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ANALYSIS, TRENDS & INTERVIEWS
Friday, December 9, 2022

Dynamic Business

Company
of the Year
Vulcan Steel

EXCLUSIVE
REPORT
DELOITTE TOP 200 AWARDS

Reconnecting Business

Chairperson
of the Year
**Mark
Verbiest**

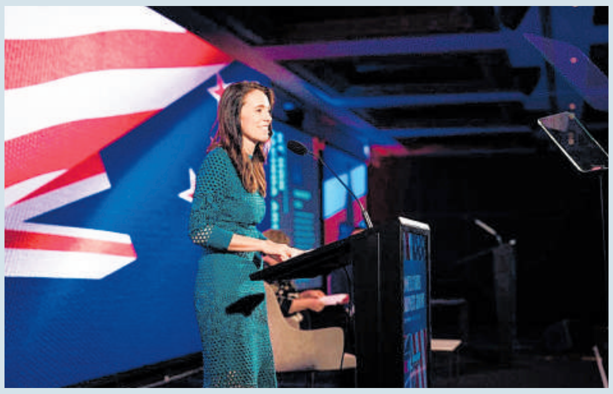
Judges' Award
Sir Rob McLeod

Chief Executive
of the Year
Jolie Hodson *Spark*

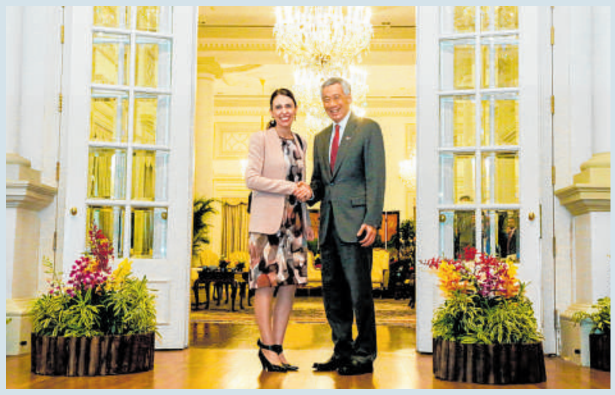
Young
Executive
of the Year
**Kate
O'Brien**
*Air New
Zealand*

Visionary Leadership
Jim & Rose Delegat





Stellar year of reconnection for business

Dynamic Business
Fran O'Sullivan

2022 has been a stellar year of reconnection for New Zealand businesses. After two years of multiple Covid lockdowns and tough border restrictions — which were not lifted in their entirety until mid-year — there was pent-up appetite from business people to get out into the world, renew contacts and forge new opportunities.

In particular, 2022 has also been a time for boards of directors from our leading companies to assess whether their strategies are still fit for purpose.

That has necessitated looking at the state of markets internationally and what their competitors are up to.

It's not all been pure business.

Air New Zealand took a bevy of chief executives to New York on their new direct flight to engage with some stellar thought-leaders; look for Tim McCready's take outs in today's Dynamic Business Report.

Stephen Jacobi — who leads the International Business Forum — travelled to India, where he found the time was right for a new and urgent approach to expand New Zealand's bilateral economic relationship with that fast-growing nation.

Others like Fonterra, have restructured to have a renewed focus on global markets. The dairy co-operative has appointed seasoned executive Judith Swales to lead their new focus as we report today.

But when it comes to opening doors for New Zealand business, Jacinda Ardern deserves considerable praise. She has led business missions to Singapore, Japan, the United States, Australia and more recently Vietnam.

New Zealand's key agribusinesses have been represented on various missions, along with tech companies, tourism players and even fashion designers.

As Ardern writes today, 2022 has been a huge year for New Zealand's free trade agenda. "It's also the year I rediscovered that the role of Prime Minister can sometimes be Cheerleader-in-Chief."

Together with Trade Minister Damien O'Connor, she has set a cracking pace forging trade deals with new partners like the United Kingdom and European Union and closing out (with others) long-standing negotiations such as the Regional Comprehensive Economic Partnership (RCEP). The photo montage above represents just some of the many meetings she has had with world leaders this year.

In today's report, we explore how digital trade and innovation has become centre stage for businesses wanting to keep pace with technological change. This includes models for the future such as Toyota's Woven City. And a reminder from demographer Paul Spoonley that New Zealand's own population makeup is changing.

Further insights from Oliver Hartwich on the economy and Dawn Freshwater on freedom of speech underline there will be much to talk about in the New Year.

Finally, it has been a pleasure to once again celebrate the winners and finalists of the 2022 Deloitte Top 200 awards.

This is a major production for Deloitte and the *Herald*.

The Top 200 section in today's report has stories on all category winners and finalists. Videos of prime winners celebrated at last night's award function can also be found at: nzherald.co.nz/business.

As Deloitte CEO Mike Horne says, these winners have found ways to reconnect with a changed world, truly embracing the theme of this year's awards — "the world is ours".

On behalf of the *Herald*'s Business Reports team: Tim McCready, Isobel Marriner, Graham Skellern, Bill Bennett, Tennessy Weir, Richard Dale, Tim Wilson and myself, we wish all readers a restorative holiday season and a fruitful 2023.

We'll be back next year with our first report, Project Auckland.

Enjoy the report.

Fran O'Sullivan

Inside Dynamic Business

Dynamic Business

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'Cheerleading' on the world stage

Trade missions have given us greater resilience in turbulent times, writes **Prime Minister Jacinda Ardern**

2022 has been a huge year for New Zealand's free trade agenda. It's also the year I rediscovered that the role of Prime Minister can sometimes be Cheerleader-in-Chief.

And so it was earlier this year that from the United States I promoted Silver Fern Farms' Net Carbon Zero Beef on *The Late Show with Stephen Colbert*, watched by an audience of more than three million. It seemed as good an opportunity as any to offer a chilly bag of prime steak to the talk show host. Little did I know searches for the product would spike 300 per cent over the next day or so, highlighting the demand for our clean, green, safe, Kiwi-made goods.

Our economy is one that depends on trade, and so as world economies ramped back up after Covid, our plan was to take our exporters directly to market to continue the important work of maintaining pole position.

It's a plan that is working.

I have led five successful trade missions over the past 12 months, including to three of our top four markets — Australia, the United States and Japan — as well as to the Southeast Asian markets of Singapore and Vietnam. We have concluded two high-quality free trade agreements with the United Kingdom and the European Union that will deliver up to $4 billion in extra export revenue a year. Once both agreements are in place, 76 per cent of our trade will be to partners we now have a free trade agreement with. Six years ago, this was less than 50 per cent.

The UK free trade agreement (FTA) was our fastest negotiation in over a decade, representing the sense of urgency we placed upon new, high quality agreements. The EU agreement gives our exporters access to the consumers of 27 different countries.

Over the past 12 months we have also strengthened our ties with the Indo-Pacific, a region of huge economic and strategic value to New Zealand. In November, I announced the substantive conclusion of negotiations of an upgrade to our FTA with ASEAN (Association of Southeast Asian Nations) and Australia. With over $7b of exports to Asean last year, we now trade more with the bloc in a week than we did in a year in the early 1970s.

It's been a record year but it's also been a record five years.

Since we took office, we have secured six new free trade agreements and upgrades — the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Comprehensive Economic Partnership (RCEP), the China FTA upgrade, the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) upgrade, and the UK and EU FTAs.

That's helped grow our primary sector exports by an enormous 39 per cent in the same period, with latest forecasts projecting food and fibre export revenue will grow to a record $55b in the year ahead.

These are the fruits of our free trade labour and we want to see even more — because it's clear that greater export earnings provide resilience in a world that is going through difficult times.

The world's "poly-crisis" of a global pandemic, Russia's invasion of Ukraine, an energy crisis, climate change and a global recession presents new challenges. As a trading nation, when our trading partners go through tough times, that has an impact on us.

But our work on trade, our supercharged approach to reconnecting with markets, has given us the strongest possible footing to face those waves as they roll in to our shores.

> The world's 'poly-crisis' of a global pandemic, Russia's invasion of Ukraine, an energy crisis, climate change and a global recession presents new challenges . . . but our work on trade, our super-charged approach to reconnecting with markets, has given us the strongest possible footing to face those waves as they roll in to our shores.
>
> Jacinda Ardern

We have low unemployment, one of the strongest sets of books in the world, and the unique proposition of our exporters to ensure we continue fetching top dollar for what we sell to the world.

Underpinning this growth is our record on sustainability, which has made New Zealand's exports more profitable than ever.

I will always proudly tell the world that New Zealand is home to some of the most sustainable food producers in the world — and I will also continue to support our exporters to back up that brand with environmental credibility to maintain their pole position.

My colleague Damien O'Connor spent countless hours helping to secure these free trade agreements. He has heard more than most the deafening market signal that consumers want products produced with care for the environment, for our climate. Fonterra and Nestle's world first net zero carbon emissions dairy farm launched at Fieldays provides the proof these consumers are looking for.

Customers are seeking not just the best products in the world, but those that are the best for the world — and that is exactly what our primary producers can offer. That is our competitive edge, and we will continue working hard to maintain it, to stay ahead of the pack.

Sustainability is a proposition that extends to all of our reconnecting work — our returning tourists are conscious of their travel footprints and we welcome them back with an offering to care for our environment the way we do; while at the same time welcoming the likes of big tech companies like Microsoft to set up cloud businesses here — based on our renewable energy market. Sustainability provides the resilience and security a country like ours needs to face impending global headwinds.

Reconnecting is of course about more than just transactional trade. New Zealand has also been an advocate of trade as a force for good.

Both the UK and EU FTAs promote labour rights, climate action, reform of environmentally harmful subsidies, women's economic empowerment. They support small and medium businesses, and deliver meaningful outcomes for Māori exporters.

New Zealand also remains a staunch advocate for the rules-based multilateral trading system, with the World Trade Organisation Director General Dr Okonjo-Iweala saying during her visit last month that: "New Zealand is a small country, but it punches above its weight consistently and is listened to."

Our trade missions this year have showcased sustainable, high-quality and innovative Kiwi exports, letting the world know that New Zealand is open for business, tourism, education and trade. They have provided us greater economic resilience in the face of a turbulent world. This is why I hope to lead a business delegation back into our biggest market China to renew and refresh in-person connections, when Covid provisions there make it possible.

I'm optimistic this will bring further opportunities for our exporters. I have also signalled our intention to continue to make progress in negotiating our free trade agreement with the Pacific Alliance — made up of Mexico, Colombia, Peru and Chile.

Amid the challenges of global economic headwinds, we have a plan that is working — as our number 1 placing in the 2022 Sustainable Trade Index has shown — and it's a plan we will continue to pursue into 2023 for the benefit of every New Zealander.

Lessons from the Big Apple

Tim McCready

Taking part in Air New Zealand's business delegation to New York on the new direct Auckland-New York City flight was a great opportunity to catch up on the United States economic environment, trading conditions, geopolitics and trends. As someone who hadn't crossed the New Zealand border since 2020 (but pre-pandemic was a frequent long-haul traveller), it was also a chance to get a taste of travel in the Covid era.

More than 20 of NZ's most influential business leaders joined the delegation, including the heads of Mercury Energy, NZ Beef & Lamb, Sanford, The Warehouse Group, SkyCity, Infratil, Spark, Beca, Ngāi Tahu and the University of Auckland. Between the CEOs and directors on board NZ2, Air New Zealand was responsible for carrying a sizeable fraction of New Zealand's Top 200 businesses.

These delegations are often predicated around government-to-government relations such as bilateral and multilateral meetings, or free trade agreements, but this trip was different.

Despite including Deputy PM and Finance Minister Grant Robertson and National deputy leader and finance spokesperson Nicola Willis as part of the delegation, one of the distinct things about the trip was that it wasn't politically focused.

Air New Zealand chair Dame Therese Walsh described the visit as a chance to not only showcase the airline's new flagship route, but to "get back to doing what Air NZ used to do — be an important part of NZ Inc thinking and New Zealand's economic development."

Air NZ CEO Greg Foran's status in the US was evident (he was previously CEO and president of retail giant Walmart US). He used his cachet to pull in high-profile speakers including Indra Nooyi — the former chair and CEO of PepsiCo and often touted as one of the world's most influential women.

Though meetings were held under the Chatham House Rule, some of the lessons that stood out from three days on the ground in the Big Apple include:

From New Zealand to New York the challenges remain the same

The mood in many meetings was sombre, as the US grapples with many of the same economic headwinds as New Zealand. A looming recession, geopolitical tensions, constrained supply chains, a shortage of talent, burgeoning inflation and interest rate rises are creating uncertainty.

While Covid restrictions have all but gone in New York, the pandemic has left a permanent mark on the city. Companies in the US have embraced hybrid working which is considered "here to stay" as employees demand the flexibility that comes with it.

Covid testing sites are still scattered about, and despite no requirement for face masks, their use seemed far more common than in Auckland on public transport and in public spaces.

ESG under strain — but ignore it at your peril

The acronym ESG — which takes into account a business's efforts on environmental factors, social issues and

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Safdarjung's tomb, in New Delhi is lit up to mark India's presidency of G20. Photo / AP

Time to lift our game in India

The time is right for a new approach to expand New Zealand's economic relationship with India, but more urgency is needed, says **Stephen Jacobi.**

Most commentators agree India is bouncing back strongly from the pandemic and is set to be one of the fastest growing economies in Asia. A huge domestic market, new investments in manufacturing and IT and advances in the digital economy are leading this new wave of growth.

India is also looking outwards, but on its terms — having passed up the opportunity to join the world's largest free trade agreement, the Regional Comprehensive Economic Partnership (RCEP), it is negotiating bilateral deals with several economies including Australia, the UK, Canada and even the EU. New Zealand's own relations have been given a big lift by the visit of Foreign Minister Jaishankar in October, but two-way trade remains low. We need a new strategy and concerted action to take the relationship to a new level.

My own recent, first visit to India was an eye-opener. I was impressed by India's vitality and energy as well as its confidence in dealing externally. This was not a country slowly coming around from the after-throes of the pandemic, although Covid's impact was heavy to be sure — it seemed nearly everyone I met had a harrowing tale of loss. Rather, this is a country firmly focused on achieving its destiny as one of the world's leading economies. With growth likely to nudge seven per cent this year, India is looking to the talent and consumption base of its vast population and its rich and diverse geography to drive the next phase of its development.

New Zealand's relationship with India has trod water in recent years and all cannot be blamed on the pandemic. While the Indian community has never ceased to remind us of the significance of the country of their heritage, we have tried to engage India on our own terms. We successfully launched a free trade agreement (FTA) negotiation, which at first seemed promising and soon gave way to the larger prize of RCEP. That too ultimately floundered, at least for India, leaving us without much to hang on to. India is not interested in comprehensive FTAs which offer across-the-board market access including for what it regards as sensitive products. We're used to that of course, but India was not willing even to give a fig leaf of access for dairy and meat as the European Union did most recently.

The traffic isn't all one way here: New Zealand, for reasons which are not entirely rational, is equally unwilling to make concessions on immigration, even though India offers the solution to most of our labour shortage problem. New Zealand's FTA strategy has served us well across a range of markets and should not be abandoned lightly. That strategy is just not one that will work for India. While an FTA will always be of interest to us and should not be taken off the table, we need to rethink the way we approach this important partner. That approach has to be based on understanding how New Zealand can play a role in India's continuing development story.

As I prepared for my visit by speaking with knowledgeable people including in the Indian diaspora, two themes very quickly became prominent — technology and young people. Technology is driving change in India as everywhere and India is at the

With growth likely to nudge 7 per cent this year, India is looking to the talent and consumption base of its vast population and its rich and diverse geography to drive the next phase of its development.

Stephen Jacobi

forefront of emerging IT industries. The "India stack" is a case in point — it combines open software, digital identities and a digital payment system that reaches a substantial part of the Indian population.

New Zealand's niche technologies could well find a home in the rich Indian technological eco-system. Agricultural technologies could have special relevance in a country aiming to grow its agricultural output, with which New Zealand need not compete directly. There are commercially relevant, win-win avenues to explore here.

Young people are India's future and also their present — their education is top of mind for Indian families. New Zealand education has a patchy history of involvement in the Indian market and needs to do much better to match the efforts of competitors. Our immigration settings and labyrinthine visa processes also need to be addressed.

Young Indians are also wanting work and life experience — we could do no better than establish an Indian young professionals scheme to bring talented individuals for internships and work experiences in New Zealand.

Fortunately, moves are under way to take a more strategic approach to our partnership with India. The India NZ Business Council is rallying the business side. The frequency of Ministerial visits is picking up and the High Commission in Delhi is engaging with agencies there on developing new thinking in advance of officials' meetings in New Zealand later this year. This is all good. But is it fast enough? India's development waits for no-one and certainly not New Zealand.

We do need new strategy. We also need a plan, more action and more feet on the ground to catch the new Indian wave.

● *Stephen Jacobi is the Executive Director of the New Zealand International Business Forum (NZIBF)*

NZ in the box seat in 2023

The Covid-19 pandemic put paid to New Zealand's plans to host the Apec Leaders' meeting in 2021. It was successfully held virtually with Prime Minister Jacinda Ardern in the chair.

But Auckland will finally be on the Asia-Pacific agenda in 2023 — in person — when the Apec Business Advisory Council (Abac) hosts a meeting from February 12-14.

Around 200 participants including senior business leaders and officials from Apec's 21 economies are expected to attend. It is the first Apec meeting being chaired by the United States in its 2023 host year which will culminate in Apec Leaders' week in San Francisco from November 12.

Business representatives will be led by Dominic Ng, Chairman and CEO of East West Bank. Others include: Michaela Browning, Vice-President and Head, Government and Public Policy for Asia-Pacific Google based in Australia; Janet De Silva President and CEO of the Toronto Region Board of Trade; Ning Gaoning (Frank) Chairman of Sinochem Holdings (China), Hu Houkun Deputy Chairman, Huawei and Rotating Chairman Huawei Technologies (China) and Wong Wai Meng, Chairman SGTech (Singapore).

New Zealand is represented by Anna Curzon, chief product officer at Xero; Malcolm Johns, incoming CEO for Genesis Energy and Rachel Taulelei Co-Founder of Oho branding agency.

Apec (Asia Pacific Economic Co-operation) is the region's leading inter-governmental forum for economic co-operation. Twenty-one economies from the Asia Pacific region are members, representing over 70 per cent of NZ exports. Apec leaders meet annually to free up trade and investment, promote sustainable and inclusive economic growth, build the foundations for the digital economy and set the economic direction for the region.

Apec senior officials will meet in Auckland at the same time, ensuring the event will be a unique meeting point for government and business. The Abac agenda will focus on economic integration, sustainability and climate change and the digital economy, against the background of a difficult environment for global economy and trade.

The NZIBF's Stephen Jacobi, an alternate New Zealand Abac member, says the event takes on particular importance after three years of Covid disruption and at a time when New Zealand is actively seeking to develop further the economic relationship with the United States and other Asia Pacific economies.

"Recent economic times have been hard for many, and particularly so for business," says Jacobi. "This event will assist in helping chart a course out of current difficulties."

NZ to chair CPTPP commission

Trade Minister Damien O'Connor says New Zealand will take over as Chair of the CPTPP from Singapore in 2023.

"This will provide an opportunity to further highlight our progressive approach to international trade as set out in our Trade for All agenda, as well as our commitment to open, trade and regional economic architecture," says O'Connor.

Damien O'Connor

"Continuing to build on our export growth is a key part of the Government's economic plan. Our two-way trade with the CPTPP bloc accounts for 27 per cent of our total trade, and growing this further will better secure the economic future of all New Zealanders.

"It is the world's premier open, multi-party free trade agreement, signed by 11 economies, which represent over 13 per cent of the world's GDP. Around $20 billion a year of our exports go to CPTPP partners."

Pandemic era lessons from the Big Apple

continued from B4

corporate governance — has risen to prominence over the past few years. But recently it has become politicised in parts of the US. Its association with liberalism has seen a backlash among some Republican officials who have described ESG policies as 'woke'.

Acronym politics aside, there was a lot of talk in New York that US investors, customers and employees are continuing to focus on whether businesses are authentic about their purpose and leadership, and whether they are doing what they say they are doing when it comes to society and the environment.

This is more important than ever as Gen Z (those born between the late 1990s and early 2010s) become more prominent in the workforce. Many are choosing not to engage with businesses or even apply for jobs with employers that have a perceived negative impact on the environment, or an organisation that lacks diversity. If a business can explain why its activities are important not just for commercial differentiation but also for the planet and society, it will be a valuable competitive differentiator.

America doesn't have time for short poppies!

Kirsten and Craig Nevill-Manning, former Facebook and Google executives who are among our most successful offshore New Zealanders, hosted a reception for the delegation at their spectacular multi-level Brooklyn apartment complete with a stainless-steel slide to traverse the floors.

There, a panel of New York-based Kiwis spoke about the many New Zealand businesses that are doing great things in the US — but stressed that we continue to be too demure for an American audience. To get cut-through in a crowded market that moves quickly, businesses must be prepared to share their unique points of difference and accomplishments as loudly as their competitors do.

The expat community in New York is small but tight-knit. Those that we met on the ground are keen to welcome more to the city and pass on their deep experience and advice to others so that New Zealand businesses can hit Manhattan running and make their mark on the city that never sleeps.

Good news for tourism and business

Despite being closed to visitors for two years, New Zealand continues to have a lot of friends offshore. Everyone who spoke to the delegation had fond things to say about our country and those who have not yet been innately like us and have a desire to visit — even if they couldn't pinpoint exactly why.

There was an expectation from business delegates and those we spoke to that the direct flight between Auckland and New York will have a role in shaping how NZ's economy and future opportunities evolve.

One US-based investor likened New York to a "multiverse" since there is so much going on in such a diverse city. He said the need to transit when travelling from the east coast of the US to New Zealand previously put a lot of people off coming to Aotearoa, and the air link will now "connect Middle-earth with the multiverse", bringing immense opportunity along with greater capital, entrepreneurship, and talent.

● *Tim McCready was a guest of Air New Zealand on the direct flight to New York.*

Sustaining a changing world

Fonterra is pushing hard for new, emerging products, reports **Graham Skellern**

Dairy giant Fonterra is presently identifying different global markets and new products for its science and innovation strategy to "drive more value from every litre of milk".

New Global Markets chief executive Judith Swales, who joined the co-operative 10 years ago, said there was a wall of milk that got bigger and bigger every year but now production was flat.

"With costs on farm and environmental constraints coming, staying flat will be a good result but we have to drive more value.

"Bringing a choice about where we put the milk to create maximum value is the role of Global Markets. We need a united organisation to look at those markets where we are going to make the most money for our shareholders.

"We've got these amounts of great solids, proteins and fat, and where do we put them. Who do we partner with?" said Swales.

Fonterra, the sixth largest dairy company in the world with a 30 per cent global exporting share, distributes its products into three regions – AMENA (Africa, Middle East, Europe, North Asia and Americas), Asia Pacific (including New Zealand and Australia), and Greater China.

Now it has created the Global Markets region, for future developments, made up of 5300 people across 27 markets, 83 nationalities and hundreds of cultures cutting across four generations – Baby Boomers, Gen X, Millennials and Gen Z.

A new leadership team was formed in October under the guidance of Swales, who moved from the role of chief executive of the Asia Pacific region. The team has so far met once.

"We need to map the markets," said Swales. "Who values innovation, our sustainability story and low carbon footprint? Who's willing to pay for it?

"The likes of United States have a great love of protein, and North Asia food security. There are pockets of very high-value markets, and we really need to know how we partner with big customers in those markets," said Swales.

Farmers are now collecting more data to back up Fonterra and New Zealand's sustainability story – what they are putting on the land, what they feeding their calves, how the cows are looked after; somatic cell counts, and how much water is consumed.

"Our farmers are working hard for us to make the sustainability claims and we need to make sure we are commanding a premium for that," Swales said.

She suggested some of Fonterra's biggest customers may switch from Europe to New Zealand for their dairy-based supplies, such as ingredients, to take advantage of their own sustainability claims.

"There are opportunities without doing any more than shifting the source of supply. We've got a natural advantage given we follow the grass curve, and we need to continue to do more on farm to reduce greenhouse gas emissions. Obviously, finding a way to reduce methane is something of a holy grail," said Swales.

Fonterra has been running a two-year trial in Tasmania to see if using Asparagopsis seaweed as a supplement feed for dairy cows can reduce methane.

In partnership with Sea Forest, one of the few licenced producers of the seaweed for cattle feed, the trial and production is being expanded to multiple farms. Fonterra has first access to this potential seaweed solution.

At the recent National Fieldays, a joint venture between the Government and Fonterra, Silver Fern Farms, Ravensdown and others was announced to invest in new technology to reduce methane emissions. Fonterra is also partnering with Nestle in a carbon zero farm.

Fonterra's biggest customers may switch from Europe to New Zealand for their dairy-based supplies to take advantage of their own sustainability claims.

Judith Swales

The co-operative has already teamed up with VitaKey Inc, whose precision nutrition technology came out of Massachusetts Institute of Technology. The emerging area of research seeks to deliver the right nutrients in the right amount to the right part of the body at the right time.

