outcomes. We are led by ideas, not by hierarchy.
- Shift of needle: Speed of innovation, less fluff and more doing, never stop hustling and persistence, persistence, persistence. Make sure business is streamlined.
- Compound improvement: Aim for at least 2% improvement each week; set high standards even for small things. Be relentlessly competitive. Complacency is our enemy; we suck now compared to where we will be in the future.
- Over-prepare and win: Look after the micro and the macro will look after itself. Work out how to win the battle before entering the arena. Make 10 fast decisions to get seven right rather than two slow decisions to get both right.
- Be obsessed with developing (product) pipelines. Build a muscle of innovation.

> Mat's the unsung hero in this whole journey. He is a dynamo, an incredible engineer and he's a fearless and deep thinker.
>
> Anna Mowbray

The Visionary Leader award is sponsored by Hobson Leavy.

Revenue gains and profit

Top profits

#	Name	$m
1	Fonterra (NZX:FCG)	1,168
2	Infratil (NZX:IFT)	846
3	Summerset (NZX:SUM)	440
4	Lotto NZ	434
5	Meridian Energy (NZX:MEL)	429
6	Fulton Hogan	349
7	Spark (NZX:SPK)	316
8	EBOS Group (NZX:EBO)	295
9	Mercury (NZX:MCY)	290
10	Pushpay	283
11	Contact Energy (NZX:CEN)	235
12	Mainfreight (NZX:MFT)	209
13	Xero (ASX:XRO)	175
14	Zespri	173
15	Coca-Cola NZ	167
16	A² Milk (NZX:ATM)	154
17	Air NZ (NZX:AIR)	146
18	Arvida Group (NZX:ARV)	139
19	F&P Healthcare (NZX:FPH)	133
20	Genesis Energy (NZX:GNE)	131

Biggest losses

#	Name	$m
1	Woolworths NZ	(1,673)
2	Kiwirail	(647)
3	Goodman Property (NZX:GMT)	(565)
4	Pernod Ricard NZ	(302)
5	Synlait Milk (NZX:SML)	(190)
6	Taumata Plantations	(186)
7	Skycity (NZX:SKC)	(143)
8	Oji Fibre Solutions	(103)
9	TVNZ	(85)
10	Fletcher Building (NZX:FBU)	(79)
11	Alliance Group	(70)
12	Waste Management	(58)
13	CPB Contractors	(57)
14	Heinz	(50)
15	KMD Brands (NZX:KMD)	(48)
16	Move Logistics (NZX:MOV)	(47)
17	T&G Global (NZX:TGG)	(47)
18	Lion	(46)
19	Methanex	(40)
20	BP NZ	(32)

Most improved profit

#	Name	%
1	Datacom	*1,800.0*
2	Ngai Tahu LTD	*843.4*
3	Mainland Poultry	*748.0*
4	Pushpay	*709.3*
5	Meridian Energy (NZX:MEL)	*351.6*
6	Kia Motors NZ	*315.0*
7	Trade Me	*301.6*
8	Xero (ASX:XRO)	*253.8*
9	Gas Services NZ (Part of Clarus)	*242.8*
10	Market Gardeners	*233.0*
11	Gull	*203.0*
12	Frucor Suntory	*202.1*
13	Graincorp Commodity	*201.4*
14	Bupa	*192.2*
15	McCain Foods	*189.3*
16	Tegel	*167.8*
17	Airways	*166.5*
18	Mercury (NZX:MCY)	*158.9*
19	Matariki Forestry	*133.9*
20	Emirates Airlines NZ	*117.4*

Most improved revenue

#	Name	%
1	Costco NZ	*1,558.1*
2	Waste Management	*324.9*
3	Infratil (NZX:IFT)	*151.3*
4	Gull	*117.2*
5	Kinetic	*99.8*
6	Emirates Airlines NZ	*57.5*
7	Meridian Energy (NZX:MEL)	*50.7*
8	Auckland Airport (NZX:AIA)	*42.8*
9	Tourism Holdings (NZX:THL)	*38.8*
10	McConnell Dowell	*36.0*
11	Contact Energy (NZX:CEN)	*35.2*
12	Graincorp Commodity	*35.1*
13	Genesis Energy (NZX:GNE)	*28.4*
14	Z Energy	*26.7*
15	Mercury (NZX:MCY)	*25.4*
16	WSP	*23.9*
17	Compass Group	*23.7*
18	Airways	*23.7*
19	Tatua Co-op Dairy	*23.4*
20	Xero (ASX:XRO)	*22.4*