Fonterra is looking to design dairy products that incorporate targeted and time-controlled release of specific dairy nutrients, starting with probiotics, in a way that locks in the freshness for longer and allows the nutrients to be more active and beneficial in the body.

Swales said "one of the things we've done well is innovating with the times. Muscle health was a problem. We developed a whole protein portfolio, with Anlene being a leader in that field, and now everybody has got calcium."

Anlene, the number one adult milk brand across Southeast Asia, was specially formulated to support healthy muscles, joints and bones.

"It's looking ahead to the next horizons," said Swales. "People are concerned about immunity and digestion, and mental health and wellness. We have great solutions in all those places."

Fonterra has just launched the Biokodelab range of supplements to support brain performance of adults (mental clarity), relieve stress, and build digestion and immune health.

High-value proteins are also on Fonterra's radar. "Whereas before it was bone, now it's about protein and staying active for longer. Over the next three years there will be 1.6 times more 80-year-olds," said Swales.

Consumers in Australia can buy yoghurt that has 20 grams of protein in a serve. The protein-loading can reduce the need to buy and eat too much meat.

"We've developed technology that allows that (yoghurt) product to taste good. It used to be that protein was really claggy in your mouth but now it's got a great mouthfeel," said Swales.

"We continue to push into frontiers of where consumers are going and what is on their mind. If you produce proteins, then obviously you have to produce cheese.

"We have Mainland cheese and Beaver brand in Australia. We have that real balance of having the cheese to sell into our food service business – which is bouncing back after a hard time in Covid – and the protein to global customers. "Even though food service shut down a bit, we were able to direct products to the consumers. They were cooking pizzas and pasta sauces at home. We went from making 5kg bags of mozzarella to 200g bags for home consumption.

"We have benefited in the last three or four years from the optionality of our different channels and our ability to move between them depending on where the most value can be created," said Swales.

"What lifts us up is that the changes happening in the world play into our strengths. There's the rise in health and wellness, and demographic shifts in terms of growing middle class through Southeast Asia where we have lots of people on the ground."

Swales said the urbanisation and digitally-connected consumers and their need for convenience and eating out played into Fonterra's e-commerce and food service businesses.

"We are also playing into sustainable living and that's one of our three pillars. The unknown for us will always be the geopolitical. China is a really important market to us and will continue to be. But we will build stronger business outside China and that is the role of Global Markets."

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

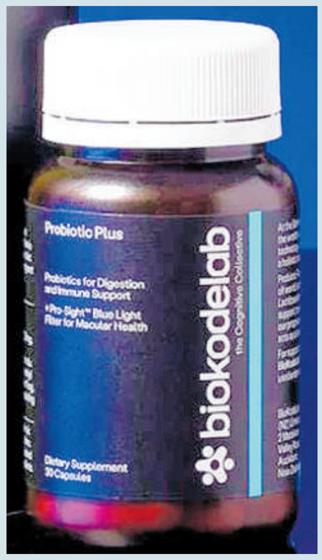
Tuning up the mind

Fonterra's scientists have packed in plenty of research and development to produce of range of supplements to support the brain performance of adults.

The aim is to keep brains fighting fit to take advantage of infinite possibilities in front of them, as Fonterra moves deeper into becoming a world leader in dairy nutrition, science and innovation.

The issue the scientists tussled with was that people spend eight hours plus a day looking at an illuminated screen on a computer. It's how they connect, work and unwind. But it takes its toll on their brains, bodies and eyes, particularly macular or retina health, colour perception and vision.

So, the scientists wanted to solve the problem of the blue light from digital screens messing with natural hormone production and sleep cycles, and getting the body out of sync.



They went to work and came up with the Biokodelab supplements in pill form to fight against the effects of blue light.

Using New Zealand pasture-fed dairy as the platform, with supporting essential vitamins and plant-based ingredients, the Biokodelab range aims to support mental clarity, stress response and immune health.

The range is based on three ingredient bundles to introduce the right nutrients to support specific needs of modern-day brain performance.

There's the Phosphatidylserine nutrient – it is only in low levels in the average modern diet – incorporated in the Focus Plus ThinkSharp supplement for alertness and mental clarity. This also includes B vitamins and Pantothenic acid.

The Calm Plus StresLes supplement includes the specialised combination of vitamin C, riboflavin and vitamin B6 to help with mood, energy and stress managemen.

There's Probiotic Plus for digestion and immune health and Pro-Sight which contains lutein and zeaxanthin nutrients, sourced from marigold plants, to help the retina filter blue and ultraviolet light.

Pro-Sight also includes vitamin A and riboflavin, essential ingredients for maintaining macular health.

Digital trade must not become a zero-sum game

Information must be free to flow, but must not become another arena in which the gains reaped by capital outweigh those of labour, writes **Rana Foroohar**

The future is digital, and nowhere more so than in trade. While cross-border trade in many traditional goods and services has flattened over the past decade, trade in data, digital services, intellectual property and even international students (despite a brief pandemic-related blip) is booming.

Between 2010 and 2019, trade flows linked to almost anything to do with knowledge grew twice as fast as those of traditional goods. And some areas grew even faster during the pandemic thanks to the boom in all things digital, according to the latest McKinsey Global Institute tally of global value chains.

This is good news — it is crucial that ideas and data flow across borders. But it also presents both old and new challenges.

Into the former category falls the question of how to make sure that digital trade doesn't become a global race to the bottom as multinational companies move jobs and data to areas with cheaper labour and fewer privacy protections. In the latter category, policymakers, labour leaders and businesses need to consider how this intangible trade is different from trade in traditional goods and services, and what this means for economics and politics at both the global and the local level.

Perhaps the most fundamental way in which trade in intangibles differs from traditional trade is that data isn't like a lump of coal or a length of steel — it can be used by many people, simultaneously. In theory, this should create a win-win scenario, not only for both sides of an individual transaction, but also for the countries through which cross-border data flows.

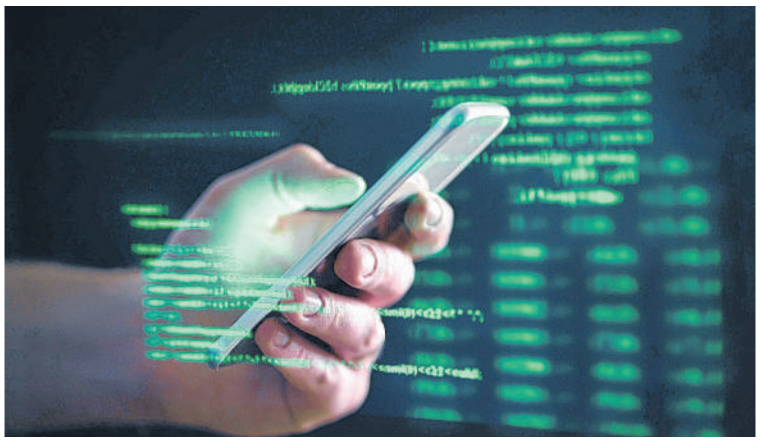
Yet in practice, information has a tendency to be monopolised. The network effect — in which more begets more — has created superstars in data-rich fields such as Big Tech and Big Pharma. These large companies tend to create much more linear supply chains, because it is both efficient and cost effective.

According to MGI, trade concentration is most pronounced in knowledge-intensive and intangibles-heavy global value chains. The six most concentrated value chains today belong to this group — Big Tech, electronic components, pharmaceuticals, etc.

Policymakers are already addressing some of these issues, with stronger antitrust efforts and new ways of thinking about the impact of the barter transactions that make up a large part of digital trade flows. In other areas, such as semiconductors, efforts are under way to increase regional production, which will allow a greater number of companies and countries into the sector's supply ecosystem. But in areas like pharmaceuticals, very little progress has been made to diversify flows (a 2021 White House supply chain review noted extreme concentration in pharmaceutical ingredients).

Multinational companies control most digital trade, and — as with the traditional equivalent — they have an incentive to move work and data wherever is most convenient and profitable for them.

While the majority of trade in intangibles is concentrated in OECD countries, there is a trend towards outsourcing more digital work to places such as the Philippines or India, where labour protections are scant. "If we do new trade deals, like the Indo-Pacific trade framework, and there isn't enough protection for labour or consumer data in all countries, we're going to end up in a worse place than before," says Chris Shelton, head of the Communications Workers of America, the union that represents roughly half a million digital workers.



Information flows are far more opaque than those of traditional goods.

These concerns are further exacerbated by the fact that while working from home has been a boon to many employees in rich countries, it has also shown the extent to which white-collar knowledge work can be done from anywhere — and thus potentially outsourced. As one chief executive told me a year ago, "If you can do the job in Tahoe, you can do it in Bangalore." Little wonder then that the CWA is fielding more inquiries about union organising within the technology sector, healthcare, media and even finance.

Will digital trade flows mirror some of the problematic aspects of traditional trade? Or will they create new geographic dynamics? Part of this depends on the extent of US-China technology decoupling. It also depends on how connected digital flows are to the material world. The internet of things dramatically increases the flow of data within and between businesses, mirroring the boom in consumer data that followed the launch of the iPhone in 2007. "Digital trade isn't divorced from traditional trade," says MGI director Olivia White, "but it's unclear exactly what the casual arrows between the two are as of yet."

We need better ways of measuring knowledge flows. This was the topic of a recent IMF annual meeting on intangibles. Information flows are far more opaque than those of traditional goods. This makes it difficult to tally, tax and regulate them but it also makes it difficult to fully understand their effects on markets, workers and productivity.

Knowledge is something we as humans create, but it is also something that we trade. This truth lies at the heart of the digital economy. Information must be free to flow, but it must not become yet another arena in which the gains reaped by capital outweigh those of labour.

If that happens, we can expect a white-collar backlash against digital trade.

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Rana Foroohar is a global business columnist and an associate editor at the *Financial Times*, based in New York. She is also CNN's global economic analyst.

Economics for extraordinary times

Oliver Hartwich

The first principle of medicine is "do no harm". It should be the first principle of economic policy, especially heading into an election year.

Even in ordinary election years, rational and calm policymaking is the exception. Yet these times are anything but ordinary.

In the coming year, New Zealanders will face the toughest set of economic circumstances in a generation. Politically, we can expect the Government to have its back to the wall, facing not only a defeat but a potential landslide loss.

The combination of economic turmoil and the Government's political weakness may be a toxic combination.

The Government will be tempted to engage in bribery and populist gimmickry while avoiding tough but necessary reforms.

Inflation and the fight to control it, rising mortgage rates, falling house prices, and a shortage of workers will dominate our economic debates next year.

These issues are all connected. You can hardly fix one of them without tackling the others. Still, the Government will promise the impossible in 2023. After all, this is an election year. What we can expect are policies that will tackle symptoms rather than causes.

Cost-of-living-crisis? Gift another cost-of-living payment to households. Extend the fuel excise rebate and dictate petrol prices. Force the supermarkets to lower their prices with threats of expropriation.

Shortage of workers? Fast-track visa applications for preferred employers (most likely government entities and favoured businesses). Pay

if sound economics were a guide, the response to New Zealand's economic crisis would look very different.

Dr Oliver Hartwich

subsidies to companies who cannot find staff. Maybe offer tax cuts for people working longer hours and pay people to defer retirement.

Rising mortgage pain? Force banks to offer mortgage holidays. Have a subsidy programme for households suffering mortgage stress. Allow KiwiSaver withdrawals for homeowners facing negative equity. Even rent controls could be on the table.

To be clear, none of those policies would make any sense. But they are the kinds of policies that a desperate Government might consider.

Not only would such measures be unhelpful, but they would also violate the "do no harm" principle. Yes, it is possible that they might provide temporary relief. But they would cause yet more economic damage and distortion in the medium term.

If it was not for electoral considerations, and if sound economics were a guide, the response to New Zealand's economic crisis would look very different. Rather than treating symptoms, we would deal with the underlying causes. Yes, that would be painful, at least for a while, but it would work.

At the root of our problem lies the failure of monetary policy. In trying to support and stimulate the economy over the past years, the Reserve Bank has overdone it.

This brings to mind two famous quotes by two famous economists. It was Nobel laureate Milton Friedman who taught us that "inflation is always and everywhere a monetary phenomenon".

He meant that price increases result from central banks expanding their money supply faster than economic output grows.

New Zealand is now bearing the consequences of earlier monetary stimulus. This does not only apply to consumer prices. Asset prices became more volatile as well, heading up and down with monetary moves.

That brings us to the second quote, this one from Austrian economist Ludwig von Mises: "There is no means of avoiding the final collapse of a boom brought about by credit expansion."

In other words: what goes up must come down. When you create a massive boom out of thin air (read: freshly created money and, in the current case, high government deficits despite an overheated economy), then — sooner or later — you end up with a bust.

Again, we are witnessing this now. Having printed money to spur a boom, that boom is now ending in tears. High inflation, negative equity fears, and falling living standards are all consequences.

The right thing to do would be to rein in inflation as quickly as possible, and indeed that is what the RBNZ now says it wants to do. And it is the right thing to do.

With each month that prices remain high, inflation expectations become more entrenched. Those expectations make it increasingly difficult to treat the cancer of inflation.

The Government should avoid all policies that would make it harder for the RBNZ to do its job.

So, no subsidies to households or companies; no expensive pet projects; no election bribes. Instead, the Government ought to implement policies that help the economy grow and become more productive.

Such policies would include immediate changes to immigration settings.

The Reserve Bank acknowledges that the labour market is overheated, making the unemployment rate unsustainable. These pressures could be relieved by bringing in more overseas workers and allowing those who are already here to work. Instead, the Government is proposing to make it even harder.

We would also benefit from rapid changes to our foreign direct investment rules.

It is way too hard for foreign companies to invest in New Zealand, cutting us off from international value chains. For this country, overseas investment rules have been a spectacular own goal. We should abolish them.

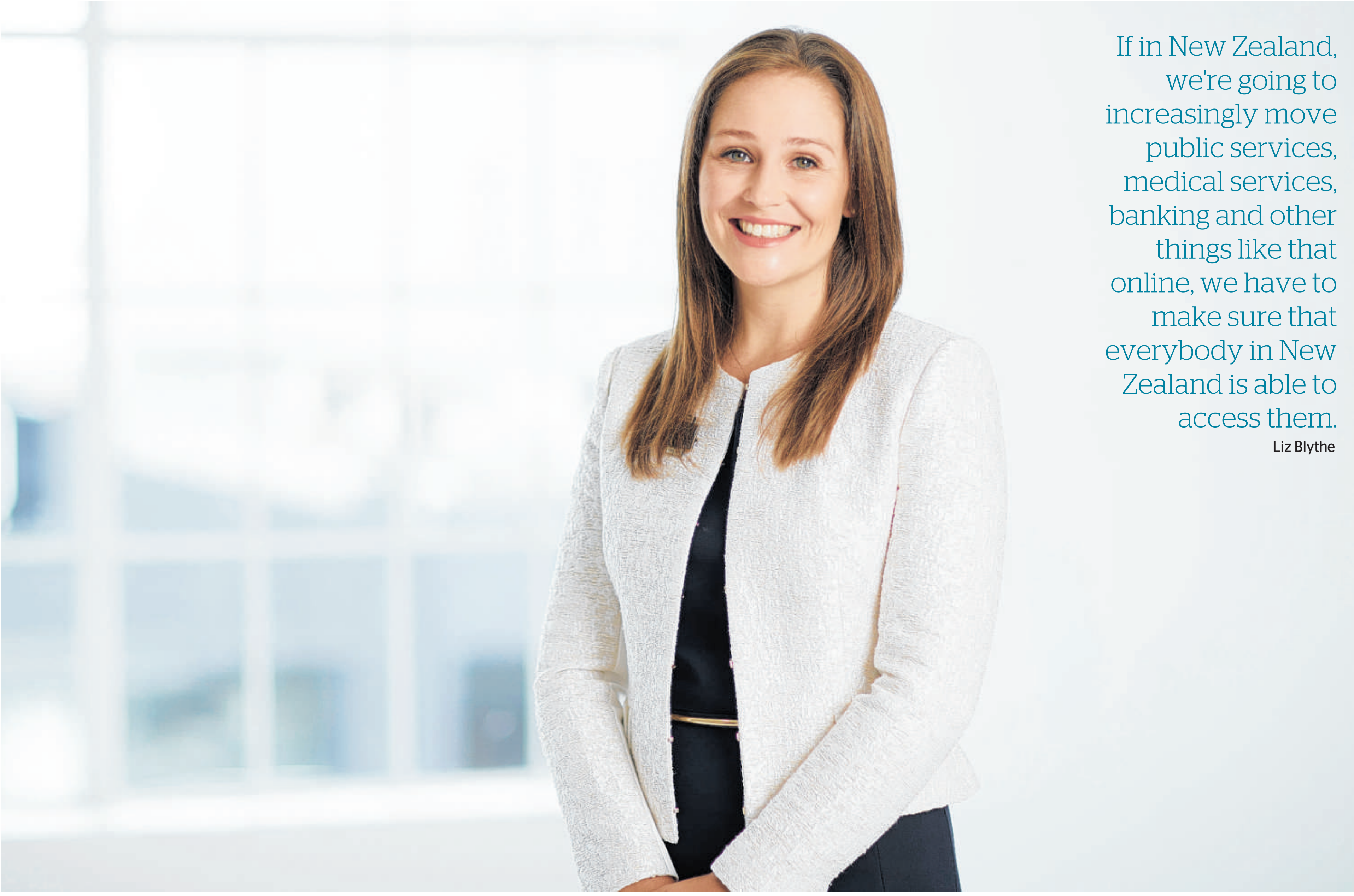
Finally, we have hurt ourselves by making land markets uncompetitive. This is especially true for urban land markets.

New Zealand needs proper planning and infrastructure reform. These would strengthen property rights, streamline planning processes, and provide financial incentives to councils to go for growth. But will we see any of this next year?

Well, I believe I already mentioned that it is an election year. Have turkeys ever voted for Christmas? No, and neither have Governments.

Whoever takes over from this prodigal Government will inherit an almighty economic mess in 2023. Or an even bigger one in 2026.

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



> If in New Zealand, we're going to increasingly move public services, medical services, banking and other things like that online, we have to make sure that everybody in New Zealand is able to access them.
>
> Liz Blythe

A great digital leap forward

We need to capitalise on the technological change accelerated by the pandemic, Liz Blythe tells **Bill Bennett**

Russell McVeagh partner Liz Blythe says New Zealand jumped forward five years in consumer and business digital adoption in a matter of eight weeks when the country first went into lockdown in early 2020. She says: "Now it's about finding ways to leverage that transformation, it has opened up opportunities for our economy".

Like many New Zealanders, Blythe experienced that enforced rapid digital transformation first-hand in her own company, but she also saw how it affected others. She heads Russell McVeagh's Technology, Digital and Strategic Sourcing Practice in Auckland. Her role means advising clients on technology and strategic sourcing matters. She is also co-chair of the firm's recruitment committee.

She says that leap forward left New Zealand in good shape.

This is reflected in Cisco's Digital Readiness Index, a global ranking of 146 countries measuring how well they are prepared to reap the benefits of future digitisation. Singapore tops the list, but New Zealand comes in at a respectable eighth place.

"Two years ago, the last time the index was published, we ranked at 15. We leapfrogged Australia, which is now at 16.

"The index surveys countries on their ability to leverage the opportunities coming from digital investment. We jumped so high because of the additional investment we've seen from both the government and the private sector. If we are going to be a real digital leader, we're going to need to continue that investment, to stimulate and incentivise organisations to continue pushing ahead", she says.

"In the past New Zealand has fallen behind in its digital readiness because of our lower technology adoption rates. So Covid helping us get past that is brilliant, but there needs to be continued incentives for organisations to invest.

"The Government has earmarked funds for the software-as-a-service sector and there is a lot of green energy tech investment as well as government incentives for others to invest in that space."

Blythe says there are still big issues to address, especially when it comes to the digital divide. "This is where there is a real opportunity.

"We need to bring everyone on that digital journey. One reason Australia dropped behind in the readiness index is its digital divide, which is the case in regional Australia. We saw some of that in New Zealand during the pandemic where there were students who didn't have the devices or connectivity needed for remote learning."

The digital divide is not restricted to geographic location, it can run across socio-economic lines and even across cultural lines.

There have been some good responses to this. Blythe singles out Spark's Skinny Jump broadband, a low-cost way for families, seniors and other people in need to get online, along with the government's continuing investments in rural connectivity. She says these initiatives are critical as we continue to invest in delivering key services online.

"The government certainly has improved and continues to improve the digital infrastructure. Initiatives like Skinny Jump subsidise broadband to help folks who otherwise may not be able to afford those plans, access them and access connectivity. Increasingly, access can be seen as a basic human right. And if in New Zealand, we're going to increasingly move public services, medical services, banking and other things like that online, we have to make sure that everybody in New Zealand is able to access them.

"Now that the investment has been made, we need to leverage and amplify it," she says. "The government is targeting a high wage, low emissions economy. There are a few strings to pull together. Supply chain issues, shipping delays, increasing fuel prices and the impact of the war in Ukraine all impact our export potential.

"We need to think about exports that can be delivered digitally, something that's huge for a country like New Zealand that is geographically isolated. This presents a compelling opportunity that leverages the changes that we were forced to make and it diversifies our economy. We've seen strong growth in the technology sector of around 10 per cent in the last year while sectors such as tourism, which we have traditionally relied on, have declined. Another advantage is that it is more focused on markets like Europe, the US or Australia and less on traditional export markets like China, which has become more of a risk."

Green Technology

One area of special interest to Blythe is green technology, and, more specifically, green energy technology.

"This is an area where New Zealand is already considered a leader internationally. We're trading off the clean, green image that we helpfully built up around our tourism, but it translates nicely into digital. It helps that we are blessed with incredible natural resources so that renewable energy comes to us quite naturally. We're at around 85 per cent renewable energy now and the government target is to get that to 100 per cent by 2035. Which means you are going to see a lot of investment in the green energy space."

While technology will go a long way toward helping New Zealand meet its emissions targets, Blythe says another development will play an important role. "The advent of ESG (environmental, social and governance) reporting is a key driver for organisations globally. Around 90 per cent of the S&P 500 companies now have voluntary ESG reporting. We are now seeing a lot of it in New Zealand too. Russell McVeagh has been voluntarily reporting for a couple of years now.

"In order to do that, you need tools that monitor and track your emissions. They give you insights around where you can reduce emissions and technology is needed to solve those issues as they arise. There is a huge global demand around this, which is another real opportunity for New Zealand. We are well positioned to commercialise our expertise because we are already further along the renewable energy path than other countries."

Much of the demand for commercial companies using ESG reporting comes from inside the organisation. Employees are interested in knowing their employers have values around matters such as climate change that align with their own. Blythe says it has become critical for attracting and retaining talent, which is now more important than ever.

At the same time, a company's clients and business partners need to do business with other firms that can supply ESG information. In a connected world, a company doesn't just need to be carbon neutral internally, it needs its entire supply chain to be on the same path. Blythe says that wouldn't apply to every company, but it is increasingly important.

For Blythe, having a cohesive, national digital strategy is critical. The country that constantly tops any table or index looking at digital leadership is Singapore. It didn't get there by accident. She says: "For years Singapore has had a solid, government led and backed digital strategy. Its cohesive initiatives are aligned with that strategy and it has been incredibly successful.

"We have now got a digital strategy in New Zealand, but there is a lot going on in this space.

"We've got the digital trust framework and the consumer data right. There is a cybersecurity strategy. The government is looking at overhauling the Privacy Act and so on. The criticality is going to be around aligning all these and then taking stock and looking at where the potential big wins might be in the next few years before looking at the opportunities.

"They need to be cohesive, so we aren't ending up with conflicting legislative frameworks. We need to create a single digital economy or a single data economy that works.

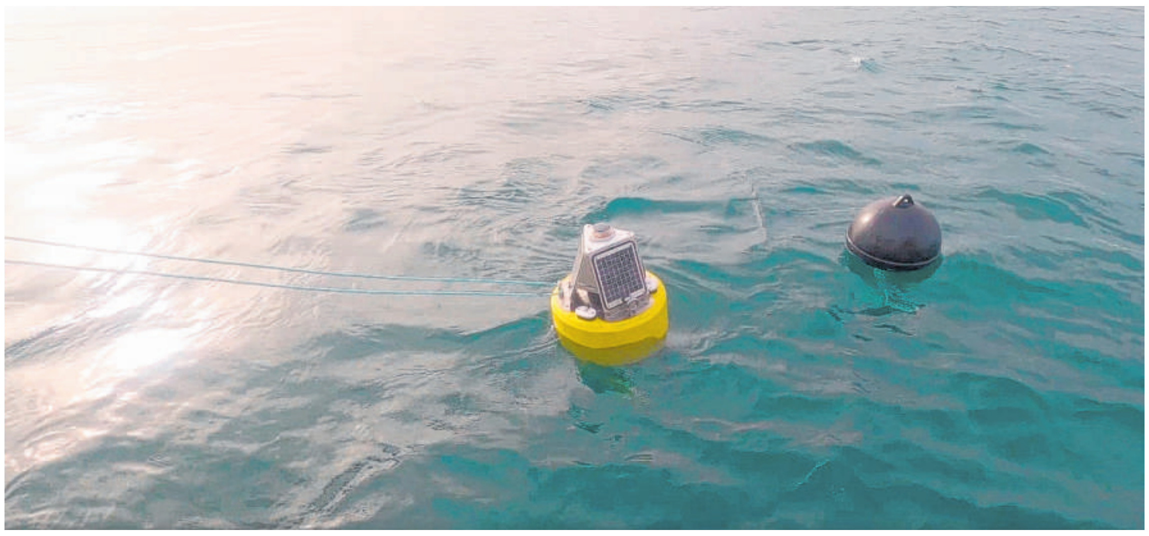
"The driver for us when we are helping clients think about new legislation, new government initiatives we think about how this is going to fit with everything else going on. Is it cohesive, or is this really fighting other initiatives, other legislation that we've already got in place?"

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

Internet of things hits its stride

Digital technologies can boost efficiency and help reduce carbon emissions, writes **Bill Bennett**

From top: MyEnviro is a rural digital data company powered by Spark; a remote data buoy in the ocean for Westpac Mussels; fire monitoring at Waitākiri Bottle Lake Forest Park.



“We are reaching the point where we are seeing fast rising Internet-of-Things (IoT) adoption in New Zealand,” says Michele Wong, Spark's head of IoT.

Last month Spark connected the one millionth new “thing” to its IoT network.

The rate at which new connections are being added is accelerating. Wong says if you were to plot the numbers, you'd see a classic hockey stick growth chart.

Earlier this year, Spark IoT was singled out as one of the 2022 financial year's highlights with revenue up 22 per cent on the previous year.

Wong says customers report they quickly see tangible benefit from their IoT investment. “It means they can run their operations more efficiently and safely, but it also drives more sustainable outcomes”.

One area where IoT is already having an impact is on reducing carbon emissions.

Wong points to a recent report Spark commissioned from thinkstep-ANZ (a sustainability business) that says digital technologies like IoT could help reduce 7.2 million tonnes of greenhouse emissions by 2030. That's around 42 per cent of the total emissions reduction New Zealand has targeted for that year.

The research focuses on three key areas: Transport, energy and industry, and agriculture. It looks at opportunities in these sectors where technology can make the greatest difference. Having people travel less thanks to remote monitoring is one case, another is making it easier for people to switch to electric vehicles. IoT can help with rural connectivity and creating smart charging infrastructure. The technology also has a role building integrated transport systems and with congestion charging in cities. In agriculture IoT can help plan and optimise water or fertiliser use.

To illustrate how this might work, Wong uses the simple example of using IoT for asset tracking.

“A company can use an IoT solution to locate assets wherever they are in the country. It can remotely monitor the utilisation and the actual position. This has an immediate benefit for cost savings and for carbon emissions because until now that company would have had employees driving around looking for the assets.”

Another example is Westpac Mussels, which exports locally grown mussels. “We've deployed a remote data buoy in the ocean to monitor the water salinity. That information is needed to understand the best time to harvest the mussels.

“In the past Westpac needed to send boats out to clean and check the buoy once a week. With IoT remote monitoring it only needs cleaning eight times a year. There's an immediate cost saving and again it reduces carbon emissions”.

Success stories are percolating through the wider business. Wong says at first the IoT growth came from a select band of anchor customers, but now she is seeing connection growth across a wide range of use cases, sectors and industries as businesses realise what IoT is about and the benefits it can deliver.

The IoT scene is fast moving.

During its early years, most of the applications required relatively small amounts of data. They use sensors reporting back on temperature or moisture levels every hour or so, in effect a trickle of data.

> To get transformational change you need to get everyone working together either within the same sector or across sectors.
>
> Michele Wong

These are still commonplace, but there are now more data-intensive applications that might stream high-definition video and audio.

A whole new segment of IoT is emerging around computer vision and video analytics.

The technology links connected remote cameras to artificial intelligence systems which use algorithms to monitor an area and, for example, determine if there are people in view who should not be there.

Spark offers a range of IoT network options to cater for the different use cases. Wong says the innovation in the IoT space is constant, not just in the devices, but also in the software space. All this means an expansion in the available options.

A typical company journey with IoT might start with a straightforward application. One popular starting place is for organisations that need to manage assets on a campus.

Wong says they might start with sensors monitoring fridges or similar, then move on to asset tracking, from there the possibilities are endless.

To ease the path, Spark offers a range of pre-built end-to-end IoT products and services.

“Our customers include government departments and enterprises, but there are also many small businesses.

“We're customer-led in terms of our product development and innovation roadmap. We listen to what the customers say and find a way to help them.

“We have customers who want the connectivity and can self-service. The smaller customers often have a need that can be filled by an end-to-end solution. So that is why we have fleet tracking solutions that help them monitor and optimise their business fleet. We have asset tracking solutions and so on. They bundle connectivity, hardware and software together for the customer in a way they can immediately start gathering data and measuring things but can also have the tools to make sense of the data and act on it.”

With the fleet monitoring solution, customers can log on to a digital portal and know straight away where their vehicle fleet is and get some information to start optimising performance.

“These are our solutions that can apply in multiple vertical markets. They enable those productivity and sustainable benefits.

“We have a lot of solutions for environmental monitoring because that's an area where IoT can make a huge impact. We have solutions for monitoring water flow and water quality. There are water metering solutions. We've got a solution that monitors soil conditions and others that keep a watch on weather conditions.”

At Waitākiri Bottle Lake Forest Park, Spark worked with Christchurch City Council and Fire and Emergency New Zealand to build an environmental IoT sensing and early fire detection network. The technology protects more than 800 hectares. The sensors are able to detect the early signs of a fire and trigger a fast emergency response. Wong says the project demonstrates another aspect of IoT projects which are often collaborations or partnerships.

“To get transformational change you need to get everyone working together either within the same sector or across sectors. We know that each business can make an important, but small change in carbon emissions, but the real impact happens when people work together and apply solutions across the board.”

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Blue-sky thinking from Air NZ

Airline is looking to position itself as a digital leader, writes **Bill Bennett**

As Air New Zealand's chief digital officer, Nikhil Ravishankar's role is to drive the organisation's mission to become the world's leading digital airline.

For Ravishankar the mission is a clear statement that the airline no longer views technology as a standalone IT department used to support operations. It is now embedded at the very core of the company.

"Our bigger vision is to create the world's greatest flying experience," he says. "We have the purpose of connecting New Zealanders to each other and connecting New Zealand to the world. For us to bring that to life, we need to become the world's leading digital airline.

"Much of that vision means embracing technology as an enabler, but it is also a key ingredient in making the dish. At the same time, it acknowledges the fact that, like it or not, we are already a digital business".

Relegating digital to the back room is no longer the best way to extract full value, he underlines.

Air New Zealand has a proud track record of digital innovation.

It was the first airline to introduce automated check-in kiosks and an early adopter of cloud computing.

This was in the background when CEO Greg Foran and the company's leadership team began a strategy review. The mission to become the world's leading digital airline emerged from that process as part of digital dexterity, one of the airline's seven strategic pillars.

Ravishankar says the digital dexterity strategy is based on the premise the company was doing a good job of being an airline with a digital department that supports providing a better customer experience, making services run more efficiently and improving safety. "Then we asked ourselves: 'What if we started thinking of ourselves less as an airline with a digital department but as a digital business that happens to be in the aviation sector?"

Air New Zealand's mid-sized status helps here. Explains Ravishankar: "We have all the complexity of a full-service carrier, but we're not so big that you can't wrap your arms around the company. We have an ability to be more agile and to deliver new capability while other people are still talking about it.

"We've shown over the years what we can do when we put our minds to it."

> What if we started thinking of ourselves less as an airline with a digital department but as a digital business that happens to be in the aviation sector?
>
> Nikhil Ravishankar

There are other advantages: "We operate in a market where we have a good working relationship with the airport companies and with the regulators. We are in an ecosystem where we can move faster than rivals in other jurisdictions. And our experience during Covid brought us closer to government agencies like Customs, the Ministry for Primary Industries and the Department of Internal Affairs. Then there is the unique New Zealand Inc opportunity to reimagine the whole travel experience."

There's another motivation for moving fast down the path to building a digital airline. Air New Zealand can position itself as an innovation test-bed where new ideas get a real-world trial and develop intellectual properties airlines and organisations around the world could find compelling.

The Covid pandemic was brutal for the aviation sector with service cancellations and other restrictions. Ravishankar says during that period and the post-Covid rebuild, thoughtful application of technology helped make Air New Zealand more resilient. "The companies that survive are not necessarily the strongest or the fittest, but the ones that can adapt best to change. Technology certainly increases our adaptability".

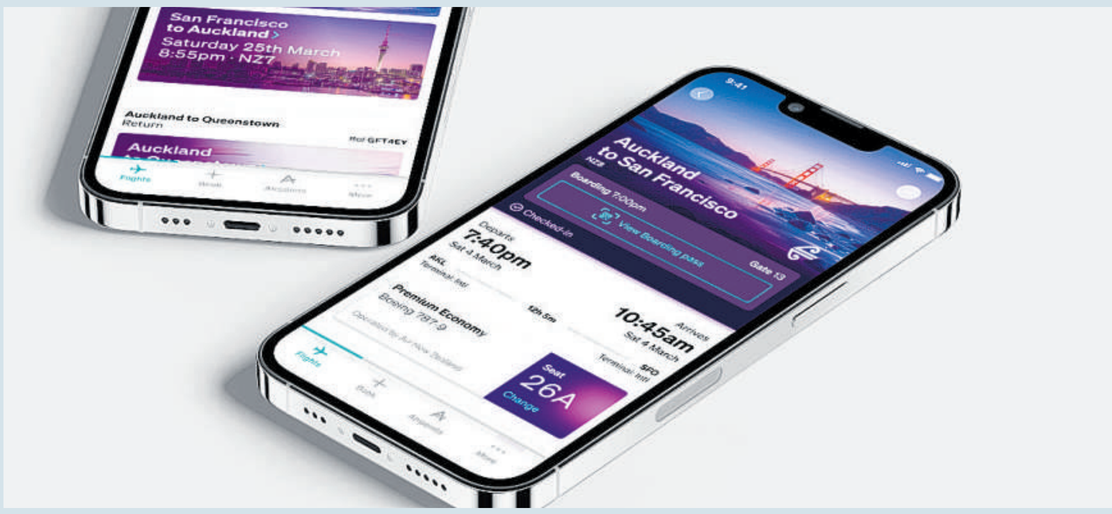
Looking forward, the airline is asking what the future of sustainable aviation looks like. Our nation's relative geographic isolation makes this disproportionately more important than in other countries; you can't, for example, catch a fast train to New Zealand. Ravishankar says Climate Change Commission chair Dr Rod Carr suggested that sustainable aviation could be to the future New Zealand what refrigeration was to the early 1900s: "a disproportionate value creator for the country".

Other innovations in the pipeline include a fully paperless flight deck. Air NZ plans to bring that plan to life early in the New Year. It will digitise the pilot experience that integrates with what the plane provides and what happens on the ground.

● *Air New Zealand is an advertising sponsor of the Herald's Dynamic Business Report.*

Nikhil Ravishankar
The Air New Zealand chief digital officer joined the airline from Vector in 2021 where he was also the CDO.
While in that role he led the lines company's digital transformation programme.
Before joining Vector, he was managing director at Accenture New Zealand and Telecom New Zealand's (now Spark) head of technology strategy.

Air New Zealand's current digital projects



Meetings in the Metaverse
Nikhil Ravishankar says Air New Zealand has found that it's possible to lose a lot of collaboration when there's a meeting with people in the office connecting with others who are remote or working from home. To get around this, the airline has built a Metaverse copy of the company's new building now being remodelled at Auckland Airport. The idea is to create a level playing field for employees as everyone adapts to the new hybrid work environment.

He says that for now, the airline is exploring the idea of a Metaverse workspace. "At the moment we don't know if this is the answer, but we're trying to figure out if it could be the answer".

Air New Zealand general manager digital Richard Hollebon says the airline sees potential for this technology in maintenance and engineering. The business already uses virtual reality in its training centres.

Air NZ mobile app
Earlier this year, the Air New Zealand mobile phone app went through a complete rebuild. There is an updated user interface, but while the look is refreshed, the app still functions in a familiar way. The new build means the airline can roll out new features without requiring users to reinstall new versions of the app. This illustrates what digital dexterity means from the customer's point of view.

Product management specialist Ilya Zharenikov says: "It's all about speed to market. Our deployment frequency is almost daily, they may be small fixes that are not visible to the user, but we want to get new things to customers really quickly."

Luke Coxhead, who is also a product management specialist, says: "We've stripped out some of the logic from the front end into a mobile experience layer, which gives us the opportunity to be more responsive to customer feedback and operational feedback around deploying new changes and features".

Coxhead says the airline knows the app is much loved, but until now the focus has all been on the day of travel with check-in, a boarding pass and notifications. "But for us to meet our ambitions, it needs to go beyond the day of travel, we need to look holistically at the customer journey through the entire process, preparing for travel and supporting post-travel requirements". At the time of writing the development team is preparing a feature that lets fliers check the status of their baggage on any Air NZ or Star Alliance flight. It will provide precise details of the last time the baggage tag was scanned as it moves through the system.

Biometric boarding pass
Passengers travelling via Los Angeles Airport can now board planes without needing a boarding pass. Automated airport kiosks and boarding gates can now use face recognition to verify passengers.

The airline uses the same face recognition data that is used by the United States' Customs and Border Protection agency. Air NZ says it is in discussion with other authorities to extend the biometric technology to other airports.

Automated, paperless flight planning
Air New Zealand used the same flight planning software for 25 years and what A320 pilot Captain Matt Harrington describes it as a "highly manual process". When the company behind that software announced it was sunsetting the despatch manager, Air NZ set about developing a replacement.

Harrington says the new flight planning system automates many of the manual processes, "it assesses the airport for suitability and it uses business rules. It will determine whether the airport is suitable to be used and then it does the whole route, producing a flight plan without any intervention from a flight planner." Along the way it will create a dynamic route based on the weather and winds for that flight. If there is a restricted area, it will automatically route around that. It can automatically calculate the fuel required for a flight based on the winds and the route.

Today pilots still get paper flight plans delivered to the cockpit. If there's a change to the plan, they must wait for a new one — in some cases they can print new plans onboard, but that still means a delay. Soon that will change to digital delivery with pilots using a custom-made iPad app with colour-coded information highlighting things that need special attention such as routes around air turbulence.

Using AI for scheduling
Until now flight scheduling has been done manually. It's a complex job that means juggling planes, crews, gates and other resources. There are short time windows between take-offs and landing where planes need to load passengers and baggage, change crews, refuel and deal with catering. One broken link in the chain can ripple through the system causing delays elsewhere.

Mike Parsons, general manager digital, says the better the airline can forecast and react to change, the more chance it has of reducing delays. It is now using artificial intelligence to help streamline the speed and quality of scheduling decisions.

"It's a complex, interrelated network where factors come together. If there is one thing we know computers are good at, it is sorting through these things and making calculations."

Welcome to the new New Zealand

Paul Spoonley

In terms of demography, the last decade has been a roller coaster. In 2012, the country was in the doldrums in terms of migration – we saw net losses with 53,800 leaving to live permanently in Australia in that one year alone.

The Baby Boomers (born between 1945-1964), one of the largest-ever generations, were beginning to reach the age of 65 — although many stayed on in the workforce.

At the other end of the life cycle, fertility rates (the number of children born per woman) were still above replacement fertility (2.1 births per woman) at 2.2.

When Covid struck in 2020, a very different scenario emerged. Those aged over 65 numbered 800,000, with about a quarter still in paid work. Fertility had dropped to well below replacement at 1.6 births per woman. But immigration was more than making up the numbers.

In the 12 months to June 2020 (so including about four months of lockdown), the net gain from permanent migrant arrivals was just shy of 80,000, a significant leap from the previous highest annual gain for New Zealand. And there were more than 300,000 migrants on temporary work and study visas in the country.

The result was that New Zealand had an annual population growth rate of 2.1 per cent in 2020, much higher than the average for that year of 0.6 per cent for the OECD, and well above Australia (1.5 per cent) and Canada (1.4 per cent), the other high immigrant countries. New Zealand was only pipped for the highest spot by Iceland (2.2 per cent).

Then Covid came.

New Zealand's annual population growth is currently at the OECD average. And the much reduced migration numbers made it abundantly clear how much the country had come to rely on migrant skills and labour.

> The much-reduced migration numbers made it abundantly clear how much the country had come to rely on migrant skills and labour.
>
> Professor Paul Spoonley

What of the future? What can we expect in the next decade?

Māori will make up an increasing proportion of the working age population. The Māori population growth is still growing at a rate of 2 per cent per annum and by the 2030s, about one in five New Zealanders will identify as Māori. Because of their still relatively high fertility and their younger age profile, they will make up a quarter of the working age population and more than a third of the school age population.

The Pasifika population will also grow from 8 per cent to 10 per cent, with an age profile similar to that of Māori. More of the working age population will be Pasifika and they will make up more of the compulsory school population.

Asian communities (we must find a more appropriate and respectful way of referring to these very diverse communities) will be the fastest growing and will make up a quarter of New Zealand's total population and around 38 per cent of Auckland's. But like Māori and Pasifika, they will be younger than Pākehā.

Asian communities will make up 7 per cent of New Zealand's over-65 population compared to the 75 per cent who will be Pākehā. But 30 per cent plus of the working age population will be Asian. These proportions are a little confusing because of the New Zealand practice of allowing people to multiple-identify with different ethnicities. But that is a product of what happens as partners come from different ethnicities – and they bequeath these different ethnicities to their children and grandchildren. These multiple affiliations and identities will continue to grow in the future.

Pākehā have already become a majority-minority in Auckland. They make up the largest ethnic group but

Māori growth

2% p/a
Māori population growth rate

1 in 5
New Zealanders will identify as Māori by the 2030s. They will make up

1/4
of the working age population and more than

1/3
of the school age population.

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The world of cities

Toyota's Woven City is pioneering research into affordable, mobile, and sustainable living, writes **Fran O'Sullivan**

Neeraj Lala is promoting Toyota's Woven City concept as the most advanced test track for a mobility company in the world.

The project — a new city in Japan — could be adopted here, he suggests.

"People will have the opportunity to live, work, and play as partners, and allow residents to create and test new inventions," says Lala. " Developing and utilising sustainable energy is part of the mission, including new hydrogen technology as a promising option towards carbon neutrality, that will combine with new mobility innovations to become the future fabric of life."

Lala is the fifth local Toyota New Zealand chief executive since the company's establishment here 50 years ago as a wholly owned subsidiary of Toyota.

He fleshed out the concept at the recent Infrastructure New Zealand summit Building Nations 2050 in Wellington.

New Zealand is familiar with the concept of this country being a test bed for new technologies and pilot trials. A recent example is American company Wisk which was granted Civil Aviation Authority permission to extend its trials of autonomous air taxis in South Canterbury.

Toyota broke ground on its own Japanese project in February 2021. It is now in construction on 70ha of Toyota land. Says Lala, "ironically it is being built on the site of a former combustion engine car manufacturing plant that closed in 2020. The advantage of having a living laboratory city, that is self-contained on private land is that we can test new technologies at speed and scale.

"We will be testing automated driving, automated package delivering, clean energy systems and robotics.

"Why do we call it Woven City? It is not intended to be a Toyota-only test track, but we are partnering with many other companies to test new ideas.

"Partnership has been a major factor in the progress so far at Woven City. It aligns with Goal 17 of the Sustainable Development Goals, which focuses on global partnerships."

Toyota has partnered with leading energy companies such as Ineos to develop hydrogen production, refuelling stations and reticulated hydrogen to homes, and with Rinnai to collaborate on new applications for hydrogen for domestic cooking. The city's energy system will be powered by clean energy — solar, hydrogen and geothermal.

"Sounds like a great solution for Taupō?" suggests Lala referring to that city's huge geothermal resources.

The goal is to have around 2000 residents, many of them researchers and technologists, living permanently in Woven City where they will test and develop new technologies, such as autonomy, robotics, and software.

In his address to Infrastructure NZ, Lala underlined the concept is driven by three principles:

● "Human-Centred", focusing on the respect and prioritisation of people's needs and preferences.

● "Living Laboratory" to enable seamless real-world testing of new technologies; and

● "Ever-Evolving" approach so that technologies and services continuously grow and improve.

> We believe the infrastructure in New Zealand needs to be a more connected and seamless ecosystem, with a range of technology solutions partnered with a smart design.
>
> Neeraj Lala

"It is what the Japanese call kaizen," he says. "When it comes to testing new transport technologies, we also want to ensure the safety of vehicles, the roads on which they're being driven, and the people.

"Unlike some of our competitors we don't think testing autonomous technology in car parks in the US is a very good idea.

"We think safe autonomous driving is only achievable if you make a human-centred city and test it within a controlled environment. That was a key motivation behind Woven City."

Innovative mobility for Kiwis

Lala is passionate about the opportunity a strong focus on mobility can deliver for all Kiwis.

"We believe the infrastructure in New Zealand needs to be a more connected and seamless ecosystem, with a range of technology solutions partnered with a smart design," Lala says. "This will activate a low emission, highly innovative mobility service for all of New Zealand."

Toyota has been exploring multiple ways to decarbonise New Zealand's mobility eco-system for the past decade. "We have recently heard announcements from Government towards innovative car leasing schemes, and car share solutions, and we have supported those projects," he adds. "We are moving towards a world where access to mobility will be equally valuable as ownership."

Toyota is positioning itself as the Powertrain Department Store in New Zealand where every low-emission solution and innovative mobility service will be available.

But there are hurdles. Lala points out it is extremely difficult to electrify its fleet if infrastructure is not developing at the same pace as demand or supply. There are other larger challenges: New Zealand's geography demands a mobility system that is accessible, affordable and safe for all Kiwis to engage with, or rely on, for receiving goods or services.

The metrics are compelling: New Zealand is about 97 per cent the size of Japan, with just 4 per cent of the population, highlighting that this country has considerable un-utilised real estate.

"Unlike Japan, we are spread across our beautiful country, and our primary mode of transport is the humble car or ute — not a high-speed rail solution that runs the length of the country," he says.

"Our fleet is old at 15 years. Not because we don't like new cars, but because that is what most Kiwis can afford, although electric vehicles and hybrid owners are now benefiting from a variety of subsidies and choices.

"We also have the most cars per household that enable us to enjoy a unique Kiwi lifestyle or mobility for all occasions."

Lala predicts micromobility will be the way of the future with fewer of us owning a car, instead preferring to subscribe to a car-sharing scheme or simply renting mobility by the hour. This is already available through Toyota's CityHop — New Zealand's largest car share company.

Toyota is trialling three additional mobility schemes in New Zealand — two in Auckland and one in Nelson, tailored for unique customers, enabling the company to gather data, test the concept and implement more widely with pace.

It is also running a hydrogen project (a commercial car-sharing scheme in Auckland) launched with the Prime Minister in Japan this year.

Lala says it is also about making the company's fuel cell technology available in New Zealand to help decarbonise the economy through innovation in areas other than automotive, such as the marine or even the construction sector.

Toyota's first hydrogen generator was due to arrive in New Zealand this month and the use of hydrogen canisters is being investigated to support clean energy to remote areas.

"'With the partnership of Mitsui, Toyota New Zealand has been approved as a fuel cell distributor for the Oceania Region, so our ambition is massive, and we believe this will be great for our hydrogen economy potential," he adds.

The second trial in South Auckland is a partnership with Akina and the Manukau Urban Māori Authority where 20 families are paying a set fee of $95 a week for a three-year lease of a Corolla hybrid wagon including costs, except fuel. This scheme, Waka Aronui, is part of a move to ensure affordable mobility is available to everyone so they can also join the transition to a net zero carbon future.

The third scheme, in Nelson, is the trial of a subscription service that harnesses their store demonstrator fleet and Toyota's car-share technology. Toyota customers in Nelson, including the city council, can access a variety of demonstration vehicles held by the Toyota store for short periods — by the hour or day — or as they need.

Existing customers can pay a subscription fee and rent by the hour or day and have access to more functional vehicles when required.

"The beauty of this scheme is the right vehicle for the right job at the right time, and it speaks to a future of less car ownership, less congestion, more flexible mobility and fewer carbon emissions," Lala says. "Or, more legitimate use only when needed.

"Our ambition is to expand this service quickly, so our customers who travel around the country can access the demonstration fleet from any Toyota Store, ultimately, providing access to mobility anywhere."

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

The new New Zealand: Demographic disruption

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are outnumbered by the other ethnic groups combined. They are ageing much faster than others and their fertility is dropping more significantly as Millennial and Gen Z Pākehā women are having fewer children — or none — and having children much later, in their 30s or 40s.

One of the reasons for these shifts in fertility choice is that many more women are going to university and polytechnics (they currently outnumber men) and they are a much more significant part of the workforce. In 2020, 1.5 million men were in the labour force but women were not far behind at 1.4 million.