Return on assets

#	Name	%
1	Emirates Airlines NZ	*595.4*
2	Singapore Airlines	*312.9*
3	Lotto NZ	*146.5*
4	Pushpay	*48.7*
5	Aurecon	*30.6*
6	Mars NZ	*22.2*
7	Apple NZ	*19.6*
8	McDonald's	*18.9*
9	Beca	*17.1*
10	Coca-Cola NZ	*17.0*
11	Hallenstein Glasson (NZX:HLG)	*16.4*
12	Zespri	*15.7*
13	Unilever	*14.2*
14	Skellerup (NZX:SKL)	*13.8*
15	Toyota NZ	*13.2*
16	Ixom Operations	*12.2*
17	Bidfood	*12.1*
18	WSP	*11.7*
19	Briscoe Group (NZX:BGP)	*11.7*
20	NZ Aluminium Smelters	*11.4*

Return on equity

#	Name	%
1	Singapore Airlines	*9164.4*
2	Emirates Airlines NZ	*808.3*
3	Lotto NZ	*623.6*
4	Bunnings NZ	*499.3*
5	Pushpay	*179.1*
6	Apple NZ	*83.6*
7	Aurecon	*81.2*
8	NZ Aluminium Smelters	*80.3*
9	Harvey Norman NZ	*62.2*
10	Zespri	*51.5*
11	Electrix	*49.1*
12	Beca	*48.0*
13	HEB Construction	*43.9*
14	Mars NZ	*43.3*
15	New Zealand Health Group	*42.5*
16	McConnell Dowell	*41.9*
17	Nestle NZ	*40.3*
18	Ixom Operations	*37.5*
19	Hallenstein Glasson (NZX:HLG)	*34.6*
20	Coca-Cola NZ	*34.1*

Newcomers

#	Name	$m
17	Downer Group NZ	*3,378*
83	Waste Management	*645*
99	DHL	*522*
123	Singapore Airlines	*382*
135	China Forestry	*355*
141	Costco NZ	*341*
152	APHG NZ Investments	*316*
164	TVNZ	*289*
167	Tasman Liquor	*280*
171	Compass Group	*274*
173	Airways	*273*
174	Summerset (NZX:SUM)	*271*
183	Mainland Poultry	*258*
186	BMW NZ	*252*
189	British American Tobacco	*248*
190	Precinct Properties (NZX:PCT)	*248*
193	Goodman Property (NZX:GMT)	*244*
194	Ritchies	*244*
195	Visy Glass	*244*
198	Arvida Group (NZX:ARV)	*237*

Biggest movers

#	Name	Change
111	Kinetic	88
113	McConnell Dowell	69
46	Gull	55
88	Emirates Airlines NZ	34
131	Graincorp Commodity	32
20	Infratil (NZX:IFT)	22
62	Auckland Airport (NZX:AIA)	20
140	John Deere NZ	17
176	Nokia	17
60	Tourism Holdings (NZX:THL)	17
184	Market Gardeners	(108)
180	Kuehne + Nagel	(48)
197	Metro Performance Glass (NZX:MPG)	(33)
159	Seeka (NZX:SEK)	(31)
185	Constellation NZ	(30)
160	Move Logistics (NZX:MOV)	(30)
126	Tesla NZ	(27)
153	United Industries (UIL)	(27)
192	Kiwi Property (NZX:KPG)	(23)
59	Ballance Agri-Nutrients	(20)

Just missed the cut

#	Name	$m
1	OCS Group	230
2	CablePrice	229
3	Honda NZ	229
4	DKSH	229
5	AsureQuality	228
6	Metlifecare (NZX:MET)	222
7	First Gas (part of Clarus)	221
8	Sealed Air	221
9	Wilson Parking	216
10	Accordant Group (NZX:AGL)	212
11	Vitaco Health	212
12	Skyline Enterprises	211
13	Bluebird Foods	211
14	Daifuku Oceania	209
15	Juken	208
16	Suzuki NZ	208
17	Nissan NZ	207
18	Pan Pac Forest	207
19	Rodd & Gunn	206
20	Comvita (NZX:CVT)	204