Issues such as pay parity and conditions, flexible or hybrid working options, recognition and promotion, or positive female role models and support, become ever more important, both in relation to recruitment and retention.

Recognition of the ageing workforce also becomes a more important issue.

As one of those who conducts the annual survey of employer attitudes and policies for Diversity Works, it continues to puzzle me as to why a majority of employers recognise ageing as an issue, yet most do not have policies in place to respond to an ageing workforce.

Then there is the need to understand and respond to the changing ethnic diversity of the future workforce of New Zealand.

Part of this concerns immigration and migrants. One of the paradoxes is that though employers and sectors have become ever more reliant on migrants, these migrants still report that they experience various forms of racism and discrimination in the New Zealand labour market.

There is still room for improvement in terms of helping migrants to adjust to New Zealand or in acknowledging what they contribute to the workplace.

While the ethnic diversity of the working age population and the workforce continues to change — and to change significantly — as this decade continues and the 2030s arrive, the ability of employers to recruit Māori, migrants and ethnic minorities — and to retain them — will distinguish those who are successful from those who will struggle to fill their labour and skill needs.

Alongside this is the ongoing "labour crunch"; the gap between labour supply as declining fertility, combined with ageing, does not match demand. This began in high income countries as the global financial crisis receded after 2012, but Covid has put a big exclamation mark behind this challenge.

The demography of high-income economies means the gap between supply and demand will grow over coming decades.

As the Productivity Commission made clear earlier this year, immigration is part of the answer but attention needs to be paid to improving productivity and the education and training options for the New Zealand resident population. And, I'd add, to addressing the ever-growing issues of workforce diversity.

> **Asian New Zealanders**
>
> **1/4** of New Zealand's total population by the 2030s
>
> **38%** of Auckland's population
>
> **7%** of New Zealand's over-65 population

● *Distinguished Professor Emeritus Paul Spoonley is the author of "The New New Zealand: Facing Demographic Disruption" (2021).*

Freedom of speech centre stage

It has been challenging for evidence-based thinkers to confront opinions shaped by confusion and conspiracy, writes **Dawn Freshwater**

We have a responsibility to encourage debate on all topics and to teach students to be able to consider and debate controversial issues both within the university and in embracing freedom of expression in our wider community.
Dawn Freshwater

As 2022 draws to a close organisations and businesses end the year with more societal issues to navigate than ever before.

The Covid-19 pandemic over the last three years has posed challenges for us all. Alongside it, and in part because of it, we have witnessed the rise of misinformation and disinformation. Emergency restrictions, lockdowns and vaccine mandates in a social media age have created a fast-moving, polarising and confronting environment for community leaders.

No one foresaw this year's protest on the grounds of Parliament morphing into an occupation that extended to 24 days and concluded with fire and police force.

Nor did we foresee the impacts of mandates and even mask-wearing on employment cultures.

The pandemic and responses to it reach right into workplaces. So too do the opinions and views that come with them. It has been challenging for evidence-based thinkers to confront opinions shaped by confusion and conspiracy. In Aotearoa New Zealand freedom of expression, or as it is also described, freedom of speech or free speech is centre stage.

This is a good thing. By examining and debating what freedom of expression is, its value to society and its fundamental importance to a functioning democracy we can reflect on the risks posed to society if those freedoms are curtailed. We do not need to look far to see those risks in action.

At Waipapa Taumata Rau, the University of Auckland, we are engaged in a dialogue and consultation on a Freedom of Expression policy and an associated policy on Academic Freedom.

Along with a legal requirement for universities to perform the role of critic and conscience in society, we have examined the nexus of these three interrelated but not interchangeable rights and responsibilities.

Within the university context, academic freedom and critic and conscience establish an environment providing for institutional autonomy and for a mandated and preserved role for academics to exercise freedom of inquiry and research, teaching and expert public commentary. Our university is a large and diverse institution that by its very nature is rich in knowledge, opinion and viewpoints. On our campuses ideas and opinions are argued, tested and freely expressed.

In the United States, we have seen some universities develop policies to "protect" students from what are seen as controversial issues which some describe as harmful. At the University of Auckland, we reject this approach. Academic freedom is a fundamental tenet of the university. Further, we uphold the rights of staff, students and citizens to free speech — that is, the right to express one's opinion.

We have a responsibility to encourage debate on all topics and to teach students to be able to consider and debate controversial issues both within the university and in embracing freedom of expression in our wider community. Universities have a duty to their students and communities to advance learning, develop intellectual independence and debate knowledge and ideas. We believe there is much to learn in debating ideas and in hearing opposing views.

As a society, we must safeguard the right to freedom of expression. For this reason, while the Government has chosen to extend the Human Rights Act to include religious belief, it is heartening the Government has also asked Te Aka Matua o te Ture — the Law Commission — to undertake an independent first principles review of legal responses to hate-motivated offending and speech.

Often issues and ideas that people want to discuss touch on our core beliefs and identities. Debates and discussions focus on the controversial and the unpopular. Discussion and debate may offend people. The concepts of "harm" or "intent to harm" are notoriously difficult to assess, and constraining speech based on these can be easily misused. We must be vigilant when assessing harm.

New Zealand does not have a strong tradition of public debate nor of discussing serious issues at length. We err towards pragmatism and our small society can quickly coalesce around a single viewpoint. We must move on from this, challenging ourselves to embrace opinion and listen to ideas that we do not share. We must strive to create an environment where people are willing to express a counter view and where they will not be attacked in social media for doing so.

Waipapa Taumata Rau will next year host public lectures by leading thinkers on topical issues. We expect them to be challenging and we expect some will disagree with the views expressed. Ideally, the lectures will be followed by a respectful and robust debate. For our democracy to remain strong, we must defend and promote freedom of expression. Our university is committed to this.

● *Professor Dawn Freshwater is Vice-Chancellor at Waipapa Taumata Rau University of Auckland*

Awards are back in black tie

The Deloitte Top 200 awards recognise outstanding results despite ongoing challenges

Dynamic Business
Tim McCready

Vulcan Steel has taken out the top award as Company of the Year in the 2022 Deloitte Top 200 Awards, recognised for its recent exceptional performance for both the company and shareholders.

Winners for the Deloitte Top 200 awards were unveiled at Auckland's Shed 10 last night, showcasing the very best of New Zealand business and business leaders. Now in its 33rd year, the highly anticipated black-tie dinner event was back at full-scale for the first time since the pandemic.

An earlier celebration in 2020 was limited to 100 guests due to pandemic restrictions. In February this year, a celebration of last year's winners took place online.

This year, the awards recognise outstanding results despite the ongoing challenges resulting from supply chain constraints, skills shortages, inflation, and the ongoing pressures resulting from the pandemic. Companies and individuals have been recognised for showing commercial strength, leadership and agility during challenging times.

Vulcan Steel thrived as a privately owned steel distribution company for over 20 years. Since listing in 2021 it has delivered total shareholder returns of 32 per cent. Operating profit has increased by an exceptional 82 per cent and net profit by 119 per cent.

The panel of high-profile judges — convened by NZME Head of Business Content Fran O'Sullivan — said that Vulcan Steel stood out in its category due to its recent performance.

"They are a long-term New Zealand success story, led by an outstanding and committed leadership team," say the judges. "This year Vulcan Steel also successfully acquired Ullrich Aluminium, which has added to their range and helped to underpin further growth. Although the steel and metals markets have been buoyant, helping to lift pricing, Vulcan's performance has been exceptional."

Presenting the best of Kiwi business

NZME broadcasters Stacey Morrison and Jack Tame hosted the Deloitte Top 200 awards at Shed 10 last night.
Photos / Jason Oxenham, Dean Purcell

A previous winner of the Top 200 Chief Financial Officer of the Year award, Spark's **Jolie Hodson** has this year taken out the award for Chief Executive Officer of the Year.

In her time at Spark, Hodson has played a pivotal part in transforming the company from a legacy telco to a growing digital service company. Becoming CEO in 2019, she is highly regarded in the market and has strongly positioned Spark within a highly disruptive and competitive environment, particularly at a time when core landline revenues are declining.

"Spark has continued to be a market leader on the NZX with shareholder returns of 12 per cent over the past year ending in September, and 17 per cent per year over the last 10 years," say the judges.

"Jolie has a strong view on the role that digitisation can play in decarbonisation and helping New Zealand to meet its climate goals, becoming the convenor of the CEO steering group for the Climate Leader's Coalition in June 2022."

The Visionary Leader award is the only one given without finalists. This year, the award went to powerhouse siblings in the wine industry, **Jim and Rosemari Delegat.**

The judges recognise the Delegats for their vision of New Zealand as an exporter of super-premium wine to the world's most discerning markets.

The result is a company that today sells more than 3.3 million cases of wine, predominantly overseas. Delegats is now a $1 billion public company which, since listing in 2006, has delivered an annualised total shareholder return of 16.5 per cent per annum — a remarkable success story that is reflective of the vision and leadership Jim and Rose have brought to the company bearing their family name.

Chairperson of the Year was awarded to **Mark Verbiest**. Verbiest, who chairs Meridian Energy and Summerset Group Holdings, is a highly esteemed chairperson that is known to operate with a respected and trusted governance style, taking on roles with organisations that involve both a challenge and will also make a meaningful difference to the country.

The judges say that at Summerset and Meridian Energy he is tackling some of New Zealand's greatest issues. He is committed to providing quality care for our ageing population and is highly supportive of Meridian's clean energy aspirations, which will significantly contribute to New Zealand's goal of achieving net zero greenhouse gas emissions by 2050.

Infratil's **Phillippa Harford** has been awarded Chief Financial Officer of the Year.

The judges say Harford has been recognised by management, the board and the market as a leading CFO and a key executive behind Infratil's success and superior return to shareholders.

"She has made key contributions to the company's acquisitions and divestments such as Vodafone, Tilt Renewables, and Longroad energy, all of which have helped to drive value for Infratil," they say. "Phillippa has also been an effective team leader for the finance function, and has been central to developing judgements and strategies on complex international tax and accounting issues and financing structures linked to Infratil's international investment footprint."

Fonterra took out the Most Improved Performance award this year. The dairy cooperative, owned by 10,000 farmers, paid close to $14 billion to its dairy farmer suppliers this year. The judges note positive improvements across the business driven by a refreshed, local management team.

"Fonterra sometimes faces vocal opposition to their industry," the judges say. "But they have made moves to become more sustainable and have recently introduced a bovine emissions reduction plan along with trialling seaweed as a supplemental feed for dairy cows, and are working with Government on reducing permanent agricultural emissions."

Scott Technology has been recognised with the Best Growth Strategy award. The judges say the automation and robotics company has continued to carve its path globally, now generating over $220 million in revenue, compared with $133 million in 2017. "The world has now caught up with the company's forward-thinking and innovative approach," they say. "Scott Technology's time has come as more businesses are investing in technology and automation. It is great to have Scott Technology waving the New Zealand flag in such a future-focused industry."

Air New Zealand's Tribe Lead-Loyalty, **Kate O'Brien**, has been awarded the title of Young Executive of the Year. She has forged a remarkable path through different sections of the Air New Zealand business and judges say she has the ability and insight to continue to grow her career and leadership influence.

"Kate impressed with a strong worldview and a passion for business improvement," they say. "As a leader, Kate is sensitive to the impact she has on her team — she understands the importance of staying calm and positive to sustain conditions that are conducive to others' success."

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Top 200 award winners

Company of the Year: Vulcan Steel — B18

Chief Executive Officer of the Year: Jolie Hodson, Spark — B20

Chief Financial Officer of the Year: Phillippa Harford, Infratil — B22

Chairperson of the Year: Mark Verbiest — B23

Judges' Award: Sir Robert McLeod — B24

Most Improved Performance: Fonterra — B25

Best Growth Strategy: Scott Technology — B26

Young Executive of the Year: Kate O'Brien, Air NZ — B27

Sustainable Business Leadership: KMD Brands — B28

Diversity and Inclusion Leadership: Spark — B29

Visionary Leadership: Jim and Rose Delegat — B30-B31

Top 200 at a glance

Tim McCready analyses who's making the biggest profits and the losses in the 2022 Top 200 Index.
— B32-B33

Staying strong in an uncertain new world

We are well set up to capitalise on opportunities driven from global insecurities, says **Mike Horne**

The world is open once again, but not as we knew it. Re-connecting with international markets and opportunities, and re-engaging our people is crucial but even with the pandemic behind us for the main part, we still face a more complex, uncertain and ambiguous world.

Technology has come leaps and bounds in recent years and allowed us to operate as borderless businesses.

We've changed the core of how to do business, changing business models, organisational design and the way we attract and retain people in a restricted talent pool.

But now the pull to join together again in person is strong and provides the chance to enhance and maximise future opportunities.

Further to the digital transformation, the past few years have also seen organisations need to re-evaluate what mattered to them and assess how they remain competitive, evolve while still delivering underlying fundamental returns.

Vital to delivering successful financial outcomes is the need for organisations to prioritise people, technology, and knowledge, all while staying true to values, business culture, diversity and inclusion, and increasingly around sustainability and climate.

A strong sense of purpose coupled with the courage to change has always been central to business success. It is those companies and leaders, many of whom feature on the 2022 Top 200 index, who took the time to take stock, reset or reaffirm their direction or purpose, and are now seeing the benefits as they continue to do business during this period of global volatility.

New Zealand's economy, while taking some hits, remains well positioned to ensure we're set up to weather the challenges of inflation, geopolitics, and other international impacts.

We know these issues won't impact all business equally and it's therefore important that business leaders focus on what they can control and that there is still real opportunities to be leveraged in an uncertain economic environment.

As a country built upon and dependent on being able to trade with the world and always looking for new markets, we are well set up to capitalise on demand driven from global insecurities.

We know how to diversify our export base and investment options particularly when it comes to food security, sustainability and climate, and digital enhancements.

If New Zealand businesses can jump on these opportunities then not only are we positioned to succeed through the adversity of current economic conditions, but to also showcase we're continuing to lead on the world stage.

But even with open borders we continue to face a number of challenges.

New Zealand's business sentiment has reached lows not seen since the 2009 global financial crisis, and the limited talent pool and significant staff shortages, along with inflation rates, supply chain constraints, and access to finance are also top concerns.

Exacerbating worries about the talent pool is concern about New Zealand's education system and that we're not getting the basics right with our children and in turn not ensuring their future success or developing the talent we need for Aotearoa in the decades to come.

Furthermore, we are still recovering from the perception that New Zealand has been closed for business. But this is something which can be overcome through measures to show we are very much open for trade, international students, investment, and skilled workers.

It is important such measures showcase an integrated approach between government and the private sector to ensure the recovery and future economic success of our country.

A strong sense of purpose coupled with the courage to change has always been central to business success.

The businesses featured on the Top 200 index have all shown the leadership, innovation and resilience to succeed in recent times. They also understand the power of the economic headwinds that still lie ahead.

Congratulations to all of our 2022 winners and finalists, it is the outstanding leaders and people of these organisations, and the strategic choices and bold decisions they make, that continues to power NZ Inc forward, for the wider economic benefit of Aotearoa.

● *Mike Horne is CEO of Deloitte*

Deloitte Top 200 awards back in black tie

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Spark has taken out the Diversity and Inclusion Leadership award for its Cloak of Growth, Beyond Binary, Mahi Tahi Wellbeing and Blue Heart concepts that are driving all forms of diversity and inclusion across the company.

"Initially led by management, the cultural framework is now very much led by its people and has become part of the company's DNA," the judges say, noting that the programme has achieved impressive results. "Spark has reached a world-leading net promoter score of 84 for 'bringing your full self to work', they've significantly reduced their overall gender pay gap, achieved job-to-job pay equity, and their board and wider leadership group is now made up of 47 per cent women."

The judges believe Spark's broad and horizontally embedded approach to diversity and inclusion is market-leading — setting a fantastic example for other businesses in Aotearoa.

For the second year in a row, **KMD Brands** won the Sustainable Business Leadership award, which recognises businesses working toward the creation of long-term environmental, social and economic value.

The judges commend KMD Brands for its well-established and evolving sustainability policies and practices that are central to its operations and business model. With Kathmandu a certified B-Corp, and Oboz and Rip Curl also making strides towards BCorp certification, KMD Brands' approach to sustainability is strong, holistic, and genuine.

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

They chose renowned tax specialist and Māori leader **Sir Rob McLeod** as the recipient this year. He has held notable senior leadership roles including CEO of Ernst & Young Oceania, chair of the 2001 government tax review and eight years as chair of the New Zealand Business Round Table. Chair of Sanford, Quayside Holdings and Ngati Porou Holding Company, and director of Port of Tauranga, Sir Rob was awarded a Knighthood for his services to business and Māori in 2019.

"Throughout his glittering career, Sir Rob has championed gender equality and indigenous engagement," the judges say.

"A retired member of the Business Council of Australia, including membership of the Indigenous Engagement Taskforce, Sir Rob also served on the Hui Taumata Taskforce in 2006 to increase Māori participation, leadership and governance in the workforce. Sir Rob's immense contributions to date, alongside those still to come, will continue to leave a legacy well into the future for New Zealand and Australian business and our wider communities."

Deloitte Top 200

The Deloitte Top 200 Index consists of NZ's largest entities ranked by revenue. These include publicly-listed companies, large unlisted entities, New Zealand subsidiaries and branches of overseas companies, and the commercial operations of Māori entities. It also includes producer boards, co-operatives, local authority trading enterprises and state-owned enterprises.

An overview of the Top 200 Index as well as NZ's Top 30 finance companies have been included toward the back of this report — showing revenue, profitability, efficiency and more. These numbers offer an insight into how the biggest companies in NZ operate and are accompanied by explanations and insight from the Herald's team of business reporters.

The high-level view of the Top 200 this year shows total revenues for increasing by 9.8 per cent. This compares to a 0.5 per cent increase in 2021. Underlying earnings (ebitda) increased 16.8 per cent, and total profits after tax also increased 54.6 per cent year-on-year.

Year-on-year asset growth for the Top 30 finance companies matched last year's figure of 5.7 per cent, with cumulative profits increasing by 34.0 per cent.

ANZ continues to be the largest bank with assets of $185b, ahead of second-placed ASB by $63b. ANZ also outpaces all other banks in terms of profit and equity.

Top 200 judging panel 2022

Fran O'Sullivan ONZM, Judging panel convenor

Fran is Head of Business (Content) for NZME and a high-profile business columnist with a strong interest in NZ's international business success. Fran was made an Officer of the New Zealand Order of Merit in the New Year's honours list in 2019 for her contribution to business and journalism. She chairs the NZUS Council's Advisory Board, is a member of the China Council and hosts the China and US Business Summits. Fran chairs the Metropolis body corporate. She is a Fellow of the Institute of Finance Professionals NZ (INFINZ) and has an award-winning track record in financial journalism.

Neil Paviour-Smith

Neil has over 30 years' experience in various roles in NZ capital markets. He is Managing Director of Forsyth Barr Limited, a leading NZX sharebroking firm, wealth manager and investment bank. Neil is a director of The New Zealand Initiative and has previously had various governance roles including Chancellor of Victoria University of Wellington, Chair of the NZ Regulatory Board, director of Chartered Accountants Australia New Zealand and NZX Limited. He is a Fellow of the Institute of Finance Professionals NZ. Neil was an inaugural recipient of a Sir Peter Blake Trust Leadership Award in 2005.

Ross George

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

Hinerangi Raumati-Tu'ua, MNZM

Hinerangi is an experienced governor with a focus on post-settlement iwi entities and Maori commercial entities. She is the chair of Tainui Group Holdings and the iwi investment company of Ngati Mutunga and recently retired chair of Ngaruahine iwi investment company. Hinerangi is on the board of Watercare Services, Genesis Energy, the Reserve Bank, Taranaki Iwi Holdings and Te Puia Tapapa (the Maori Direct Investment Fund). She is a fellow of Chartered Accountants Australia and NZ and a member of the NZ Order of Merit and was a member of the Tax Working Group in 2018.

Jonathan Mason

Jonathan has over 30 years of experience in financial management roles in the oil, chemicals, forest products, and dairy industries with an emphasis on emerging markets. He was CFO of Fonterra Cooperative, CFO of Cabot Corporation (a Boston based chemical company), and CFO of Carter Holt Harvey. Jonathan also served in senior financial management positions at US-based International Paper from 1990-2000. Jonathan is a director of large organisations including Chair of Vector and Honorary Adjunct Professor of Accounting and Finance at the University of Auckland Business School.

Judging note

The final of several judging sessions for the 2022 Deloitte Top 200 Awards took place on November 3. Companies and individuals were judged on the basis of performances in 2022 and financial information available at that time. Write-ups of winners and finalist companies in today's *Dynamic Business* report have been updated to include latest financial results. Several judges declared conflicts of interest and stepped aside during final judging for particular awards, including Jonathan Mason (Most Improved Performance) and Simon Moutter (Diversity and Inclusion Leadership).

Company of the Year

Vulcan Steel

A new frontier

Duncan Bridgeman

Vulcan Steel's first contact with the public markets has been exceptionally good, allowing it to boldly enter new territories and make inroads across the Tasman.

But like its namesake in Star Trek, Vulcan has had to deal with adversity, in particular the challenges posed by Covid and the supply chain issues and soaring inflation that followed.

Strong leadership, teamwork and an effective growth strategy has helped break through those barriers and its performance since listing made it a logical choice for this year's Deloitte Top 200 award for Company of the Year, despite strong competition from fellow finalists Ebos Group and Briscoe Group.

"It's been an exciting time," chief executive and managing director Rhys Jones said, reflecting on Vulcan's dual listing on the NZX and ASX in November 2021.

"Going through the float there were massive challenges with Covid but overall it's been a fantastic journey for our team."

Vulcan is a relative newcomer in the steel industry, starting life in 1995 in a garage in East Tamaki, with two trucks and a Portacom.

Founded by Peter Wells, the company has grown significantly over the past 25 years, both organically and through acquisitions, emerging as a meaningful third player in an industry previously dominated by Steel and Tube and Fletcher Building.

Vulcan is now worth more than $1.1 billion based on its market capitalisation and has around 1500 employees serving almost 12,000 customers across 72 sites in New Zealand and Australia.

Having successfully integrated three major acquisitions between 2014 and 2020, Vulcan announced in July this year the purchase of Ullrich Aluminium, one of Australasia's major aluminium product distributors.

The buyout, completed in August for $165 million, adds synergies and gives Vulcan the opportunity to expand into the aluminium distribution market with a well-established platform and scale in both countries.

Vulcan's performance since listing has exceeded expectations.

The most recent financial year saw revenue climb 33 per cent from $732m in 2021 to $973m.

Earnings before interest, tax, depreciation and amortisation (ebitda) jumped 68 per cent from $133m to $224m and net profit lept 91 per cent from $65m to $124m.

Earnings per share of 94.4c was also up by 91 per cent from 49.3c in 2021 and was 117 per cent higher than the 43.5c forecast in the company's IPO prospectus.

Deloitte judge Neil Paviour-Smith said Vulcan operates as a key link in the value chain between metal producers and end-users, distributing steel and aluminium products to a diversified customer base including those involved in engineering, manufacturing, fabricating, transport, mining and other sectors.

"Vulcan Steel has been thriving as a privately owned steel distribution company for over 20 years, converting to a publicly traded company in November 2021. The company has continued its long record of superior performance for shareholders with total shareholder returns since listing at 32 per cent.

"Although the steel and metals market has been buoyant, helping to lift pricing, Vulcan's recent performance has been exceptional.

"They are a long-term New Zealand success story, led by an outstanding and committed leadership team."

That leadership is exemplified by Rhys Jones, who has 16 years of experience at Vulcan, and an executive team having an average tenure of 10 years.

Jones, himself a finalist in Deloitte's CEO of the year category this year, joined Vulcan in 2006 having previously held several management positions within the steel industry, including at Fletcher EasySteel NZ, Pacific Steel and Wiremakers. and with Carter Holt Harvey at the time of the Rank Group takeover.

This experience has helped him deal with the recent challenges sweeping the globe.

"We look after everyone in the Vulcan team," Jones said in an interview with the *Herald* last month.

"Within the Covid period we didn't lay anyone off and we maintained everyone on full pay.

"As a whole team we said 'right we are going to face this challenge together' and that has led to a whole lot of loyalty. So, our staff turnover is lower than most companies and that has been a massive benefit to us."

High inflation is a problem he acknowledged and one not easily solved.

"As an industry it's been very challenging. The price of our materials has gone up significantly.

"It's been a really tough journey for our customers and we are facing that head on.

"My personal view is that it's going to be a very difficult period in the near future with rising inflation."

What he and the management team have been doing is getting out on the road, visiting sites and staff.

"We call it our principles and ethos. What we try to do is paint a picture of the next year to 18 months so all our employees fully understand what we are facing and what their role is and how as a team we can embrace it. In the current situation, we are going to face a productivity challenge where costs are going up and demand could potentially reduce.

"So, we are positioning our whole team to understand we have to win new business and focus on being smarter."

We are positioning our whole team to understand we have to win new business and focus on being smarter.

Rhys Jones, CEO

Staff wellbeing is high on the agenda with Covid affecting a lot of people in a lot of different ways, he said.

"What we try and do is buddy up with people, talk to them and allow people to understand and talk about any issues they have.

"You have to be far more flexible, allow people to work from home and listen and talk with everyone. It's about creating an environment where people can speak freely."

Jones has been assisted by an experienced board now chaired by Russell Chenu, who was the chief financial officer at James Hardie Industries for a decade until 2013.

Founder Wells is stepping down from the board after 27 years but has said he intends to keep all of his 14 per cent stake in the company when his shares come out of an escrow period next year.

"I've got 110 per cent confidence in the management and where the company is headed," he told the *Australian Financial Review* in September.

Wells is Vulcan's largest shareholder through the Takutai Trust, operated by himself and wife Mary.

The trust, which also has large-scale investments across other industries, is involved in philanthropic ventures, including schools and a Salvation Army adventure camp.

It is also a backer of Waiheke Island winery Passage Rock, a tourism and horse trekking business, and the Dunster farm in the North Canterbury region of New Zealand.

Vulcan's path to a billion-dollar company has been built on a successful growth strategy and its public listing has developed that further.

Wells told the *Herald*'s Jamie Gray in an interview earlier this year that it was not a "black or white" decision to list the company.

"On balance, it was the next thing to do," he said.

"It has taken a lot of work — more than I had anticipated I might say — but like a lot of things it pays to do it properly.

"We have accomplished it and have come out the other side — so most of that noise has gone now."

The IPO comprised a A$371.6 million ($386.8m) sell-down by existing shareholders.

The shares debuted on the ASX at $7.20 — 10 cents over their A$7.10 offer price — before surging to a high of A$15.74.

The stock has since eased back closer to the listing price, but investors have enjoyed strong dividends already.

The board declared a final dividend of NZ37.5c a share, bringing the total dividend (excluding pre-listing special distribution) for the 2022 financial year to 65c per share.

Jones said the main thing listing has done is give the company greater visibility in the wider market.

That has helped retain talent, provide credibility and attract new opportunities such as the Ullrich acquisition, he said.

"The fact is we were a more credible party to enter into that transaction because we are a known public entity.

"Also we are very big in Australia and so it gives us more leverage to grow quicker over there.

"Overall ... [the listing] has been very helpful and we are positioning the company for the next 25 years so we need a wider audience to understand us."

Vulcan has had some tailwinds, despite all the challenges, but it has had to take the opportunities that have arisen.

"Firstly there has been pent-up demand so volumes in the industry have been higher. Secondly, prices have increased," he explained. "So that's a tailwind.

"But underneath it all we have been very successful because our business model carries a lot of autonomy with employees, it's a very flat structure and very customer orientated and that has allowed us to grow our market share right across Australia.

"We are a very diversified business — from mining in Perth to agriculture in central NSW to construction in New Zealand — and that wide variety and wide economic coverage gives us an opportunity which we have done well to exploit."

Speaking at Vulcan's annual shareholders' meeting in October Jones was able to reaffirm the company's full-year ebitda guidance of NZ$215m to NZ$235m, while noting that the company expected the tricky trading conditions experienced in the first quarter to continue due to the impact of rising interest rates on general economic activity.

Last month Jones told the *Herald* that the outlook was mixed.

"My sense is that right across Australasia we have a mixed outlook but agriculture and mining looks solid. Construction activity, particularly residential, is going to slow on both sides of the Tasman and I think some business investment in New Zealand will slow.

"Aussie business confidence is better though."

Based on the company's track record, there's every reason to suggest Jones and his team should be able to successfully navigate their way through the next 12-18 months.

Company of the Year

John Cullity

Rod Duke

Finalist: Ebos Group

NZX and ASX-listed Ebos Group has been a perennial strong performer, often featured by brokers as one to watch in their annual stock picking competition.

The company is a leading Australasian marketer, wholesaler and distributor of healthcare, animal care and pharmaceutical products, today generating more than $10 billion in revenue annually and servicing thousands of customers.

This year the company reported a 21.3 per cent jump in underlying net profit to a record A$228.2 million in the June year, its 100th year of operation. Revenue hit A$10.6 billion — breaking through the A$10b mark for the first time.

Deloitte judge for the Company of the year category Neil Paviour-Smith said Ebos has had an outstanding long-term record of 23 per cent total shareholder returns annually over the past 10 years.

The company has featured regularly at the Deloitte Top 200 awards.

"Now into their 100th year, the company reached $10 billion in sales for the first time, up 17 per cent from the year prior, and were one of only a few listed companies returning positive shareholder returns over the past 12 months.

"Ebos is led by an impressive and well-regarded leadership team [headed by CEO John Cullity] who has successfully guided the business through a recent acquisition of LifeHealthcare in Australia and managed to sustain performance and growth throughout Covid-19."

Finalist: Briscoe Group

With a 150-year history in New Zealand, Briscoe Group is known for its two iconic brands: Briscoe Homeware and Rebel Sport. Managing director and major shareholder Rod Duke has carved out a popular niche in New Zealand's retail space.

The company recently posted an interim profit of $45.6 million in the six months to July 31, following on from its full year profit of $87.9m for the period ended January 2022.

The business increased wage rates for its in-store hourly paid team by 7 per cent from April.

"Briscoe Group has consistently been a top performer in the retail sector, delivering 18 per cent total shareholder return over the past 10 years," Paviour-Smith said.

"Led by a strong CEO Rod Duke, Briscoe Group's strategic focus on people, store network and supply chain has helped to ease pressures caused by staff shortages, cost increases and supply chain issues."

For the first half, revenue from the Briscoes homeware brand increased by 2.7 per cent to $228.7 million, while Rebel Sport sales rose 2.5 per cent to $139.2m.

"Despite Covid-19's heavy impact on the retail sector, Briscoe has managed to continue its growth trajectory.

"Boosted by heightened online sales, its latest sales numbers are up 21 per cent relative to pre-Covid-19 levels and its net profit for the latest period is 61 per cent higher," Paviour-Smith said.

The company is forecasting full-year profit to be ahead of the $87.9m it reported last year.

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

Chief Executive of the Year

Jolie Hodson — Spark

A bold supporter and mentor

Liam Dann

Spark's Jolie Hodson always had her eyes on a top chief executive role.

Now she can claim the title of Deloitte Top 200 Chief Executive Officer of the Year.

Hodson wasn't shy of talking about her ambition in 2016 when she won the Deloitte Top 200 award for Chief Financial Officer of the Year.

"It was something that really excited me," she told the *Herald* at the Top 200 finalists' event.

"Shortly after winning the CFO award, I had a chat with Simon [Moutter] who was the CEO back then . . . around the desire to move into more operational roles."

After three years as chief executive of Spark Digital, she was appointed to the top job in August 2019. That, of course, meant just six months in the hot seat before Covid-19 tipped the world upside down.

The pandemic presented challenges and opportunities for companies in the technology space, she said.

"Most of my time as CEO has either been in Covid or recovering from it. So if you look at the challenges — whether it's higher inflation or the labour skills shortage or even climate change — it's really all about the people," she said.

"They're the ones who've had to adapt to different ways of working. If you think about when New Zealand pretty much went home overnight, our business was critical to making sure people could do that."

Hodson takes the broader social responsibility of leading New Zealand's largest technology company very seriously.

"When I think about the challenges we're facing, I'm optimistic about the role people can play but also that technology can play in solving those challenges," she said.

"We've thought a lot around the convergence of technology — the cloud, your data and AI."

She highlights new trends like the "internet of the things" and "smart sensors that can really know what's happening, whether that's water quality, or whether a fridge is shut".

"We've thought a lot about how that convergence of tech can help solve problems for New Zealand. Ultimately we're a business that is all about supporting others and enabling them to do what they want."

Spark's challenge is to make sure it stays relevant as technology shifts and moves with it, she said. "What [drives] me for the period ahead is how we help do something bigger than for just our own organisation."

For all that, the pure financial performance of the company is something Hodson clearly has a strong handle on.

Hodson joined Spark in 2013 from Lion Nathan in Australia where she spent 12 years working her way up the finance ranks.

Prior to that, she spent eight years at Deloitte working as an auditor.

Her arrival at Spark marked the end of a tough 10-year period for the company as it transitioned from the legacy days of Telecom and shifted its focus to become a 21st-century communications company.

Since then her tenure has been notable for not only sound financial performance but her skill as a top leader within a large organisation.

On the financial front, the highlight of the past year has been the sale of Spark's cell tower network for $900 million cash — in which 70 per cent of Spark's passive network went to a Canadian pension fund, with Spark retaining a 30 per cent stake.

It consolidated what was already likely to be a very solid financial performance.

The Top 200 judges noted that Spark continued to be a market leader on the NZX with shareholder returns of 12 per cent over the past year ending in September, and 17 per cent per year over the last 10 years.

That is no small feat in the context of the bearish local and global markets of the past 12 months.

In its full-year result to July 30, Spark announced a $350 million return to shareholders via an on-market buyback.

It said it would invest a further $350 million in growth areas like the Internet of Things, mobile and a new health unit.

Spark also held its full-year dividend at 25 cents per share (for the sixth year in a row, in line with guidance), but with an increased profit payout to 27cps, 1c ahead of what analysts were picking.

It also unveiled a new long-term dividend policy that will see 80 to 100 per cent of free cash flow paid out in dividends.

Ebitda was $1.15 billion (at the top end of its forecast, as per its mid-year update). Net profit increased 7.6 per cent to $410m, with Spark crediting gains in mobile plus a large health contract.

Total revenue increased by 3.5 per cent to $3.72 billion.

Mobile revenue was up 5.5 per cent to $899m as Spark made gains in total pre-pay and pay-monthly mobile connections.

Average monthly revenue per user also continued to rise, which Hodson put down to increased data use. Speaking at the time, she said the focus was now on smart infrastructure.

"That should pay off in the long term.

"With many more New Zealanders working from home, broadband and connectivity are even more important.

"Customers now value their connections more than ever. When the time comes, many will invest in bigger and better broadband plans."

Hodson pointed to New Zealand's low productivity saying this was the time for the nation to stand back and think about making the investment in the infrastructure needed to support economic recovery.

"We need to be thinking about building future-proof infrastructure. We don't want to spend billions, then come back in a decade's time and say; 'I wish we did X, Y and Z'.

"We also need to invest in the skills so that people can operate safely and more productively in a more connected world."

She said the company had seen huge benefits from the shift to more flexible ways of working.

"We want to build on this and find our 'new normal', somewhere between how we used to be and how we work during the lockdown."

"We will continue investing behind our people's learning and development, helping them pivot to a future of work where they need to be more adaptable than ever before.

"And we will maintain our focus on diversity and inclusion — so our people feel they can bring their whole selves to work."

Speaking to the *Herald* before last night's Top 200 awards ceremony, Hodson described her leadership

> I'm optimistic about the role people can play but also that technology can play in solving those challenges.
>
> Jolie Hodson

Chief Executive of the Year

style as being about empowering others around her to be successful.

"It's around being clear about what we're going after," she said.

"The other thing for me, the thing I'm really proud of in the past three years, is a shift to a lot more diversity and inclusion, not only in our business but thinking around the communities we support.

"For all of us, equity is a big issue."

Judge Jonathan Mason noted Hodson has a strong view on the role that digitisation can play in decarbonisation and helping New Zealand meet its climate goals, becoming the Convenor of the CEO Steering Group for the Climate Leader's Coalition in June this year.

Another area of passion for Hodson is supporting and mentoring women in business.

She is highly conscious of being one of just a handful of females at the CEO level on the NZX50.

"I'm really passionate about supporting women in business. I'm one of the founding members of On Being Bold."

That's an organisation which aims to inspire women in the corporate world female by bringing them together for events to hear from different leaders and network.

She is also involved with a group focused on inspiring Year 13 girls.

"We need to face into the challenges, whether it is Covid, climate change or what are we doing to solve that inequity that exists," Hodson said.

"But we can't do that individually. We can only do it collectively and I think New Zealand is a place where we can do that."

Finalist: Rhys Jones, Vulcan Steel

Going public in the past year has meant much greater visibility for Vulcan Steel and for chief executive Rhys Jones.

Rhys Jones

Ross Taylor

Jones joined metal product distributor and processor, Vulcan Steel, in 2006. Initially in the role of Executive Director before he was appointed as Managing Director and CEO in 2011, Rhys has presided over seven acquisitions and several greenfield expansions during his tenure at Vulcan.

The judges noted Jones had grown the business from $7 million ebitda to $200 million and created superior shareholder value through solid organic growth in the Australian and New Zealand markets, supported by incremental and targeted acquisitions.

Vulcan's annual shareholder returns have been over 35 per cent annually leading up to their successful IPO in November 2021.

Jones told the *Herald* that one of his proudest achievements in the past few years had been getting through the pandemic without laying anybody off and maintaining all staff on full pay.

"We said, right we're going to face this challenge together and that has led to a lot of loyalty," he said

As a result, staff turnover had been lower than most other companies and that had been a massive benefit.

Jones said one of his priorities as a CEO was getting on the road and talking to staff and outlining the challenges facing the company.

"What we try to do is paint a picture of the next year to 18 months so all our employees fully understand what we're facing, what their role is and how as a team we can embrace it," he said.

"In terms of inflation, that's something we're facing as an industry. It's been very challenging and the price of our materials has gone up significantly.

"My personal view is that it's going to be a very difficult period in the near future."

The key was to recognise that there was a productivity challenge, he said.

"Costs are going up and demand could potentially reduce. So, we're positioning our whole team to understand that we've got to win new business and really be focused on working smarter."

"It's about painting a picture of the future and making it realistic."

Ultimately one of the big reasons for Vulcan's success had been a flat management structure which allowed plenty of autonomy for staff, Jones said,

That and being customer-focused had enabled the company to grow market share.

Finalist: Ross Taylor – Fletcher Building

Ross Taylor managed a turnaround at Fletcher Building whilst navigating demand and cost-base worries during Covid-19.

He has also steered the company through the subsequent challenges created by high demand and a problematic supply chain.

The judges noted Taylor's calm and strategic approach had seen Fletcher Building achieve a 42 per cent increase in net profit in the 12 months to June, from $305 million to $432m.

All divisions of the company were reporting positive ebit and a solid pipeline of committed work in the business's end markets.

Fletcher Building had been on a journey for the past five years through a really hard period for the company, Taylor said.

"More enjoyably, in the last year, we've had the luxury of building on that with a number of growth initiatives and we've really looked forward with the business rather than just dealing with the here and now."

Taylor described his leadership style as one of consistency and making sure his team had the tools to make good decisions and drive the success of the business.

"With a large business you can't do it from the centre, you cannot do it all and be the centre of all decisions," he said.

"You've got to get your teams doing that. It is about the team around you - whether it's the board or the executive."

Like all businesses, Fletcher Building had faced Covid disruptions but ultimately the past few years had been about dealing with more structural issues, Taylor said.

"Covid added complexity but our challenges were about getting our risk and position and balance sheet sorted."

There had been a number of safety challenges and it had been critical to get on top of, he said. "We've really shifted the dial on that."

Looking ahead to a post-pandemic environment, it was important to remember there was no such thing as "normal conditions."

"We should expect more chop, turbulence and more surprises. You do have to be a bit dynamic, fighting-fit and be able to move quickly. I think we are well positioned.

"We've got ourselves in a good position, not only to deal with issues but to get on the offensive as well," he said.

The Chief Executive of the Year award is sponsored by ServiceNow

Chief Financial Officer of the Year

Phillippa Harford — Infratil

Keeping an eye on the long-term goals

Tamsyn Parker

Phillippa Harford believes the key to being a great chief financial officer is keeping your eye on the long-term goals while also being mindful of the short-term challenges.

It's something Harford, who is CFO of Infratil, has had to keep on top of while the company has continued to invest through the Covid pandemic while managing its portfolio of companies.

"The thing I'm proudest about is obviously we have got quite a diverse portfolio and businesses were being impacted by Covid quite differently. We had from one end of the scale — are people going to be able to pay their power bills to Trustpower, and the other end of the scale, are we going to have residents in our retirement village dying?"

As well as being CFO, Harford is on the board of Wellington Airport and RetireAustralia — two of Infratil's investment companies.

Harford says she had to be calm and make sure the company delivered regular and timely information to investors.

"The last couple of years we have been navigating how you keep the market abreast of what is going on. What we feel are the risks and opportunities as well.

"We got really good feedback on the way we communicated to all of our stakeholders and that included the portfolio companies because a lot of them would have been saying; 'Oh, we don't know if we are going to be able to pay dividends' — well okay, we probably need to have a bit more detail than that, accepting that we all don't know how Covid is going to play out."

Harford became deputy CFO in 2013 and CFO in 2015.

Covid hasn't stopped the company from doing big deals.

"That's our DNA in a way. We are very focused on what we think we can achieve for Infratil shareholders and we see opportunities out there. We have progressed with our renewables platforms in both Asia and Europe — a fascinating time to be doing that given everything that is going on at the moment with supply and energy sufficiency.

"That's one thing about Infratil — I have been working at Morrison and Co for 14 years — it doesn't stop. I think we have grown from a market cap of about a billion to $6.4 billion now. By definition that's a lot of activity."

Vodafone is its largest, most recent investment but it's not the most valuable investment — that's Canberra Data Centres.

"We acquired that six years ago now. But Vodafone definitely was the biggest acquisition and going back to that it was all about managing the financing of that acquisition — that's been the largest one. But in terms of the portfolio, we also have Longroad which we did a capital raise for."

She said Covid had made raising capital trickier. "We did a capital raise in June 2020 so that was right in the midst of Covid. We went out to say this is what we are going to raise capital for and we want to basically have reserve capital so we can deploy it. And that's exactly what we went about and did. We have a good track record with the market. We are very mindful of when we go to the market and what we go to the market for."

Harford says being nominated for this award is more about recognition of Morrison & Co and Infratil than any gratification for herself.

"I'm really proud of what we have achieved and our team and it goes from top to bottom. We have got a board that challenges and supports management at the same time and we are all invested in giving, trying to provide really good outcomes for shareholders."

Judge Jonathan Mason said Harford had been an effective team leader for the finance function and had been central to developing judgements and strategies on complex international tax and accounting issues and financing structures linked to Infratil's international investment footprint.

"Phillippa has been called out by management, the board and the market as a leading CFO and a key executive behind Infratil's success and superior return to shareholders. She has made key contributions to the company's acquisitions and divestments such as Vodafone, Tilt Renewables, and Longroad Energy, all of which have helped to drive value for Infratil."

> We are very mindful of when we go to the market and what we go to the market for.
>
> Phillippa Harford

Finalist: Jo Allan — Foodstuffs North Island

Jo Allan

Jo Allan says the way Foodstuffs staff stepped up to ensure the co-operative could keep supplying food during the pandemic is one of the things she is most proud of as chief financial officer.

"Over the last couple of years we have been running at pace, operating in a crisis mode due to the pandemic and I think from my perspective — not just down to my role as CFO — but seeing Foodstuffs as a co-operative and as a team come together and deliver for New Zealanders — ensuring we have got food on shelves and able to look after New Zealanders through what has been a pretty challenging period across the board.

"It was a really cool time to feel like we were contributing to something that was really important to our customers. That's something I'm really proud of."

Allan says the demand was such that even she and her finance team were roped in to unpack containers, stock shelves and pack orders for online shoppers.

She says being a good CFO is about having a really strong customer orientation.

"It starts with knowing your customer, ensuring investments are based on what our customers are wanting and that are going to create a clear outcome for the customer. It's easy when you work in food retail because we are all customers."

It's also about having a growth mindset, Allan says.

"It's not just about the numbers, looking backwards and making sure the numbers are right, but the CFO has to have the ability to step away from that and focus on the broader strategic issues that the company is facing and most importantly to support the execution of the company's strategic objectives — that I think is critical. The CFO has a unique view, a birdseye view of the organisation."

Allan has been with the company since 2017 but began her career as an engineer at Glenbrook steel mill before moving into analysis and finance roles in the fast-moving consumable goods sector.

"You don't need to be a qualified accountant to be a CFO. Coming back to what makes a good CFO, yes you have got to make sure the numbers are correct but it's much more of a strategic role now than it has been and so I think if you look around CFOs of big organisations now there are a lot more people who are from diverse backgrounds than there ever have been."

The judges said Allan was a well-respected CFO that is highly intelligent, competent across the numbers, but with a thorough understanding of key strategic issues.

"She is also seen as a gifted team leader, operating with a demanding yet compassionate approach."

They said Allan also had a significant impact in steering Foodstuffs through a particularly challenging regulatory landscape, including the Commerce Commission review of the retail grocery sector.

"She is a leading example of a CFO who deeply understands finance and strategy and strongly supports the CEO and management in driving significant value."

Finalist: Marc Rivers — Fonterra

Marc Rivers

Marc Rivers is proud that he is leaving Fonterra in good shape after five years of hard graft to turn the company's financials around.

Rivers, who began as Fonterra's chief financial officer in 2018 after spending 12 years at pharmaceutical company Roche, said some of the toughest moments were the losses the co-operative made. "I was the first CFO to post a loss at Fonterra in my first year, then I topped that off with having an even bigger loss in the second year. That was definitely the low."

But he always had confidence that things would get better. "You know in your darkest hour that's when the dawn is coming. The highest moments have been probably the earnings release for this past year. It was gratifying to see the fruits of all that pain and everything we went through."

Rivers said one of the things he will take away from the experience is the importance of being really clear on your purpose.

"Why does Fonterra exist? It is a farmer-owned New Zealand dairy co-operative and so the big insight there was our purpose to collect their milk, process it and make it valuable and bring the money back home. Once you start to drift away from that core purpose that's when you start to get into trouble. And I think that is what had happened — all with good intention. I don't think there was ever bad intention."

That led to the sale of a number of non-core businesses it owned while then using the proceeds to improve the co-operative's balance sheet.

Rivers said another lesson was the importance of culture. "Something [Fonterra CEO] Miles really brought that I tried to bring is at least to have an atmosphere where people feel safe and that they can say what's on their mind because the reality is the team had all the answers, they knew what was needed. They just needed to feel comfortable to be able to say what they think and then we could have real conversations and suddenly the light shines and you know how to go.

"The numbers bit is kind of the easy part. These other bits are the real lessons."

Rivers said being a good CFO was about setting the tone from the top.

"The reality of the problems we all face now is they are so complex that there's no problem that can be solved by one individual or by one function. All the problems we face are complex and require cross-functional collaboration to solve them and so it's all about team effort.

"I think the most important thing finance can do, the CFO therefore, is advocate absolute transparency, just shine a light on everything and hold a mirror up to everything so that we know what we are dealing with and then you have the best chance of being able to solve an issue."

Rivers doesn't have another job to go to, but will chair the audit and finance committee of Te Whatu Ora or Health New Zealand.

The judges said he was regarded as a highly popular and respected CFO by many employees within Fonterra and had high credibility among the co-operative's farmers.

"Marc has been instrumental in the strategy of selling non-strategic and underperforming assets, and lowering leverage in the business to achieve a strong balance sheet, improved credit rating outlook and financial flexibility, with a renewed focus on excellence in the dairy milk and ingredients businesses that are most important to dairy farmer returns. The success of this strategy has been apparent in the last six months as Fonterra posted a record milk price alongside improving, strong earnings in both the 2022 and present 2023 years.

"Marc also had an impact on improving morale and restoring confidence in the Fonterra finance team.

"He is regarded as a highly popular and respected CFO by many Fonterra employees and has high credibility among the co-operative's farmers."

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

Chairperson of the Year

Mark Verbiest — Meridian, Summerset

A highly collaborative approach

Tim McCready

Mark Verbiest's respected and trusted governance style, along with the success of the companies he chairs, is what distinguished him as the Chairperson of the Year in this year's Deloitte Top 200 awards.

Verbiest is chair of Meridian Energy and Summerset Group and a director of ANZ Bank New Zealand. He previously chaired Spark, Transpower, Freightways and Willis Bond Capital Partners, and was a director of the Financial Markets Authority.

"He operates with a respected and trusted governance style, a highly collaborative approach, and clearly relishes the diversity of thought that comes from working as part of a team," says Deloitte Top 200 judge Hinerangi Raumati-Tu'ua. "The companies Mark is involved in are all quite different, and are all performing well."

Verbiest says he is a good listener and has always had a very keen eye and ear to the wider stakeholder set.

"That is really important," he says. "I am not one to shut people down in conversation or steer people in a particular direction."

The judges recognise that it speaks to the way someone is regarded around the board table when they become the chair of multiple boards as Verbiest has done — especially since the workload of a chair is multiples of that of a director.

Meridian's net profit after tax rose 55 per cent in the year to June, with the company reporting customer sales volumes growing six per cent. Summerset Group delivered an underlying profit of $82.5 million for the six months ended 30 June 2022, a 9.2 per cent increase on the first half of 2021.

Verbiest says it is important to him that the roles he takes on not only make a meaningful difference to New Zealand, but they must also involve a challenge. He points to Summerset Group, one of New Zealand's leading retirement village operators, as an organisation that fulfils both these requirements.