In last year, not now

#	Name	$m
58	Kmart NZ	919
80	Pan Pac Forest	626
94	Oregon Group	529
125	TAB	352
144	C B Norwood	309
154	Simsmetal Industries NZ	289
165	Suzuki NZ	263
168	NZ Investment Holdings	260
172	Shell NZ	257
176	CablePrice	248
177	Wilson Parking	248
180	United Steel	246
184	ADM New Zealand	238
186	Comvita (NZX:CVT)	234
187	AsureQuality	233
191	General Motors	228
192	OCS Group	228
194	Accordant Group (NZX:AGL)	227
195	Synnex	226
197	Juken	224

The 2024 Deloitte Top 200 Index reveals a mixed performance across key metrics, highlighting challenges as well as continued resilience among New Zealand's largest businesses.

Total revenues for Top 200 companies increased by 4.1%, rising from $235,849 million in 2023 to $245,432m in 2024. This represents a slower pace of growth compared to the 12.4% increase in 2023.

Underlying earnings (ebitda) decreased by 8.1% year-on-year, from $32,690m in 2023 to $30,058m in 2024. This contrasts with the 8.1% increase observed in 2023.

The ebitda margin, an assessment of operating profitability as a percentage of total revenue (total ebitda/total revenue), also declined, slipping from 13.9% in 2023 to 12.2% in 2024, reflecting a 1.7% decrease.

Total profits after tax saw a sharp decline, falling by 57.2% from $11,733m in 2023 to $5,026m in 2024. This is a marked change from the 4.0% increase recorded in 2023. The net profit margin (profit after tax/total revenue) also decreased, from 5.0% in 2023 to 2.0% in 2024.

Total assets increased modestly by 3.8%, from $318,806m in 2023 to $331,076m in 2024, down from a 4.9% increase the previous year.

The number one spot in the Top 200 Index has been held by Fonterra since its formation in the early 1990s. This stronghold continues, however its revenue fell by 7.2%, from $24,580m in 2023 to $22,822m in 2024. This decrease is mainly due to a softening demand in the ingredients channel and a 1% decline in sales volumes from continuing operations.

The 200th-ranked entity in 2024 is Christchurch Airport, with revenue of $233m. This is a 5.0% increase compared to 2023's 200th-ranked company, Scott Technology, which reported $222m in revenue.

Ebos Group, at number two, maintained its position with a 6.6% revenue increase, rising from $13,370m in 2023 to $14,254m in 2024. This was driven by organic growth and acquisitions that contributed to growth in its healthcare and animal care businesses. The revenue gap between Fonterra and Ebos decreased by 23.6%, compared to a 2.6% decrease in 2023.

Deloitte Top 200 Index

	2024 $m	2023 $m	% change
Revenue	245,432	235,849	*4.1*
EBITDA	30,058	32,690	*(8.1)*
Tax paid	3,196	2,993	*6.8*
Profit after tax	5,026	11,733	*(57.2)*
Total assets	331,076	318,806	*3.8*
Total equity	143,597	142,379	*0.9*

A significant shift occurred as Foodstuffs North Island climbed to third place in the Top 200 (from10th in 2023), with revenue increasing by 9.1 to $9,235m. Revenue figures for 2023 and 2024 have been grossed up in respect of charge through sales whereby Foodstuffs North Island is now considered to be a principal rather than an agent. Revenue for 2023 has increased from the previous reported figure of $4,299m to $8,462m as a result of this restatement.

The top 10 in the Index has seen some movement in 2024, with Meridian Energy re-entering the top 10 in 10th place (2023: 17th). This pushed Mainfreight out of the top 10 to 11th place (2023: 8th). Woolworths NZ has remained in fourth place, and BP NZ has remained in ninth place.

Fletcher Building has moved down to fifth place (2023: 3rd) and Fulton Hogan has moved down to seventh place (2023: 5th).

Air New Zealand has dropped to eighth place (2023: 6th) and Z Energy moved into sixth place (2023: 7th).

Top Profits

The top profit after tax for 2024 was $1168m, reported by Fonterra (ranked first in the Top 200 Index), retaining its position in the top profit rankings from last year.

This figure represents a 5.9% decrease from Fonterra's profit after tax of $1241m in 2023.