Like many countries around the world, New Zealand has an ageing population, and it is projected that by 2034 there will be 1.2 million people aged 65 and over. With this, it is expected that demand for aged care services will also increase.

"I am very conscious that we need facilities that provide care not only for our residents, but also for people that come in from outside," says Verbiest. "That has become a challenging space given the dearth of people, including aged care nurses, that are currently available. It is a problem that is becoming progressively worse, with the burden falling more and more on the public sector which is already stretched."

For Meridian Energy, Verbiest says the bold climate change and clean energy aspirations the board and management team have agreed is another big challenge but will also make an important difference to New Zealand.

As part of Meridian's refreshed Climate Action Plan, the country's largest renewable energy generator plans to take ambitious action on climate change to achieve its 'Half by 30' target, halving its FY21 baseline emissions by FY30 — including all scope 1, 2 and 3 categories. Meridian is also supporting New Zealand's efforts to achieve net zero emissions for all greenhouse gases by 2050, which Verbiest says the entire organisation from top to bottom is committed to.

"Given we produce 30 per cent of New Zealand's needs, there is a massive amount of capital investment we need to commit to over a long period of time — these are not short-dated assets."

Meridian recently announced a target of bringing seven new large-scale renewable generation projects into operation around New Zealand in the next seven years. "We focus on this a lot, even though some investors might say we can't be certain on returns because the policy isn't clear at the moment," Verbiest says.

"But we are going to go for it anyway because it needs to happen, and we are making some assumptions that the things we can't control will work out."

> I am not one to shut people down in conversation or steer people in a particular direction.
>
> Mark Verbiest

Finalist: Prue Flacks

Prue Flacks has chaired Mercury since 2019, having been a director since 2010. She was previously a director of Chorus, BNZ and chair of Queenstown Airport.

The Deloitte Top 200 judges applaud the role Flacks has played successfully navigating the electricity generator and retailer of electricity, gas, broadband and mobile services through significant change recently.

"Flacks has overseen some of the most challenging aspects the role of chair carries with it over the past few years, while the organisation continues to deliver for shareholders," says Deloitte Top 200 judge Raumati-Tu'ua.

In 2020, Mercury's chief executive Fraser Whineray left after five years as chief executive and 11 years service with the business. The judges note the transition to Vince Hawksworth, previously chief executive of Trustpower, is an example of a great CEO transition which has gone well. "We were lucky to get Vince on board, one of the most experienced chief executives in the industry," says Flacks. "He has a very clear understanding of the expectations and priorities of the board and I support him to do what the company needs to deliver. We operate a very high trust model, which has been very effective."

She describes the role of chair as providing an important bridge between the board and management and says the composition of the board is something that must be carefully managed.

"Having the right people with the right skills around the table, and balancing that with experience and personalities is easier said than done," she says. "I try to create an environment where everyone feels they can contribute."

The judges congratulated Flacks for overseeing meaningful acquisitions. The New Zealand operations of Tilt Renewables was acquired in late 2021, followed by Trustpower this year. The latter has doubled Mercury's total customer connections and accelerated its entry into the telecommunications market.

"We are now New Zealand's biggest electricity retailer by customer market share — that is the opportunity Trustpower gave us," Flacks says.

"It is not that being biggest is best, but scale does matter. Trustpower and Mercury were two complementary businesses but putting them together has given us scale and a good platform to invest further."

Flacks says that the challenge for gentailers is fulfilling the critical role they play in the transition to a low carbon economy, while also being mindful of the current economic climate.

"We need to ensure Mercury is able to contribute to the significant investment that will be critical if the country is to achieve its 2050 carbon objectives, but at the same time we acknowledge that electricity is an essential utility and the electricity bill is a large component of some household budgets."

She says Mercury has been providing support to customers facing financial difficulties, working alongside Kāinga Ora, budgeting agencies and community organisations.

"We are trying different ways to make sure our customers aren't left behind as we also invest in the new generation that is required," she says.

"It is a difficult challenge. We tend to attract a lot of criticism that I don't think is always deserved."

Prue Flacks

Dame Therese Walsh

Finalist: Dame Therese Walsh

The Deloitte Top 200 judges say that as chair of both Air New Zealand and ASB Bank, Dame Therese Walsh has demonstrated her mettle as a chairperson throughout the pandemic.

Walsh also chairs the Chapter Zero NZ steering group, part of a global network of directors committed to taking action on climate change. She is a director of Antarctica New Zealand and On Being Bold — a collaboration of business leaders inspiring women at all stages of their careers.

Walsh was previously chair of TVNZ and Pro-Chancellor of Victoria University of Wellington and was made a Dame Companion of the New Zealand Order of Merit in the 2015 Queen's Birthday Honours for her contribution to sports administration.

Deloitte Top 200 judge Raumati-Tu'ua says Walsh has an engaging and inclusive style, and has defined herself as someone who excels in the role.

Walsh likes to oversee a "slightly more extrovert board", by making sure directors get out of the boardroom.

"I don't want to be hidden in the boardroom the entire time," she says. "It is really important to understand what your customers, staff and other stakeholders are truly feeling about the business."

This is, in part, why Walsh convened the recent Air New Zealand business mission to New York.

She says that trip, led on the ground by Deputy Prime Minister Grant Robertson, was a chance to remind some of New Zealand's top business leaders what they had been missing out on as Air New Zealand gets back to doing what it used to do: "being a really important part of NZ Inc thinking and the country's economic development".

Air New Zealand was hit hard by the pandemic and had to react swiftly to the curve balls of Covid which saw international borders closed and severely restricted domestic travel.

Walsh oversaw the airline through the turmoil, including a successful $1.2 billion equity raise, which will be used to repay its government loan and strengthen its financial position for recovery.

"This was fundamental to the ongoing ability for Air New Zealand to operate and support the economy — it was mission critical," she says.

Raumati-Tu'ua says that alongside Air New Zealand, Walsh has also competently led ASB Bank through a period of deep global and domestic financial and economic uncertainty.

Walsh says uncertainty, and "picking what needs to be done and the right time to do them" has been something that unites her role as chair of ASB Bank and Air New Zealand.

"The broad and deep global and domestic financial and economic uncertainty means that ASB is continuing to identify ways to assist and support its customers to prosper and make financial progress," she says.

Despite her corporate successes over the past 12 months, Walsh says what has been most rewarding has been the ability to reconnect in person with the teams across the organisations she is involved in.

"It has been the ability to have them back in the office, interact with them and hear what has been happening in their lives and how passionate they remain. People have endured a lot. It is those smaller moments from reconnecting that have been the real highlight."

The Chairperson of the Year award is sponsored by Forsyth Barr.

Judges' Award

Sir Rob McLeod

Expert business adviser for all seasons

Graham Skellern

Sir Robert (Rob) McLeod, renowned tax specialist, government and iwi adviser and board director, can straddle Māori and Pakeha worlds with ease.

McLeod, the 65-year-old chartered accountant and tax lawyer, was selected by the Deloitte Top 200 awards judging panel for this year's special Judges' Award.

Judging panel convenor Fran O'Sullivan says Sir Rob's accomplishments reach far and wide, from advocating for Māori interests and entrepreneurship through to playing a role shaping public policy and driving outstanding business outcomes.

"The judges consider his immense contributions to date, alongside those still to come, will continue to leave a legacy well into the future for New Zealand and Australian business and our wider communities."

McLeod has been in the vanguard of significant change. Operating with the Beehive, he chaired the Government Tax Review 2001 — which received high praise in New Zealand and internationally — and earlier was on the Ministerial Taskforce on Tertiary Education, resulting in the Todd funding report. He represented the Institute of Chartered Accountants on the organisational review of the Inland Revenue Department, and was a member of the establishment team for the Māori development agency, Te Puni Kōkiri.

McLeod was also on the Hui Taumata Taskforce that championed increasing Māori workforce participation, entrepreneurship and enhancing Māori leadership and governance.

He was a commissioner with the Treaty of Waitangi Fisheries Commission charged with distributing fishing assets to Māori. An advisor to Te Runanga o Ngāti Porou, the second largest iwi in New Zealand, McLeod was the lead negotiator for the successful $110 million treaty claim which resulted in the Ngāti Porou Claims Settlement Act 2012. The East Coast Ngāti Porou has more than 72,000 members with 58 hapu and 48 marae.

Lawyer Matanuku Mahuika, a treaty settlement negotiator and previous chairman of Ngāti Porou Holding Co, said McLeod has made an enormous contribution to the iwi.

"He was our lead negotiator for the treaty claims settlement and he has helped support the tribe in other ways with his tax, accounting and commercial expertise.

"He has always given support when requested and he hasn't turned anything down, not as far as I know."

Mahuika said McLeod has stayed very loyal to his Ngāti Porou roots and has given his time generously and freely. He has brought his variety of skills to bear.

McLeod is credited by friends as having a fantastic mind that can accommodate all manner of commercial issues and other things.

"He has that traditional Māori long memory," says close friend Sir Roderick Deane who invited him to join the then Telecom board when Deane was executive chairman.

"I've heard him talk to audiences in Te Reo and English, and he participates in hui," he says. "Rob is a fine person with his standards and generosity of spirit and willingness to help others especially iwi and community groups and if they can't afford it, he will do it for free."

After completing a joint law and commerce degree at Otago University, McLeod became a partner of one of the big four international accountancy firms Peat Marwick (now KPMG) in the mid-1980s at the age of 27.

He set up his own tax and business advisory firm and then moved to Ernst & Young NZ as partner and chairman. He chaired the New Zealand Business Roundtable (now the New Zealand Initiative) from 2002-10 while Deane was vice-chairman.

He is presently chair of Sanford, Ngāti Porou Holding Company, Quayside Holdings, E Tipu E Rea, and a director of Port of Tauranga.

McLeod has been the principal tax advisor to leading companies such as Carter Holt Harvey and Fonterra. He is also the trusted tax advisor to some of New Zealand's wealthiest families and individuals.

He is a frequent speaker on tax subjects at conferences and seminars, has lectured post-graduate classes at university and has been a joint supervisor of a PhD in taxation law.

He has written countless papers on taxation, including the 1998 book *Andersen's Income Tax Companion*.

Deane, who helped nominate McLeod for his knighthood in 2019, says from a very modest family background on the East Cape, he has forged a successful business career.

"The key feature enabling Robert to make a major contribution to New Zealand has always been his ability to move effortlessly from the marae to the boardroom to the Beehive. "He brought the thinking of the business world to the marae and the thinking of the marae to the boardroom.

"For colleagues, clients and Ministers across the political spectrum, he was always someone to trust and receive intellectually rigorous advice from. For staff, he was a mentor and someone to emulate. For the organisations he has worked for, he was a leader. For Māoridom, a role model," says Deane.

"To all these endeavours Rob has brought an incisive mind, a thirst for work and engaging social skills. Spanning such a diverse range of our society — from taxation to education and defence — while staying successful in the business world has always stretched Robert's available time.

"He has provided his time and energy generously. And he has been a leading advocate for Māori social and economic development."

McLeod, who also has Scottish heritage, has always been strong on Māori education with support from stable and nurturing whānau, but he has mellowed on success or achievement. "I used to think that the more Māori going to university the better. But there's a part of me now that thinks university isn't the holy grail," he told E-Tangata online magazine.

"Success is for the individual Māori to have the freedom to choose and the ability to go down the path they define as successful. The key thing is we should focus on how we facilitate that choice.

"Māori must learn a skill set — be it plumber or carpenter — that takes you off the minimum or low wage."

From personal experience — he was the youngest of five siblings and felt his brothers and sisters were far brighter — McLeod said Māori have not had high enough aspirations and confidence in their own ability.

"It's a self-confidence issue and aspiration is crucial. And parents play a major role in this in the sense they have to affirm and encourage their children."

He later told Radio New Zealand the main focus of the Māori economy should be on human capital and labour — not on the growth of asset values as a result of treaty settlements.

"There's plenty of raw talent amongst Māori and they can quickly adapt to new technology. One of the constant themes is that 'we can't start a business because we are blocked by access to capital'. But they can perform services such as arts and craft or get a trade.

"Services businesses don't need capital — I'm sure Howard Morrison didn't need it — and the important thing is to diversify your skills so the demand for you (human capital) is higher," McLeod said. "Skills in arts and craft, for instance, are highly marketable."

McLeod and his wife Joanne, a former Bell Gully tax partner, live in West Auckland but they spend their leisure time on the 36ha family property at Kennedy Bay, along a gravel road from Coromandel township. Their three sons have houses there.

McLeod is a keen fisherman, an excellent pianist and a collector of hard-to-find musical renditions. He is fascinated by the genealogy of his Ngāti Porou descent and has more than 8000 entries for his family whakapapa on his personal computer, going back hundreds of years.

Achievements

Appointments

- Chair of the Government Tax Review 2001
- Member of Hui Taumata Taskforce to increase Māori workforce participation, promote entrepreneurship and enhance Māori leadership and governance
- Member of the Capital Markets Taskforce in 2008
- Lead Negotiator for Te Haeata (Ngati Porou Treaty Settlement Committee)
- Member of establishment team for Māori development agency Te Puni Kokiri, and organisational review of IRD, representing Institute of Chartered Accountants
- Member of Independent Ministerial Advisory Panel for the Defence Review; National Infrastructure Advisory Board; Ministerial (Todd) Taskforce on Tertiary Education; Maori Economic Development Ministerial Taskforce
- Past Commissioner of the Treaty of Waitangi Fisheries Commission
- Advisor to Te Runanga o Ngati Porou
- Chair NZ Business Roundtable 2002-2010

Awards

- 2010, inaugural winner of the Maori Law Society Award for Tax, Banking and Finance
- 2019, won Outstanding Contribution to Finance & Business award at the annual NZ Chief Financial Officer awards
- 2006, Auckland University Business School Maori Business Leaders Award for outstanding leadership and economic policy development
- 2019, Knight Companion of The New Zealand Order of Merit

Most Improved Performance

Fonterra

Increasing the value of milk production

Graham Skellern

Fonterra, more than many, has to weather prevailing global market conditions — the outlook for next year is soft — but the dairy giant isn't worried as it continues to roll out a resilient and sustainable growth strategy.

As part of its 2030 plan, Fonterra is focusing on the value of New Zealand milk, achieving net zero carbon emissions in 2050, leading dairy innovation and science, including new products, and returning about $1 billion to farmer shareholders.

Fonterra operates three divisions — consumer (milk), ingredients and food service — and it is expanding its cream cheese range. It has developed the MinION genome sequencing device which provides dairy DNA faster and cheaper, and the Whey Protein Concentrate used to create different textures in yoghurt.

Chief executive Miles Hurrell said "we continue to believe that New Zealand milk is the highest quality and most sought-after in the world. Our milk's carbon footprint is one third the global average for milk production due to our grass-fed farming model.

"Just over a year ago in the midst of Covid-19 we reset out our ambitions where we'd strengthened our balance sheet and shored up our foundations. We believe the fundamentals of New Zealand dairy are strong.

"We see total milk supply here likely to decline and flat at best. This gives us the opportunity to maximise the value of our milk through three strategic choices — focus on the milk pool, lead in innovation and science, and lead in sustainability.

"While our operating environment has significantly changed, we have shifted from reset to growth and we are delivering for our customers, farmer shareholders and New Zealand as a whole by driving greater value and meeting the increasing demand for sustainable dairying.

"This is testament to the resilience and the focus of our people. I am really proud of what we've been able to achieve together."

The Deloitte Top 200 Awards judges thought so as well, naming Fonterra winner of the Most Improved Performance category ahead of fellow primary producer and global exporter Silver Fern Farms and 70-year-old Steel & Tube.

Judge Ross George said as a $20b company owned by 10,000 farmers, Fonterra plays an important role in the economy, "particularly for many rural communities".

Fonterra paid close to $14b to its dairy farmer suppliers this year. The judges noted positive improvements across the business driven by a refreshed, local management team.

"Fonterra sometimes faces vocal opposition to their industry. But it has made moves to become more sustainable and has recently introduced a bovine emissions reduction plan along with trialling seaweed as a supplement feed for dairy cows, and working with Government on reducing permanent agricultural emissions," said George, managing director of Direct Capital.

For the year ending June, Fonterra delivered revenue of $23.4b, up 11 per cent, mainly due to higher product prices; earnings before interest of $991m, up 4 per cent; and normalised profit of $591m, an increase of 1 per cent. Milk collection was down 4 per cent to 1.478b kg of milk solids (MS).


Simon Limmer


Mark Malpass

The biggest market of Africa, Middle East, Europe, North Asia and Americas (AMENA) took $8.6b of the sales, Asia-Pacific, including New Zealand and Australia, $7.87b, and Greater China $6.6b.

The co-operative returned $13.7b to the economy through a record farmgate pay-out of $9.30/kgMS and a dividend of 20c a share — making a total payment of $9.50/kg for milk supplied. Fonterra's earnings per share was 35c, up 1c, and it has estimated 45-60c for the present financial year — with a farmgate midpoint price of $9.25/kgMS.

Its 2030 forecasts are earnings before interest and tax of $1.325b, earnings per share 55-65c, and dividend of 30-35c a share.

Up to 2030, Fonterra is planning to invest $1b in sustainability, $1b moving more milk to higher-value products, $160m a year in research and development, and distributing $1b to shareholders after asset sales.

That may come sooner than later. Last month Fonterra announced the sale of its Chilean business Soprole to Gloria Foods for $1.055b. "We are now at the end of the divestment process after deciding not to sell our Australian business," said Hurrell.

> We reset out our ambitions where we'd strengthened our balance sheet and shored up our foundations.
>
> Miles Hurrell

On the sustainability front, water use by manufacturing sites in water-constrained regions have reduced and are now below the 2018 baseline, and 71 per cent of shareholders have a farm environment plan.

Fonterra is transitioning away from coal and is continuing to reduce greenhouse gas emissions.

Some people are still saying Fonterra is the wrong industry in the wrong country, with dairy operations around the world being in-market and close to the consumer. If that's the case, Fonterra has bridged the distance through singled-mindedness, innovation and quality, and has done pretty well — being a very important ingredient of the economy.

Finalist: Silver Fern Farms

Leading meat processor Silver Fern Farms has mastered the art of adaptation in the face of Covid and supply chain challenges — the result is a record financial year.

"We've got all three parts of the business acting cohesively — the sales and marketing, operations (14 plants and 7000 staff) and 13,000 farmers who supply us. This hasn't really happened in the past," said Simon Limmer, Silver Fern chief executive.

"The three parts are working well together — the cohesion and capability are the keys to our success.

"We have managed to find pathways to market in a volatile, disruptive environment and changing demand in China and United States. We are getting good market returns.

"We will keep adapting to what Covid throws at us in terms of labour and supply chain challenges.

"We will continue our farmer-facing, market-led strategy, keep investing in our brand (grass-fed New Zealand meat) and get closer to our customers offshore," Limmer said.

Last year Dunedin-based Silver Fern increased revenue 10 per cent to $2.75 billion and net profit rose to $103m, from $65m. This time around — Silver Fern's reporting is the calendar year — revenue is expected to surge well over $3b and profit to double. It is one of the top 10 companies in the country.

The judges said Silver Fern has performed really well in what could have been a difficult ownership structure — split 50/50 across its farmer co-operative and Chinese firm Shanghai Maling.

"Silver Fern has been working on the branding and strategic positioning of its venison, lamb and beef products and focusing on its environmental positions. Sustainability is becoming a core part of its decision-making with a clear goal of transitioning the company to a nature-positive meat brand," the judges said.

Lately, capital expenditure reached $250m with investment in infrastructure (such as automated processing lines), farmer and marketing relationships, new products (premium net zero beef, a first, recently launched in New York), and digital technology.

"Three years ago we didn't have anyone in China; now there are 30 sales and marketing people operating out of our Shanghai office," said Limmer. "It's important to have direct connections with customers — they don't want to just eat the meat; they want to know where it's grown and what is the environmental impact."

Silver Fern is part of a joint venture with Fonterra, Ravensdown and others to develop new technology to reduce methane emissions and improve farming practices.

It has been making reward payments to farmers for offsetting carbon on their farms. "We set procurement prices every two months ahead and when we've had better market returns, we've sent a signal to our suppliers that we are prepared to share the risk and reward," said Limmer.

Finalist: Steel & Tube

The turnaround for Steel & Tube is complete and now the 70-year-old company can continue to concentrate on growth and reinforcing customer relationships.

"We've had some great few years driving the transformation of the business with a very good team and seasoned directors," said chief executive Mark Malpass. "It's all about people and we have built a strong culture with high engagement.

"We've strengthened the balance sheet, made some acquisitions, introduced digital technology, made sure our operations are lean and efficient, and got under the bonnet to clearly understand our customer base and what they need," he said.

A decade ago Steel & Tube, which listed on the NZX in 1967, fell off the radar under Australian ownership and "became corporatised". The company racked up $140m in debt while new players entered the market.

"Steel & Tube had to do a lot of financial restructuring and raise capital under pressure," said Malpass. "Everyone was out for us, and it took a year or two to get up and pumping again. Over the last three years we have been building the customer value proposition."

Steel and Tube's return is impressive. For the year ending June the steel processor and distributor reported revenue of $599.1m, up 24.6 per cent; operating earnings (ebitda) 66.9m, up 77.9 per cent; net profit $30.2m, up 96.4 per cent; and earnings per share 18.3c, up 96.8 per cent. Its annual volume lifted 5.7 per cent to 167,000 tonnes, up from 158,000 tonnes.

Steel & Tube is a long-time player and the public face in an important industry for New Zealand, the judges said. Over the past 12 months in challenging economic circumstances, it has been among the highest performing stocks with a total shareholder return of 48 per cent.

"Steel & Tube's board and management inherited a tough situation but have managed to transform the business, and have communicated well throughout that process. They've also responded strongly to both Australian and imported competition, managing to hold their own in an incredibly competitive industry," said the judges.

Steel & Tube, with staff of 850, reduced its operating plants around the country from 50 to 27 and saved 20 per cent in costs. It invested in new equipment to expand its plate processing, and it bought two companies to increase its offering — Fasteners NZ and Kiwi Pipe and Fittings, now contributing to the group's increased earnings.

Steel & Tube has processed coil for the composite deck flooring in the Auckland Commercial Bay shopping centre, and its stainless steel cladding is a feature of the new Christchurch Convention Centre.

The company has 12,000 customers on its book and it has "built a tight relationship" with the top 800 making up two-thirds of the revenue. "We've developed a digital platform so they can order efficiently and receive the (testing and quality) certification quickly," said Malpass.

"We run a warehouse system where we forecast six months ahead on the customer demand and make sure we have the right products positioned for the profit margins."

Steel & Tube has a market capitalisation of $215m and is about the 60th biggest stock on the sharemarket. Malpass' ambition is to climb above nine or 10 companies and enter the NZX top 50.

"That will give the stock more liquidity and analyst coverage. Liquidity is important and we need another $100m in market cap."

Best Growth Strategy

Scott Technology

Making an imprint on automation technology

Graham Skellern

Scott Technology, specialising in automation and robotic systems, may be tucked away in Dunedin but over the past four years it has become a true New Zealand global manufacturer and distributor.

For some 100 years, Scott has quietly operated as a skilful engineering firm making bespoke design and build systems. It branched out in 2018 and bought businesses around the world including Europe and the US, acquiring different technology, skills and capability along the way.

Scott identified three core sectors for growth in production lines and processes — meat and protein processing, mining, and materials handling and logistics (warehousing automation) — and established a high performance 2025 strategy.

The public-listed company — it joined the NZX in 1997 — is 18 months into its new strategy and has booked a record pipeline of $190 million worth of new projects — with most of the orders completed within a year and replenished every month. Scott has nearly doubled its revenue over the past four years or so.

Reset and delivery has earned the established and innovative company top place in the Best Growth category of the Deloitte Top 200 awards.

Chief executive John Kippenberger said "the growth has come from products where we have proven experience, and instead of designing and building from scratch, we sell trusted technology to large markets multiple times over.

"What we call a product is a $15m to $20m automation system, and of course we will still tailor to suit the client's environment. All large automated systems have a high level of complexity with x-ray machines, vision technology and robotics. And the system needs to deal with so much data at speed.

"We have increased our sales efforts and driven efficiency in the manufacturing operations — same product, same technology, more times over. We've been able to expand our European materials handling business into the high-growth North American market."

Scott has established full manufacturing facilities in Qingdao (China), Belgium, Czech Republic, Charlotte (United States), Melbourne and Sydney (Australia), as well as in Dunedin, Christchurch, and Auckland (through Rocklabs, which it bought in 2008 for its automated sample preparation equipment in the mining industry).

It has sales and servicing offices in France, Germany, UK, Chile, Perth and Brisbane.

Scott operates in the big league and has completed logistics and warehouse automation projects with McCain, Danone, PepsiCo, Cargill, Bosch, Electrolux, GE Appliances and Pfizer; creating transportation for large tyres around Bridgestone's plants; and automated mine laboratory systems for Rio Tinto and BHP. This year Scott signed a US$37m (NZ$59m) project with JBS Foods Canada for a fully-automated warehouse with 10,000 carton capacity.

There's also an agreement with Caterpillar, the world's leading manufacturer of construction and mining equipment, to develop an automated connection to support stationary charging of electrified machines. Scott will be modifying its Robofuel product, which automates traditional diesel refuelling of mining vehicles. It has delivered automated processing

> We have increased our sales efforts and driven efficiency in the manufacturing operations — same product, same technology, more times over.
>
> Scott Kippenberger

(Lamb Primal) systems for New Zealand's leading meat processors Silver Fern Farms, Alliance Group and Anzco Foods, as well as Thomas Foods International in Australia.

For the past financial year ending August, Scott recorded revenue from continuing operations of $221.75m, up 8 per cent; operating earnings (ebitda) of 23.9m, up 14 per cent; and net profit of $12.65m, an increase of 50 per cent.

The judges said Scott was a longstanding Dunedin success story, and has continued to carve a path globally, now generating more than $220m in revenue compared with $133m in 2017.

The world has caught up with the company's forward thinking and innovative approach. "Scott's time has come as more businesses are investing in technology and automation, or robotics as you and I may know it," said judge Ross George, managing director of Direct Capital.

"With impressive operator John Kippenberger at the helm, Scott created a strategy of driving more revenue from repeatable products and services. Its two-year annualised total shareholder returns are 28 per cent."

It was great to have Scott waving the New Zealand flag in such a future-focused industry, George said.

Finalist: Freightways

Since Freightways is into express delivery, it's no surprise it doesn't intend to stand still — always keeping an eye out to grow its business.

Freightways chief executive Mark Troughear said the company had bought 47 businesses in Australia and New Zealand over the past 18 years. "Some may have been a single man and truck doing document destruction in regional Victoria. We might look at 50 businesses a year and buy four on average — anything from $100,000 to $200 million in revenue."

Listed in 2003, Freightways has implemented a "three horizons" growth strategy based on four operating divisions: Express package and business mail (NZ Couriers, Post Haste and others); temperature-controlled delivery (Big Chill Distribution); information management; and waste renewal (document destruction and recycling).

Freightways is leveraging its assets by adding innovation, efficiency and services to what it already has.

"We've tried 31 different ideas," said Troughear. "We look for new ways that add value. You trial them; if they don't work, you shut them down."

Three of the ideas are up and running and earning good revenue. There's Kiwi Express Oversize for packages more than 25kg, such as flat pack furniture; new warehouse racking and IT systems for couriers to "pick up, pack and despatch" and take advantage of the growing e-commerce trade; and a new online tool, MyChecks, that completes background checks through Ministry of Justice, NZTA, ACC and others on potential employees.

Recently Freightways bought Allied Express, one of Australia's largest independently owned courier and express freight providers with 450 staff and 1750 clients, for A$160m (NZ$172.6m). This presented a significant entry point into the Australian market for Freightways' express package division.

The company now operates a sales team of 200, out of total staff of 6000, in New Zealand and Australia, looking for business opportunities and managing existing customers. It runs 1200 couriers, 200 refrigerated trucks, 250 posties (DX Mail) and 50 document destruction and archive vehicles in New Zealand; and 700 couriers, 200 waste collection vehicles and 80 archive vans in Australia.

In the financial year ending June, Freightways grew its revenue 9.1 per cent to $873.09m, operating earnings (ebitda) 1 per cent to $130.2m, and net profit 4.1 per cent to $73.9m.

Judge Ross George said Freightways' track record of sustained performance continued again this year.

"Freightways redefined its business model several years ago and positioned themselves with a focus on last-mile delivery to our front doors. The recent rapid growth of online purchases has rewarded this well thought out strategy."

"The company's long-time focus on systems, innovation, efficiency and future scalability has seen long-term growth in total shareholder return to an annualised 14.5 per cent over the last 10-years," the judges said.

Finalist: Toyota

Four years ago, Toyota NZ made a bold step by changing the way it sells its new vehicles, and introduced the Drive Happy Project.

The move worked wonders.

Toyota, one of the top three trusted consumer brands in New Zealand for some time, changed to an agency model with the same transparent, haggle-free pricing — considerably lower than previous recommended retail prices.

Based in Palmerston North, Toyota invested $40m in its network of 67 stores, including integrated management systems (there's even an online care builder), and sales people were re-trained as vehicle consultants, product experts and store concierges.

It was a new way of doing business with private, business, fleet and lease customers.

The driveaway price included delivery costs, number plates, registration, a full tank of fuel, floor mats, 1000km of road user charges on diesel vehicles and a seven-day money back policy, if required.

Every new Toyota came with five years warranty, warrant of fitness coverage, roadside assistance, and capped price servicing.

Customers have more options to get the exact model in the colour they want from a pool of vehicles held in Auckland, Wellington and Christchurch.

"We've been on the journey for five years and if you take a hard look back through the lens of the customer, the car buying experience was awful," said Toyota NZ chief executive Neeraj Lala.

"We wanted the customer to feel comfortable and respected in our stores and not feel 'cheated' in the negotiating process.

"The issue was that our biggest competitors were other Toyota dealers," he said. "It was a lottery on what you paid for a car and we can't have that level of confusion."

Lala is delighted to report that 50 per cent of customers have paid for the first three years of servicing up front and 91 per cent of them have stuck to the schedule for the first service.

The customers are also better served with Toyota based in Palmerston North as it is the only city with a 24-hour airport and parts can be delivered anywhere overnight.

During the height of the Covid pandemic, Toyota lost 30 per cent of its new car and 35 per cent of its used car business. The company is now dealing with large back-orders and a waiting list of up to six months.

"We've had 18 consecutive months where we have taken more orders than delivered vehicles. It's an incredible position to be in — our business was not designed for that level of (supply chain) disruption," Lala said. Forty per cent of the sales are hybrid vehicles.

"Let's be honest," said judge Ross George, "we've all owned a Toyota at some stage."

Toyota NZ has more than doubled its profit, increasing to $81m from $37m in 2021, and revenue rose by a whopping $172m over the past year.

Toyota withstood Covid border closures, increased demand for vehicles and a difficult supply chain, the judges said. The company's innovative agency business model New Zealand paid off handsomely.

"Toyota has a strong focus on sustainable business practices, dominating the taxi and fleet market because there's a lower total cost of ownership, and making a meaningful impact on passenger decarbonisation (it has a science-based goal of reducing tailpipe emissions 46 per cent by next year).

"This year, it has also partnered with eight New Zealand businesses trialling a car sharing fleet of hydrogen Toyota vehicles," the judges said.

Mark Troughear

Neeraj Lala

The Best Growth Strategy award is sponsored by 2Degrees.

Young Executive of the Year

Kate O'Brien — Air New Zealand

The value of loyalty

Bill Bennett

Air New Zealand was in a period of transition in early 2020 when Kate O'Brien took charge of its Airpoints loyalty programme.

The company identified "lifting loyalty" as a key to value creation in its Kia Mau strategy. She was given the goal of transforming the programme from its traditional role into a profitable high growth business that resonates with customers.

This meant developing a five-year strategy along with a roadmap for delivering and improving financial performance by setting up Airpoints as a standalone profit centre within the wider business. Doing this gave Air New Zealand fresh insight into the value of its loyalty programme and a better understanding of how to improve performance.

Her team sought out new sources of growth, developed a new white label credit card, expanded the Airpoints Store and recruited new partners.

"It's all about expanding and growing the Airpoints programme to make it easier for members to earn points and easier to spend the points", says O'Brien.

Among other initiatives, her team introduced Flexipay, which allows customers to pay with a combination of points and cash. She added prestigious new brands like Apple and Samsung. During the past two years the range of products in the store increased from 3000 to 10,000.

All this took place as the effects of the Covid pandemic hit Air New Zealand hard. The airline cut capacity, suspended routes and cut costs in an effort to emerge from the crisis in the best possible shape.

O'Brien says this was a tough time at Air New Zealand: "I'm proud of how we managed it. We pivoted quickly to ensure the programme remained relevant for members by focusing on expanding the non-air elements of the programme. We had to make some difficult decisions in terms of cutting costs and letting staff go, of course, that was heart-breaking to do."

Another initiative O'Brien works on involves replacing the technology used to run the loyalty programme. It means moving to a cloud-based, software-as-a-service product. It is a significant, $30 million-plus investment and the largest digital transformation the loyalty business had ever undergone. "It will give us much more agility and improve the customer experience."

O'Brien has been with Air New Zealand for nine years. She grew up in Auckland and studied mechanical engineering at Auckland University before realising that wasn't the right career path for her. Despite loving the maths and physics aspects of the discipline she gravitated towards the business side.

She moved to Australia where she worked in management consulting before working for Qantas as strategy manager then returning to Auckland in a similar role for Air New Zealand.

In their comments, the judges for the Young Executive of the Year award said O'Brien impressed them with her "strong and clearly articulated world-view and her passion for business improvement.

"She has already forged a remarkable path through different sections of the Air New Zealand business and has the ability and insight to grow her career and leadership further."

> I'm proud of how we managed it. We pivoted quickly to ensure the programme remained relevant for members.
>
> Kate O'Brien

Finalist: Nick Flack — Christchurch Airport

Nick Flack grew up in a small rural community in Southland.

He studied economics and accounting at Otago University before embarking on a career at ports and airports around New Zealand.

He says he moved to Christchurch immediately after the earthquakes because he wanted to be involved in rebuilding the large-scale infrastructure in that city.

His first job in the city was at the Lyttleton Port Company. Flack says being part of the early rebuild was an incredible experience. After a couple of years an opportunity opened at Christchurch Airport. He has worked there ever since.

"I started as an infrastructure planner, then moved into a planning manager role looking after the infrastructure", he says.

It's a large job, the airport is on a 1000-hectare site and it owns all the roads and water systems.

From there he took on a role managing all the assets including terminals, runways and campus property as well as the infrastructure.

In that role he was part of a project to change the culture of asset management in the organisation by moving from where the airport's staff looked after everything to an outsourced model.

"I like to see it as a model where we do the thinking, they do the doing. It's driving a culture where we are more mindful about our assets, to be more planned and to be more strategic with the money we spend.

Today, as the airport's General Manager — Planning and Sustainability, Flack has added responsibility for sustainability and planning to his asset management role.

Over the past two years this has grown to include Kowhai Park, a 400 hectare renewable energy development; an energy transition role, the job of creating partnerships around the world and to work on sustainable aviation.

His long-term goal is to prepare the way for decarbonised air transport and to prove the concept for others around the world to follow.

As part of this, Flack has formed relationships with electric and hydrogen-based aircraft manufacturers.

In their notes, the judges say: "Nick clearly articulates the challenges and potential solutions around climate change and sustainability that will make him an asset to his company and the wider industry in the years ahead.

"He has coached and mentored other airlines on reducing Scope 1 emissions and leads Christchurch Airport's renewable transition.

"Nick is skilled, organised and determined. He has a strong orientation to succeed at his challenges and breadth of view to apply these strengths across a range of roles and sectors. It is hard to imagine him not attaining his goals."

Finalist: Victoria Lam — Fonterra

Now based in Singapore, Victoria Lam manages the global marketing team for Fonterra's Active Living business units. Her role included establishing Nutiani as a new global brand for the business.

Active Living's focus is on health and wellness products that the company sells both to consumers looking for health benefits and to medical patients who might have very specific and high nutritional needs.

While many executives have learned to manage remote staff, Lim's role takes this to a new level. She manages a diverse team across New Zealand, Singapore, China, Amsterdam, France and the US.

It is impossible to gather everyone together for an all-hands meeting, so meetings rotate through time zones with a member dropping out and catching up later with a recording.

Nick Flack

Victoria Lam

She has learnt important skills through managing this way: "The skills I am developing in remote global leadership will define future business leaders and be critical to New Zealand's success in an increasingly globalised environment."

There's a role for technology in this. "We have a lot of virtual environments where we're co-planning together as if in a room, or we are editing documents for communications and media live," says Lim.

"But we have people from all across the time zones working on it."

It's hard work, but she says the diversity in the team "enriches our ability to cross-check and make sure things are really robust".

Putting together this team in a pandemic was a challenge. She says she had to recruit, interview and onboard team members virtually. "I actually haven't met all of my team, which is a strange situation to be in after two years. And a lot of my team members have not met each other."

When Lim stepped into her role in 2020, the timelines for the Nutiani product launch had already been established. The original plan was going to drive a lot of protein ingredient promotion, as this was evolving she saw an opportunity to tackle immunity needs. She says it was something people were interested in, especially with Covid in the background. So the team pivoted, dropping the protein ingredient promotion and switching to immunity.

Lim's detailed understanding of the technical and scientific requirements for the development of new products impressed the award judges who also warmed to her enthusiasm for promoting New Zealand food technology to the world.

This, they noted, "will make her a highly valuable business leader as her career progresses."

The Young Executive of the Year award is sponsored by Meredith Connell (MC).

Sustainable Business Leadership

KMD Brands
Embedding ESG

Tim McCready

For the second year in a row, KMD Brands has been acknowledged for its relentless focus on sustainability, taking out the Deloitte Top 200 Sustainable Business Leadership award.

The global outdoor, lifestyle and sports company, formally known as Kathmandu Holdings, is the parent company to three iconic brands — Kathmandu, Oboz and Rip Curl.

Kathmandu gained B-Corp certification in 2019, becoming the largest Australasian retailer to be certified through the stringent process which recognises the highest standards of environmental and social performance. The company continues to push for sustainable practices with both surfwear brand Rip Curl and hiking footwear brand Oboz also working toward gaining B-Corp certification in FY23.

KMD Brands' consistency and leadership in putting sustainability at the heart of its strategy, along with its strong targets and transparent approach was why the Deloitte Top 200 judges awarded it in this category again — a company they say others should compare themselves to as part of their own sustainability journey.

"Kathmandu has significantly influenced Oboz and Ripcurl and the three brands combined are making real evolutionary strides," says Top 200 judge Hinerangi Raumati-Tu'ua. "KMD Brands' focus on sustainability is broader than just themselves — they also work closely with their suppliers. It is clear that KMD Brands is focused on being a global leader in environmental, social and governance (ESG)."

Chief Legal and ESG officer at KMD Brands, Frances Blundell, says that love of and connection to the outdoors is a foundation for all the company's brands. "We are very aware of our responsibility to protect and preserve the natural environment and the communities around it — otherwise there won't be anywhere left for our customers and our products to get out there and enjoy."

The judges were impressed with KMD Brands' action towards its science-based targets to reduce emissions in line with the Paris Climate Agreement goals. It aims to reduce absolute Scope 1 and 2 emissions by a minimum of 47 per cent by 2030 from a FY19 base year, and absolute Scope 3 emissions by a minimum of 28 per cent.

Last year, KMD Brands secured what was then New Zealand's largest sustainability-linked loan. The A$100 million loan is tied to ESG targets. In the first year, its emissions reduction target was achieved for Kathmandu, triggering a discounted interest rate.

KMD Brands' transition to a circular business model will see it eliminate what it calls a "take-make-waste" approach to business. The concept now forms a core base for its work, including boosting the responsible material content in its products from materials that are regenerative, recycled or recyclable, bio-based, biodegradable, responsibly farmed or grown.

Blundell says the starting point for circularity is durability and making products that last many years and can be used for a long time.

"We want to avoid resources becoming waste and ending up in landfill," she says. "This is a huge industry-wide issue. Each of our brands are setting their own specific goals, including using materials that can be regenerated, that come from recycled sources or can be recycled."

As part of this commitment to circular thinking, KMD Brands is working on repurposing and recycling its own waste products. Taking neoprene offcuts from Rip Curl's factory and recycling them into carpet underlay has diverted 133 tonnes of neoprene from landfill in the past year.

Rip Curl also introduced a world-first wetsuit take-back programme across Australia. It accepts wetsuits from any brand and repurposes them into soft-fall matting for playgrounds and outdoor gyms. The programme is now being expanded into the US, France, Spain and Portugal.

To ensure recognition of the interdependence between people and planet is embedded into the mindset and expectations of employees, KMD Brands has amended its group code of ethics. ESG responsibilities have been added to job descriptions for all KMD Brands employees, and ESG-related objectives are now part of its employee goal setting and performance review process. "The team is engaged with our sustainability values and motivated by the conversations happening in the business to embed ESG within decision-making," Blundell says.

"Most people now know that they have a responsibility, and they want to contribute. Being part of something bigger than yourself is a really empowering feeling."

Finalist: Meridian Energy

New Zealand's largest renewable generator, Meridian Energy, generates its electricity from 100 per cent renewable sources — wind, hydro and solar.

Top 200 judge Hinerangi Raumati-Tu'ua notes Meridian has done a significant reset on its sustainability strategy that has driven ambitious targets and meaningful actions that are shifting the dial.

"It is good to see them embracing their role in New Zealand's low carbon transition over and above 'business as usual' and committing capital in a way that is focused on delivering at pace given the urgency of climate change," she says.

As part of its refreshed Climate Action Plan, Meridian plans to take ambitious action to achieve its "Half by 30" target, reducing its gross operational emissions by FY30 from a FY21 baseline — including all scope 1, 2 and 3 categories.

Meridian has recently widened its focus from clean energy to bring a lens on "a fairer and healthier world", which is driving a more holistic approach to its sustainability efforts.

> Being part of something bigger than yourself is a really empowering feeling.
>
> Frances Blundell, Chief Legal and ESG officer, KMD Brands.

This includes the adoption of the updated GRI (Global Reporting Initiative) standards that move away from evaluating materiality based on issues that immediately influence stakeholder decision-making to actual and potential positive and negative impacts on the environment, economy and people — including human rights.

Head of corporate affairs and sustainability Claire Shaw says this is part of the company's efforts to future-proof its approach to sustainability.

"We have to act with integrity — which means doing all the big things really well, but also thinking about the impacts on others," she says.

"You make different decisions when you put people at the heart of the transition. This is pushing us to think more broadly about ESG beyond delivering on decarbonisation."

Since 2019, Meridian has achieved net zero carbon across the operations of its business. Where it can't currently reduce its operational emissions, Meridian has purchased and surrendered gold standard, verified emission reductions.

Meridian's Forever Forests programme will see it displace this by creating its own carbon sink, investing in permanent forests in New Zealand and transitioning them to be 100 per cent native over time.

The judges were particularly impressed with how Meridian is leaning into its role to support New Zealand's net zero by 2050 targets and its transition to a more sustainable, low-emissions economy.

Meridian continues to develop its renewable energy development pipeline to grow generation capacity, which will help the Government meet its target of 50 per cent of total final energy consumption to come from renewable sources by 2035.

Meridian continues to work with customers to accelerate electrification of industrial heat away from coal and of transportation, and is exploring the economic, environmental and energy security opportunities of green hydrogen production.

Shaw says that Meridian's size and scale means it thinks carefully about the impact of the systems that it operates in as it grows renewable energy for the country.

"We continue to respect our role as kaitiaki of the assets we are responsible for and we challenge ourselves to create long term positive impact for New Zealand as a whole. If we do it well, we'll unlock a future that's good for tangata whenua, good for our customers, good for communities and our shareholders."

Finalist: Fisher and Paykel Healthcare

Fisher and Paykel Healthcare (FPH) considers corporate social responsibility and sustainability to be inextricably linked to the way it does business.

The health equipment manufacturer, designer and marketer has a strong focus on the environment, responsible sourcing and efficient use of materials, waste reduction, and modern slavery, and has articulated its intentions in these areas in a new environmental and social responsibility policy.

"We have always had waste reduction optimisation in our DNA," says Jonti Rhodes, vice president — supply chain, facilities sustainability.

"But more recently we made a strong commitment to leaving a positive lasting impact on society and the environment. Not only through the products we provide, but also the environment, the community, and our carbon footprint."

FPH recently formed a governance group with representatives from across the business to provide long-term strategic direction on how the business will continue to make progress in the most material areas.

The Top 200 judges note that there is real evidence of the company's sustainability commitments and a clear intention to embed them into the nature of the business.

They were particularly impressed with the sustainability and social responsibility coverage in FPH's annual report, and the balanced reporting that discusses the trade-offs between doing what is right for the patient and the environment and the many challenges to the environment this brings.

"Fisher and Paykel Healthcare has undergone a significant ramp up in sustainability initiatives in the last few years with key efforts on engaging with people across the business and making real change," says Top 200 judge Raumati-Tu'ua.

"There is a real focus on key initiatives that can affect wider industry and not just its own operations, including eco-design, sustainable packaging, bio-based and circular materials, and environmental lifecycle assessment."

During the Covid-19 pandemic, demand for some of FPH's key products increased by four to five times. This necessitated the need to work 24/7, resulting in higher electricity use and other direct emissions during the 2021 financial year.

But in the long-term as Covid-19 diminishes, FPH is committed to decoupling carbon emissions from production levels. It has been piloting an internal carbon price during FY22 to factor carbon impact into its business decisions.

FPH has been measuring its carbon footprint since 2012, and since 2019 has set ambitious science-based targets for Scope 1 and 2 carbon emissions, along with a Scope 3 supplier engagement target.

It will launch a new sustainable procurement framework to suppliers in FY23 and FY24, selecting and collaborating with those that align with its values, while also providing education and support on relevant standards.

"As a large company, we have some resources that others don't," says Rhodes. "You can't just expel those companies that aren't meeting your standard — we are engaging the supply network and bringing them up to speed with what is needed."

The judges also commend FPH's efforts to nurture a positive and inclusive culture based on trust and respect.

As part of this, it has established employee groups formed around shared identities and experiences and the judges recognise the improvement in the company's diversity and inclusion statistics over the last year.

The Sustainable Business Leadership award is sponsored by The Aotearoa Circle.

Diversity and Inclusion Leadership

We asked ourselves did we really reflect the communities which we participate in and if we were creating a sustainable future for all these different groups.

Heather Polglase, Director of people, culture and ways of working, Spark

Spark

An employee-led approach

Bill Bennett

Spark won the 2022 Deloitte Top 200 Diversity and Inclusion Leadership Award on the back of its broad strategic approach embedding change in the business rather than a specific programme.

The award judges said Spark demonstrates "real leadership in New Zealand with its comprehensive and highly embedded, employee-led approach across the full spectrum of diversity and inclusion".

They say the outcomes of this are "impressive" to date and there is "a sophisticated data-driven strategy for further enhancement of outcomes in the years ahead."

Heather Polglase, Spark's director of people, culture and ways of working, says the company set off on its current path about six years ago, with an organic, bottom-up approach to diversity where the organisation allowed its people to decide and define what a commitment to inclusion might look like.

This grassroots activity led to the start of Spark's Blue Heart programme which focused on celebrating cultural differences. Thousands of people made a Blue Heart Pledge, a personal commitment to diversity and inclusion. That programme still runs today.

In 2019 there was a stocktake. "We did the meerkat thing with our eyes up and out, looking at what was happening then and what might eventuate a couple of years on," explained Polglase. "We looked at what was working well from the Blue Heart movement. Those Blue Heart values and behaviours were integrated into things like our remuneration and performance framework.

"We felt we had done a good job, but we still had big ambitions.

"Women and leadership was a big focus. Another was understanding more about the ethnicity and cultural intelligence that existed in our business and how that might look in terms of talent in the future from a broader New Zealand sense.

"We asked ourselves did we really reflect the communities which we participate in and if we were creating a sustainable future for all these different groups."

At this point, Spark's leadership team realised it needed to complement the bottom-up approach.

Polglase says that in the area of its gender goals it had done well when it came to the gender split among senior team members and the company's board but needed to do more further down in the organisation. That meant working to educate, upskill and set some standards. "Without these goals and providing this data to our leaders, they are probably fumbling around in the dark. So, at this point it became a data and insight game."

Spark's ambition was a 40:40:20 gender balance across the business. That means 40 per cent men, 40 per cent women and 20 per cent of any gender — Polglase says this can include non-binary people.

At the same time, it aims to reduce the median gender gap to 18 per cent by 2025. It was 28 per cent when the goal was set in 2019.

Polglase says the company tracks progress on these measures on a quarterly basis. She says settling on specific goals was a pivotal moment.

It's a structured, data-led approach to embedding diversity and inclusion across the business. Giving leaders data helps them make better decisions. They have targets. Each department now has an action plan to meet its representation goals. At the same time, the company provides specialist support to help leaders, and there are practical tools and training to give them the skills to make this work.

Spark is hard-headed about diversity and inclusion. It's the right thing to do but it's also smart business.

Jacquie Shuker, Lion's change and culture director

Polglase says "you need to show a credible return on the investment. It doesn't have to show up as a dollar line, but leaders need to show the outcome of making that move is generating goodness for people, the company, customers and the country."

Above all, it is now an integral part of Spark's business DNA.

"We've taken diversity, equity and inclusion from being a vertical work stream," said Polglase. "Which is what you have to do when you're setting it up because you need a place for it to come home to. You need to know you've got someone energised and focused on it. The next phase is actually to weave it as a horizontal into how we work and how we show up."

Finalist: Lion New Zealand

Lion established its Gender Balanced Teams initiative three years ago.