Last year's second-highest profit was Spark (13th in the Top 200 Index), which reported a profit after tax of $1135m, including a $583m gain associated with Spark's sale of Connexa. In 2024, Spark's profit after tax fell to $316m, dropping its ranking to seventh place.

The average profit after tax across all 200 companies decreased from $53m in FY23 to $25.1m in FY24, a 53% decline. This trend reflects challenging economic conditions and broader economic performance.

Infratil (20th) has risen to second place for profit in 2024, up from fourth in 2023. The infrastructure investment firm has seen its profit after tax increase by 28.2%, from $562m in 2023 to $846m in 2024. Infratil acquired full ownership of One NZ, with the result reflecting 10 months earnings contribution from One NZ under full ownership.

Retirement village operator, Summerset (174th), is a new entrant to the Top 200 in 2024 and has secured third place with a profit after tax of $440m. This result includes a $442m favourable fair value movement in investment property.

Lotto (31st) has moved up to fourth place in 2024, from eighth in 2023. Its profit after tax increased by 12.8 per cent, from $385m in 2023 to $434m in 2024.

Meridian Energy (10th) has made a significant leap in the rankings, moving from 36th place in 2023 to fifth place in 2024. Its profit after tax rose by 352%, from $95m in 2023 to $429m in 2024.

Spark (13th), One NZ (24th), and 2degrees (37th) have moved out of the top five profits for 2024 but remain in the rankings at seventh, 67th, and 156th place, respectively.

Biggest Losses

The biggest loss for 2024 was reported by Woolworths NZ (ranked fourth in the Top 200 Index), with a loss of $1673m. In 2023, Woolworths had the 42nd ranked profit after tax, reporting a profit of $76m. The loss is attributed to lower sales and a $1.6b goodwill impairment loss.

Kiwirail (49th) holds the second biggest loss for 2024, with a loss of $647m. In 2023, Kiwirail had the largest loss of $771m. Kiwirail also had the third biggest loss in 2022 and second biggest loss in 2020.

Goodman Property (193rd) is a new entrant to the Top 200 in 2024, holding the third biggest loss in 2024 of $565m. This compares to a loss of $135m in 2023. Its loss is primarily attributed to fair value losses on the revaluation of investment property.

Wine, spirits and champagne business, Pernod Ricard NZ (121st), and dairy producer Synlait Milk (36th) respectively hold the fourth and fifth biggest losses in 2024.

Most Improved Profit

Datacom (ranked 34th in the Top 200 Index) recorded the most improved profit, with an 1800% increase, moving from a $2m loss in 2023 to a $34m profit in 2024.

Ngāi Tahu Limited (138th) achieved the second most improved profit, with an increase of 843%, shifting from a $5.8m loss in 2023 to a $43m profit in 2024.

Mainland Poultry (183rd) holds third place, with a profit increase of 748%. In the current year, Mainland Poultry recorded a profit of $23.5m, compared to a profit of $2.8m in 2023.

Most Improved Revenue

Costco NZ (ranked 141st in the Top 200 Index) reported the most improved revenue, increasing revenue to $341m in 2024 compared to $21m in 2023, due to the current year representing the first full year of trading. This uplift has meant Costco NZ is a new entrant to the Deloitte Top 200 Index in 2024.

Waste Management (83rd), also a new entrant, has the second most improved revenue, with an increase of 325%, from $152m in 2023 to $645m in 2024.

Infratil (20th) achieved the third most improved revenue, with an increase from $1192m in 2023 to $2995m in 2024, due to acquiring full ownership of One NZ, with the result reflecting 10 months of One NZ being consolidated under full ownership.

Gull (46th) holds the fourth most improved revenue, increasing by 117%, from $495m in 2023 to $1076m in 2024. The 2023 figure included revenues for around six months post the change in ownership from Ampol to Allegro.

This is the primary driver of the increased revenue in 2024, as well as increasing fuel prices.

challenges shape Top 200

Amazon Web Services (122nd) held the most improved revenue in 2023. Its revenue held largely consistent year-on-year, with a 3.4% increase, rising from $372m in 2023 to $385m in 2024.

Infratil (20th), Emirates Airlines (88th), Auckland Airport (62nd) and Tourism Holdings (60th) are the only companies to be included on this index in both 2023 and 2024.

Airways, Graincorp Commodity, Gull, McConnell Dowell, Mercury, Meridian Energy and Xero are included in both the most improved profit and most improved revenue index in 2024.

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 (ranked 88th in the Top 200 Index) maintains its top position for ROA, achieving 595.4%. In 2023 the airline had a ROA of 325.1%.

Singapore Airlines (123rd) re-entered the Top 200 Index in 2024, and holds the second spot with a ROA of 312.9%.

Lotto (31st) ranked third for ROA, decreasing from second place in 2023, with a ROA of 146.5%.

Pushpay (129th) entered the ROA rankings in fourth place, achieving 48.7% in 2024, a significant improvement from 8.9% in 2023. This is driven by an increase in net profit after tax from $35m in 2023 to $283m in 2024, primarily due to an adjustment in deferred tax.

Aurecon (169th) maintained its fifth-place ranking, with a ROA of 30.6% in 2024, compared to 41.6% in 2023.

Deloitte Top 30 Financial Institutions Index

	2024 $m	2023 $m	% change
Revenue	41,852	26,735	*56.5*
EBITDA	11,662	11,508	*1.3*
Tax paid	3,043	2,845	*7.0*
Profit after tax	7,775	7,715	*0.8*
Total assets	727,331	733,803	*(0.9)*
Total equity	69,356	65,823	*5.4*

Top 30 Financial Institutions Index

The Top 30 Financial Institutions Index sees one new addition to the Index, FlexiGroup (ranked 30th).

The Top 30 financial institutions have had a slight decline in their total asset bases this year by $6473m, from $733,803m in 2023 to $727,331m in 2024. This is a 0.9% decrease and contrasts with the 9.3% increase seen in 2023.

The top bank is once again ANZ, holding assets of $194,289m, down 3.4% from $201,134m in 2023. ANZ continues to sit comfortably in the top spot, with a $61,491m gap in total asset value between first place and second place (Westpac). ANZ also outpaces all other banks in terms of profit and equity.

The second place in the Index has been held by Westpac in both 2023 and 2024, with total assets of $132,798m — a decrease of 2.2% from the previous year.

BNZ continues to hold third place, with total assets of $130,065m, a 1.0% decrease from the previous year.

ASB remains in fourth place from 2023, with total assets increasing slightly to $127,089m — up 0.2%.

Of the top four financial institutions, ANZ, Westpac and ASB have had a decrease in profit year-on-year.

ANZ reported a decrease in profit from $2,289m to $2,217m (a 3.1% decrease), Westpac reported a decrease in profit from $1,298m to $1,184m (a 8.8% decrease) and ASB reported a decrease in profit from $1,559m to $1,455m (a 6.7% decrease).

BNZ was the only top four financial institution to report an increase in profit, from $1,414m to $1,509m in 2024 (an increase of 6.7%).

Kiwibank has retained its fifth-place spot, with total assets of $36,650m. Kiwibank's total assets have increased by 8.3% from $33,838m in 2023. ASB has dropped to fourth place in 2023 from second in 2022, with total assets of $126,896m.

Cumulative profits for the Top 30 financial institutions have increased by 0.8% from $7715m in 2023 to $7775m in 2024.

Cumulative equity has increased by 5.4% from $65,823m in 2023 to $69,356m in 2024.

The top seven financial institutions have remained the same seven entities from 2023 to 2024.

Heartland Bank has moved up to eighth place from ninth place in 2023, which has caused HSBC to move down from eighth place in 2023 to ninth place in 2024.

MUFG remains consistent, holding 10th place in 2023 and 2024.

It is noted that certain financial institutions may have released unaudited earnings announcements that are not reflected in the indices or commentary above.

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 the results.

Singapore Airlines (ranked 123rd in the Top 200 Index) has returned to the Top 200 Index in 2024 and occupies first place in the return on equity rankings, with a result of 9164.4%.

Emirates Airlines NZ (88th) has taken second place for return on equity, achieving 808.3% and moving up from third place in 2023.

Lotto (31st) has taken third place for return on equity, moving down from the top spot in 2023, with a return on equity of 623.6% in 2024.

Bunnings (27th) has taken fourth place for return on equity, moving down from second place in 2023, with a return on equity of 499.3% in 2024.

Pushpay (129th) is in fifth place with a return on equity of 179.1%, a notable improvement from 13.2% in 2023 due to its increase in net profit after tax.

The Newcomers

This year, 21 companies were added to the Deloitte Top 200 Index. This compares to last year when 22 companies were added to the Index.

Downer (ranked 17th on the Top 200 Index) entered the Index at the highest rank with revenue of $3378m.

Waste Management (83rd) returned to the Index in 2024 with revenue of $645m.

DHL (99th place) with revenue of $522m and Singapore Airlines (123rd) with revenue of $382m were the third and fourth highest-ranked newcomers in 2024.

Just Missed the Cut

OCS Group (would rank at 201st in the Top 200 Index) narrowly missed the cut by just $3m, with the 200th-ranked company (Christchurch Airport) achieving revenue of $233m.

CablePrice (202nd), Honda NZ (203rd), and DKSH (204th) were close to breaking into the Top 200 Index in the current year, all achieving revenue around $229m.

Deloitte Top 200 Team

● **Cassandra Worrall**
Partner & Chief Marketing Officer

● **Frauke Sharplin**
Deloitte Top 200 Lead

● **Silvio Bruinsma Deloitte Top 200 Audit Partner**

● **Richard Dorset Deloitte Top 200 Financial Advisory Partner**

Data gathering and audit team: Chris Wakefield, Lachlan MacRae, Josh Burgess and Sarah Hjorth

Māori make moves into the weightless economy

Anthony Ruakere

Māori businesses continue to demonstrate that economic growth and community wellbeing needn't be mutually exclusive pursuits.

In the face of housing shortages and New Zealand's long-standing infrastructure deficit, the Māori economy is embracing new approaches that move beyond more traditional sectors into, among other things, the weightless economy.

For the tenth year running, the Deloitte Top 200 — Top 10 Māori index shines a light on innovative approaches and strategic investments made by leading Māori organisations. Valued at upwards of $70 billion (with some estimates putting it at $100b by 2030), the Māori economy is growing across asset classes including property, equities, and managed funds. Ngāi Tahu and Waikato-Tainui have unsurprisingly held the top spots on the Māori index since its inception in 2014 — Ngāi Tahu fuelled by its 2050 vision of a diverse and resilient asset base, and Waikato-Tainui with its rapidly expanding asset portfolio.

Top 10 Māori Business Index

	# 2024	# 2023	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
▲	1	2	Waikato Tainui	2,399	*8.7*	*2.8*	1,868	*3.6*	65	Mar-24
▼	2	1	Ngai Tahu	2,097	*(1.5)*	*(1.8)*	1,657	*(2.2)*	(38)	Jun-24
-	3	3	Ngati Whatua ki Orakei	1,539	*(2.2)*	*(3.5)*	1,264	*(4.2)*	(54)	Jun-24
-	4	4	Ngati Toa	794	*(0.1)*	*(0.2)*	395	*(0.4)*	(1)	Jun-24
-	5	5	Moana NZ	613	*3.7*	*0.6*	510	*0.7*	4	Sep-23
-	6	6	Tuhoe Te Uru Taumatua	406	*(8.0)*	*(8.6)*	402	*(8.7)*	(36)	Mar-23
-	7	7	Parininihi ki Waitotara (PKW)	363	*(5.5)*	*(2.7)*	289	*(3.3)*	(10)	Jun-24
▲	8	9	Atihau-Whanganui	344	*20.2*	*(2.1)*	293	*(2.5)*	(7)	Jun-23
▼	9	8	Ngati Porou	310	*4.1*	*2.2*	259	*2.6*	7	Jun-24
-	10	10	Raukawa Settlement Trust	238	*4.4*	*3.8*	223	*4.1*	9	Jun-23

One such Waikato-Tainui investment is Ruakura Superhub. More than just infrastructure, it is a visionary project that has the capacity to house 4500 families and strategically connects surrounding regions, while creating employment opportunities and integrating green community spaces. It is also a great example of how Government, iwi, and private enterprise can collaborate on significant projects for the benefit of all.

Similarly, Ngāti Whātua Ōrākei (ranked third on this year's list) is demonstrating the value of well-conceived strategic partnerships by entering a groundbreaking arrangement with BNZ to finance housing for hapū members. Empowering its people to create sustainable, thriving communities on their own whenua, this partnership provides a pathway to home ownership that were not previously available to whānau living on Māori freehold land.

While many other developed countries face ageing populations, Census 2023 data shows that with one in three rangatahi identifying as Māori, relatively speaking, New Zealand's population is Māori and young. So, while forestry, farming and fishing continue to be the bedrock of the Māori economy, significant future growth is in the weightless economy, featuring the likes of technology, creative, and other emerging sectors.

This rapidly expanding marketplace is focused on sustainable growth, more resilient to shocks and less constrained by physical resources.

Despite the opportunities presented by these new sectors, to fully leverage the youthful Māori population and equip Aotearoa for a truly digital future, we must address the digital divide that sees gaps in internet access persist for Māori and rural communities despite substantial investment.

In a first for any Māori organisation and in a visible demonstration of proactive participation in the technology sector, Ngāti Toa Rangatira, ranked fourth on this year's list, is helping to bridge the digital divide by acquiring a 33% stake in Oracle's Team IM web-based information management platform.

As we look to the future, we know Māori organisations will play an important role in creating an inclusive and prosperous Aotearoa — for all. Led by the likes of Waikato-Tainui, Ngāi Tahu, Ngāti Whātua Ōrākei, and Ngāti Toa Rangatira, the adage that when Māori business succeeds, New Zealand thrives, is coming into much clearer focus.

● *Anthony Ruakere is Partner, Hourua Pae Rau, at Deloitte.*

Deloitte Top 200 Specialist Judging Advisers

Susan Peterson
Susan Peterson is a prominent figure in New Zealand's business landscape, focusing on innovation, technology, and sustainability. As the Chair of Vista Group and an independent director on the boards of Xero, Mercury, Arvida and Craigs Investment Partners, her work emphasizes ambition for New Zealand with a special interest in using technology and inclusion to create a better future for all. Susan's past directorships include ASB Bank, Trustpower, Property for Industry, Compac Sorting and The New Zealand Merino Company. Susan served on the New Zealand Markets Disciplinary Tribunal for 9 years and has been a long serving member of the Global Women Board. Susan is a Chartered Fellow of the IOD and has been a finalist in the New Zealand Women of Influence Awards.

Liam Dann
Liam Dann is Business Editor at Large for the *New Zealand Herald*. He has been a journalist for 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 Campbell is 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 across varied executive leadership and governance roles internationally and in NZ in the legal, financial services and iwi spheres. She has worked as a lawyer, professional advisor, strategy and transformation leader and central banker. Until April 2024 she served as an Assistant Governor of Te Putea Matua, the Reserve Bank of NZ, and is now a non-executive director on the boards of Ngai Tahu Holdings and ASB Bank. Juliet is passionate about diversity, equity and inclusion, system transformation and leadership with a long-term strategic outlook, including the opportunities for Aotearoa through integrating te ao Māori to create a stronger and more prosperous Aotearoa.

Ranjna Patel
Ranjna Patel with husband Kanti, set up the East Tamaki Healthcare Business in 1977. Tamaki Health has 50 clinics serving over 330,000 registered patients, and is the largest Private Primary Health care and Tele Health Provider in NZ. In 2014 she founded Gandhi Nivas, a Family Harm initiative that has seen 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 Chair of 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 and President of the Manukau Indian Association.

Simon Moutter
Simon Moutter 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 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 c hairman of three privately owned companies – Les Mills International Ltd, Smart Environmental Ltd and Designer Wardrobe Ltd. He works alongside the m anagement teams of these companies to help accelerate their growth.

Sustainability Leadership

Katie Beith
Katie Beith 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 New Zealand Super Fund as a Senior Investment Strategist for Responsible Investment. In November 2021, Katie joined Forsyth Barr as the Head of ESG where she is responsible for incorporating ESG (environment, social and governance) principles into Forsyth Barr's firm-wide operations and investment process, including assisting advisers with specific client needs. Katie currently 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.

Kate Wilson Butler
Kate Wilson Butler is a leading New Zealand voice on sustainable business. As the Director of Chapman Tripp's Climate, Sustainability & ESG practice, Kate specialises in the intersection between climate and sustainability policy, law and strategy. She regularly speaks and advises on global and local developments in climate and ESG, including corporate climate action, target setting, disclosures and transition planning.
Prior to joining Chapman Tripp, Kate was Head of Climate Action at the Sustainable Business Council, where she worked with some of New Zealand's largest companies to build a more sustainable future.Previous roles include climate change negotiator at the UN climate talks and private secretary to the Minister of Climate Change.

New Zealand Herald Business Reports 2024

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