The company was close to gender-parity across the entire workforce and had made progress with balancing its leadership, but for women to thrive and for the business to get the full benefits of inclusion it needed to go further and focus on female inclusion at the team level. In practice, the initiative means that any work team in the business with five or more people will include a minimum of 40 per cent representation for both women and men by 2030.

Jacquie Shuker, Lion's change and culture director, says the journey towards this initiative started more than a decade ago as the wider community became more inclusive. "We looked at our customer base and we knew that the best way to serve them would be if our team members reflected that."

Today the company's senior leaders have balanced teams as part of their objectives.

There were important earlier steps on the path to more balanced representation. The company introduced flexible working in 2015 and 2016. Shuker says it was a significant change in the way people worked. Then in 2017, Lion moved to close the gender pay gap.

Between 2018 and 2021 Lion made progress, female representation across the company climbed from 47.1 per cent to 51.4 per cent. Yet the business recognised women were not so well represented in key functions such as sales and the supply chain.

She says a lot of people understand what a gender balanced organisation looks like and many organisations target a 50:50 gender balance, but Lion's approach is more nuanced as it aims for gender-balanced teams. "This makes you break down the biases that might exist within certain functions."

Shuker adds the company wanted to get a real cut-through with diverse conversations happening in those teams. "It's productive. The idea is to get to a position where people know they are different from others on the team and that means they need to listen harder to what the others say.

"At the same time, they ask better questions because they are not taking mental shortcuts."

There are a number of initiatives to speed progress. Shuker says that Lion's approach to recruitment has changed — the company now uses a gender balanced interview panel for new applicants.

There is also capability building. Lion has built specific programmes to help and support women to prepare for leadership. At the same time policies in areas such as parental leave have been updated.

The award judges praised Lion for its singular focus and tremendous progress on gender diversity which has made a significant impact.

The Diversity and Inclusion award is sponsored by Barfoot & Thompson.

Visionary Leadership

Jim and Rose Delegat

Executing a super-premium plan

Graham Skellern

Whatever was thrown at them, Jakov (Jim) and Rosemari (Rose) Delegat maintained a strong belief in producing premium international wines and they have executed their plans and dreams perfectly.

They are celebrating 75 years of contribution to the flourishing New Zealand wine industry — no doubt with a glass of their renowned Delegat Oyster Bay Marlborough Sauvignon Blanc, Barossa Valley Estate Shiraz or Crownthorpe Terraces Chardonnay.

Over that time Delegat Group has become one of the country's leading and biggest wine companies with an eye to exporting super premium brands. Its Oyster Bay brand, with the gold-rimmed label, has put New Zealand wine on the world map and maintained longevity.

Leading London wine writer Michael Kime described Oyster Bay as "pretty close to being the elusive stuff of dreams" after it won the coveted Marquis de Goulaine Trophy for Best Sauvignon Blanc in the World in 1991— the variety's very first vintage.

Thirty years later, Oyster Bay is Australia's favourite white wine and was officially recognised by Drinks International magazine as the 25th most admired brand in the world.

Over the last two decades Delegat has grown 22-fold and has passed three million cases in global sales — the equivalent of 200 million glasses of wine.

From the humble beginnings of the four-hectare vineyard in West Auckland, Delegat has spread to more than 3500ha in Hawke's Bay, Marlborough and Barossa Valley northeast of Adelaide.

Jim and Rose had a clear and deliberate strategy and plenty of innovation.

They pioneered the fermentation of chardonnay in French barrique barrels in the 1980s; introduced a new vine selection Clone 6 Chardonnay from California; were among the first to plant vines on the Gimblett Gravels in Hawke's Bay; and developed state-of-the-art wineries.

Delegat has carved a path for New Zealand cool climate varietal wines on the world stage. The wine exporter, publicly-listed since 2006, sold a record 3.36m cases in the 2021/22 financial year ending June, and recorded revenue of $325.6m, up from $255.8m in 2018, and net profit of $63m, up from $46.7m.

Delegat's total assets are nearing the $1 billion mark at $967.3m, increasing from $779.8m in 2018, and the group plans to invest $51.9m next year to help meet its next planned stage — reaching sales of 4.08m cases by 2025, with 21 per cent growth in North America.

Jim and Rose Delegat, the single-minded and dynamic brother and sister combination, were recently awarded Fellows of the New Zealand Winegrowers Association for their outstanding contribution to the industry which now produces $2.8b worth of wine.

They have been described as "industry architects." Their drive, determination and achievement has also earned them the title of Visionary Leaders in the 2022 Deloitte Top 200 Awards.

Deloitte awards judge Neil Paviour-Smith said right from the outset, Jim and Rose backed their vision of New Zealand as an exporter of super-premium wine to the world's most discerning markets.

For two twenty-somethings this was a bold ambition. Jim was the planner and business builder. Rose the marketing supremo. Together they were a powerhouse.

Paviour-Smith said it wasn't all plain sailing. They had to sell control of the company to avoid receivership when a wine glut in the mid-1980s forced a major industry rationalisation. But three years later it was back in family ownership.

By 1990, their pioneering ethos had taken them to Marlborough where their first vintage of Oyster Bay Sauvignon Blanc won gold and the coveted Marquis de Goulaine Trophy at international awards.

"Key to the international success of Delegat and its comparative advantage over other wine exporting companies lies in its single brand (Oyster Bay) strategy targeting the super-premium category. This has enabled Delegat to maintain relatively stable export prices in key markets," said Paviour-Smith.

"Jim and Rose also determined that Delegat should control distribution and marketing in export markets rather than working through agents, an approach relatively rare in the New Zealand wine industry. It has been credited as helping Delegat sustain better relationships and higher margins over time."

Delegat is now a $1 billion public company — Jim and Rose hold 66 per cent — and since listing has delivered an annualised total shareholder return of 16.5 per cent a year.

"Quite a remarkable success story but reflective of the long-term vision and leadership Jim and Rose have brought to the company, which bears their family name, and to the New Zealand wine industry," said Paviour-Smith.

Jim has stepped down as chairman of Delegat Group and is now an executive director and spending less time in the office. But he still works alongside chief executive Steven Carden on strategy and monitoring performance to ensure successful delivery of board-approved business plans.

He was a director of the New Zealand Wine Institute for 13 years and then New Zealand Winegrowers, which was established in 2002 following the amalgamation of the Wine Institute and NZ Grape Growers Council. He is a member of the Institute of Directors.

Both Jim and Rose are still board members of Delegat Group and are only a handful of second-generation family wine producers in the country.

Rose was responsible for initiating the group's drive into export markets in the 1980s and was the inaugural chairperson (1987-90) of the special United Kingdon Exporting Group, part of the NZ Wine Institute. She is also a member of the Institute of Directors.

David Babich, chief executive of rival Babich Wines but a close family friend with the Delegats — Jim and Rose came to his wedding — said the wine industry has always been very co-operative "for a lot of the chain supply."

Babich explains: "For 90 per cent of the supply chain, you are co-operative but the last 10 per cent is getting your brands on the shelf and you are in swinging.

"At that level you are competing with Oyster Bay."

Jim was always helpful, said Babich. "Our families go back 100 years, and Jim was always a phone call away. It might have been for some advice or we need to crush 1000 tonnes, can you do it? 'Yes, I can' Jim would say.

"It might be something minor like borrowing a pump. But when I finished my winemaking degree in 1990, I had the theoretical knowledge but not the practical experience.

"Jim got his winemaker Brent Marris to invite me over and for two to three hours he went through their two-year chardonnay oak trial. He didn't need to do that but it was completely open book," Babich said.

"I thought 'good on Jim for thinking that Brent can do that'. Jim has been pretty giving and a great guy to have in the wine industry."

Babich said Oyster Bay contributed to the establishment of the New Zealand wine industry — it is such a strong and large brand. It commands a presence overseas.

"You have a 2.5 million case brand sitting as an international leader and New Zealand owned and grown. All two million case brands in New Zealand are internationally owned except Oyster Bay.

"Jim and Rose conceived and executed Oyster Bay from nothing. That was an audacious thing to do and there wasn't a precedent for us as winegrowers.

"Twenty-five years ago, Jim and Rose put everything on the line to make Oyster Bay a big brand and that takes a lot of horsepower with a lot of associated risks.

"It was a calculated risk building a profile that would produce a return. I don't think they were rolling the dice — they planned and executed it in a textbook fashion.

"Jim was always willing to bring in a strong team to deliver his concept."

The Delegats signed up Boston Consulting Group to complete a strategic plan. They had a lot of wine

Visionary Leadership

volume coming on stream and they had to develop markets.

They engaged then government viticultural scientist Dr Richard Smart – now a global consultant referred to as "the flying vine doctor" – to establish the Scott Henry trellis system in their vineyards.

Henry, an Oregon winegrower, developed the system which provides more grape yield, less disease and better wine. (Delegat now has the largest area of Scott Henry trellised vineyards in the world).

The Delegats' chief winemaker Brent Marris, responsible for developing the Oyster Bay wine style of zesty flavours and fragrance, travelled the world to launch the brand.

Delegat went to Australia, the UK and then to the US.

"They created a team of 25 – they probably have 40 now – on the ground in the United States to get the attention of the distributors who hold the balance of power," said Babich.

"We were in the US before them but they knew how to get good distribution and we'd see their wine stacked prominently in the retail stores."

It took five years of planning to execute the export drive. "I know how Jim and Rose would have sweated over it – it was a big call and a big return – and the success probably exceeded their expectations," said Babich.

Delegat Group, which has nine wine varieties, now has in-market sales teams in New Zealand, Australia (Botany), UK (London), United States (San Francisco), Canada (Toronto) and China (Shanghai).

North America is the biggest market with 48 per cent of the group's sales or 1.6m cases; UK, Ireland and Europe 32 per cent or 1.06m cases; and Australia, New Zealand and Asia Pacific 20 per cent or 692,000 cases. The 2022 grape harvest was 44,861 tonnes, up 20 per cent on last year.

From top: The Delegat Winery in Ormond Rd, Hastings, 2016, pictured from Evenden Rd, Hastings; Jim Delegat with an artist's impression of the Company's new Marlborough Winery in 2004; Rose and Jim at the floating of Oyster Bay wines on the New Zealand sharemarket in 1999. Jim with a certificate presented to him by NZX after the wine company was listed on the stock market in 2006.

Growing appetite for wine

It all began when Jim and Rose's Croatian parents Nikola and Vidosava Delegat planted vines on their new West Auckland property near the Whau River, an arm of the Waitematā Harbour, in 1947 – after working on a dairy farm in the Waikato to save money for a vineyard and winery.

Nikola died in 1973, and Jim (then 24) and Rose (22) joined forces to drive Delegat forward, recognising a growing appetite for wine in New Zealand.

Vidosava died in 2014 aged 92.

By 1978 Jim and Rose had established vineyards in Hawke's Bay and they bought their first Gimblett Rd property in 1986.

They set their sights on the headlands of the Marlborough Sounds and planted their first Oyster Bay vines in 1988.

In the mid-1980s the industry was in the grips of a wine glut and was suffering. Babich recalled: "There was a trade war going on with Corbans and Montana fighting for supremacy and other brands were caught in the skirmish and selling wine for no profit.

"Then the (Muldoon) Government unexpectedly increased the excise tax on wine and virtually paid you to pull out grape vines. There was big production and a big tax which screwed the industry."

Delegat was sold to entrepreneurial hospitality and technology group Wilson Neill which also owned Cobb & Co, Parnell Iguacu restaurant and the wireless internet company Radionet. Wilson Neill went into liquidation in 2002.

Babich said Wilson Neill poured money in the Delegat production process with new stainless steel and improved infrastructure. Delegat was put on the market and Jim and Rose bought it back and regained control.

"I recall Jim saying it (the receivership) was the best thing that happened and he was really happy afterwards getting back a better asset and being able to make better money," Babich said.

Jim and Rose expanded again.

They bought the financially distressed Hawke's Bay Stony Bay Wines and Matariki Wines, a pioneer developer in the Gimblett Gravels, in 2013 and a 800ha dairy farm beside its Crownthorpe vineyard two years later.

There were two more Marlborough properties in the Awatere Valley, and they crossed the Tasman to buy the 5000-tonne winery and 41ha Barossa Valley Estate (in receivership).

Jim said at the time: "The acquisition of the Barossa Valley assets is an ideal fit with the group's portfolio of high-quality wine."

The sheer quality and consistency of success of Delegat's wine brands – Oyster Bay, Crownthorpe Terraces and Barossa Valley – has lived on.

Jim and Rose never wavered from their four-pillar strategy: Leading global super premium brands; vineyards in three of the world's great wine regions; uncompromising super premium quality; and its global distribution network.

Award-winning performance

In its 75th year Delegat Group celebrated winning the New Zealand International Wine Show's Champion Commercial White title with Crownthorpe Terraces Chardonnay which was judged in February because of the Covid delay.

At the same time, Oyster Bay was again named Australia's favourite white and was officially recognised by *Drinks International* magazine as the 25th most admired brand in the world.

The awards have continued to flow for Delegat Group since Oyster Bay won gold and the coveted Marquis de Goulaine Trophy for best Sauvignon Blanc in the World at the International Wine and Spirits competition in London in 1991.

Here are some of the latest accolades:

92 Points
Delegat Merlot Gimblett Road 2019 at the International Wine Challenge 2021

Gold Medals
Delegat Pinot Noir at New Zealand International Wine Show 2021
Merlot Gimblett Road at New Zealand International Wine Show 2021

Trophy for Champion Commercial White Wine, Double Gold and 96 points
Delegat Chardonnay at New Zealand International Wine Show 2021

Gold Medals
Crownthorpe Terraces Hawkes Bay Chardonnay 2018 at Sydney International Wine Competition.
Awatere Valley Marlborough Pinot Noir 2016 at Mundus Vini (German-based wine academy) Spring Tasting in 2018
Crownthorpe Terraces Hawke's Bay Chardonnay 2015 at NZ International Wine Show in 2016
Crownthorpe Terraces Hawke's Bay Merlot 2015 at NZ International Wine Show in 2016 and Gold Champion
Crownthorpe Terraces Chardonnay 2015 in 2016 New World Wine Awards
Crownthorpe Terraces Chardonnay 2014 at 2016 Decanter World Wine Awards
Awatere Valley Marlborough Sauvignon Blanc 2015 at San Francisco International Wine Competition in 2016
Crownthorpe Terraces Merlot 2014 at NZ International Wine Show in 2015
Crownthorpe Terraces Chardonnay 2014 at NZ International Wine Show in 2015

Last year the Delegat Barossa Valley Estate's 2019 Shiraz, Cabernet Sauvignon and Grenache Shiraz Mourvèdre were all awarded 90 plus points in competition, with the iconic E&E Black Pepper Shiraz awarded 90 plus for 10 years running by Wine Spectator magazine which also recognised it as one of Australia's Top 25 benchmark wines

The Visionary Leadership award is sponsored by Hobson Now.

Resilience in a challenging year

Top Profits

#	Name	$m
1	Ryman Healthcare (NZX:RYM)	693
2	Fonterra (NZX:FCG)	661
3	Mercury (NZX:MCY)	469
4	Meridian Energy (NZX:MEL)	451
5	Fletcher Building (NZX:FBU)	439
6	Spark (NZX:SPK)	410
7	F&P Healthcare (NZX:FPH)	377
8	Zespri	362
9	Mainfreight (NZX:MFT)	355
10	Kaingaroa Timberlands	355
11	Fulton Hogan	301
12	Z Energy	269
13	Matariki Forestry	260
14	BP NZ	230
15	Kiwi Property (NZX:KPG)	224
16	Genesis Energy (NZX:GNE)	222
17	EBOS Group (NZX:EBO)	215
18	Auckland Airport (NZX:AIA)	192
19	Contact Energy (NZX:CEN)	182
20	TAB	178

Biggest losses

#	Name	$m
1	Air NZ (NZX:AIR)	(591)
2	Channel Infrastructure (NZX:CHI)	(553)
3	KiwiRail	(452)
4	CPB Contractors	(203)
5	Westland Dairy	(82)
6	Spotless	(35)
7	SkyCity (NZX:SKC)	(34)
8	Kerbside Papers	(21)
9	Mitre 10	(20)
10	Juken	(10)
11	Ports of Auckland	(10)
12	Oceania Dairy	(10)
13	Xero (ASX:XRO)	(9)
14	China Forestry	(8)
15	HEB Construction	(6)
16	Tegel	(6)
17	Airwork	(4)
18	Waste Management	(3)
19	Move Logistics (NZX:MOV)	(3)
20	Tourism Holdings (NZX:THL)	(2)

Most improved profit

#	Name	%
1	Oji Fibre Solutions	4,375.5
2	Powerco	833.3
3	Ballance Agri-Nutrients	617.2
4	Genesis Energy (NZX:GNE)	600.0
5	Blue Sky Meats	368.6
6	Alliance Group	364.6
7	Mercedes-Benz NZ	364.2
8	Philip Morris	356.7
9	Z Energy	327.0
10	BP NZ	323.2
11	Weyville Holdings	308.0
12	Ravensdown	273.0
13	Millstream Equities	272.0
14	Manawa Energy (NZX:MNW)	251.6
15	Imperial Tobacco	239.4
16	Matariki Forestry	235.9
17	Synlait Milk (NZX:SML)	235.4
18	Mercury (NZX:MCY)	232.6
19	Market Gardeners	230.8
20	Infratil (NZX:IFT)	220.9

Most impr. revenue

#	Name	%
1	Wilmar Gavilon	92.2
2	Mitsubishi Motors NZ	85.6
3	John Deere NZ	63.3
4	Ford NZ	61.8
5	Tetra Pak	54.0
6	Summit Forests	49.3
7	Sumitomo Chemical	47.9
8	Mainfreight (NZX:MFT)	47.3
9	Z Energy	42.1
10	BMW NZ	39.1
11	Kia Motors NZ	38.4
12	Pacific Aluminium	36.0
13	C B Norwood	34.6
14	Ballance Agri-Nutrients	33.3
15	Vulcan Steel (NZX:VSL)	33.0
16	China Forestry	30.7
17	ExxonMobil	30.6
18	Ravensdown	29.8
19	Xero (NZX:XRO)	29.2
20	Blue Sky Meats	27.7

Return on Assets

#	Name	%
1	TAB	81.4
2	Sumitomo Chemical	34.2
3	Blue Sky Meats	31.8
4	HelloFresh	31.3
5	Pacific Aluminium	28.6
6	Zespri	27.5
7	Unilever	25.4
8	Beca	25.0
9	Apple NZ	25.0
10	Mars NZ	20.6
11	Ventia	18.8
12	F&P Healthcare (NZX:FPH)	18.0
13	Vulcan Steel (NZX:VSL)	18.0
14	Pushpay (NZX:PPH)	17.7
15	John Deere NZ	17.0
16	Harvey Norman NZ	15.7
17	Tasman Steel	15.5
18	Skellerup (NZX:SKL)	15.4
19	ExxonMobil	15.2
20	Toyota NZ	15.2

Return on Equity

#	Name	%
1	Ventia	2454.6
2	Harvey Norman NZ	564.8
3	Bunnings NZ	355.9
4	Methanex	244.8
5	TAB	243.6
6	Pacific Aluminium	138.9
7	Zespri	120.1
8	OMV	98.4
9	Apple NZ	92.4
10	Tasman Steel	88.9
11	ExxonMobil	87.9
12	HelloFresh	84.4
13	Nestle NZ	76.4
14	Vulcan Steel (NZX:VSL)	73.1
15	Sumitomo Chemical	69.2
16	StraitNZ	66.2
17	Beca	63.0
18	Gas Services NZ	56.7
19	JB Hi-Fi NZ	56.2
20	Toyota NZ	49.1

Newcomers

#	Name	$m
85	Oregon Group	532
144	Horizon Energy	283
154	Summit Forests	264
164	Tetra Pak	250
165	Sumitomo Chemical	250
168	John Deere NZ	246
173	EastPack	233
178	Wilson Parking	231
182	BMW NZ	225
186	HelloFresh	219
189	Scott Technology (NZX:SCT)	216
191	DKSH	215
196	Daiken	212
197	Suzuki NZ	211
199	Blue Sky Meats	209
200	StraitNZ	208

Biggest movers

#	Name	Change
143	Wilmar Gavilon	53
103	Mitsubishi Motors NZ	45
179	Kia Motors NZ	41
160	C B Norwood	35
85	Ford NZ	29
187	Kuehne + Nagel	28
182	Airwork	24
158	Philip Morris	22
151	Seeka (NZX:SEK)	21
168	Sumitomo Forestry	18
42	Manawa Energy (NZX:MNW)	(82)
134	Spotless	(32)
163	AsureQuality	(32)
37	Farmlands	(22)
62	SkyCity (NZX:SKC)	(20)
123	Electrix	(18)
131	McConnell Dowell	(17)
155	Mars NZ	(16)
170	Weyville Holdings	(15)
38	Infratil (NZX:IFT)	(15)

Just missed the cut

#	Name	$m
1	United Steel	206
2	Mediaworks	202
3	Arvida Group (NZX:ARV)	202
4	CablePrice	200
5	Precinct Properties (NZX:PCT)	200
6	Sealed Air	200
7	Graincorp Commodity	199
8	Simsmetal Industries NZ	197
9	Nexans	197
10	Whakatane Mill	196
11	Corys Electrical	195
12	Floorscape	195
13	My Food Bag (NZX:MFB)	194
14	First Gas	194
15	Sistema	193
16	Worley	190
17	Schneider Electric	190
18	Johnson & Johnson	190
19	Rexel	189
20	Robert Walters	189

In last year, not now

PY#	Name	PY $m
24	Open Country Dairy	1,610
26	Lotto NZ	1,424
61	Kmart NZ	721
68	Two Degrees	700
126	APHG NZ Investments	305
148	Holden NZ	255
169	Nissan NZ	228
177	Visy Glass	213
184	IBM	208
188	Sistema	201
189	Precinct Properties (NZX:PCT)	200
191	First Gas	198
194	Sealed Air	193
196	My Food Bag (NZX:MFB)	191
198	NZ Investment Holdings	191
200	Aurecon	189

NZ's Top 200 companies have seen increases in revenue, profits and total assets, writes **Tim McCready**

The high-level view of the 2022 Deloitte Top 200 Index shows total revenues for Top 200 companies increased 9.8 per cent from $187,418m in 2021 to $205,764m in 2022. This compares to a 0.5 per cent increase between 2020 and 2021.

Underlying earnings (ebitda) increased from $25,139m in 2021 to $29,370m in 2022. This is an increase of 16.8 per cent, compared to a 6.3 per cent increase in 2021.

The ebitda margin, an assessment of operating profitability as a percentage of total revenue (total ebitda/total revenue) increased slightly between 2021 (13.4 per cent) and 2022 (14.3 per cent).

Total profits after tax have increased from $6802m in 2021 to $10,518m in 2022. This is a 54.6 per cent increase year on year, compared to a 21.6 per cent increase in 2021. Net profit margin (profit after tax/total revenue) increased between 2021 (3.6 per cent) and 2022 (5.1 per cent).

Total Assets have increased from $257,470m in 2021 to $280,602m in 2022 – a 9.0 per cent increase, compared to a 4.5 per cent increase in 2021.

The number one spot in the Top 200 Index has been held by Fonterra since its formation in the early 1990s. This continues, with Fonterra's revenue increasing 11.6 per cent during the year to reach $22,953m. This increase is mainly due to higher product sale prices.

The 200th ranked entity on the Top 200 index in 2022 is a newcomer to the Index – Strait NZ – with revenue of $208m. Last year's 200th ranked company, Aurecon, had revenue of $189m, a 10.1 per cent increase in revenue between 200th ranked companies year-on-year.

Transtasman healthcare and animal care products supplier Ebos Group maintained its number two ranking in the Top 200 Index, increasing its revenue by 15.7 per cent from $9,886m in 2021 to $11,439m in 2022. EBOS continued to expand and diversify, with several acquisitions completed during the year, which have contributed to revenue growth.

The revenue gap between the top two companies has remained fairly constant, slightly increasing by 7.8 per cent, as Fonterra had a revenue increase of 11.6 per cent.

Fletcher Building (ranked third) revenue increased by 4.7 per cent from $8120m in 2021 to $8498m in 2022.

The top 10 in the Index has seen some movement in 2022, with Mainfreight moving up to sixth place (10th place in 2021) and Z Energy re-entering in seventh (fifth place in 2020 and 11th in 2021).

Zespri has moved down to eighth place from seventh in 2021, Foodstuffs NI has moved down to ninth place from eighth place in 2021, and Meridian Energy has moved down to 10th place from sixth place in 2021.

These movements in the top 10 see Spark moving down from ninth place in 2021 to 11th in 2022.

Deloitte Top 200 Index

	2022 $m	2021 $m	% change
Revenue	205,764	187,418	9.8
EBITDA	29,378	25,139	16.9
Tax paid	3,510	2,075	69.1
Profit after tax	10,518	6,802	54.6
Total assets	280,602	257,470	9.0
Total equity	123,853	111,935	10.6

Top Profits

The top profit for 2022 was $693m, reported by retirement village operator Ryman Healthcare (91st in the Top 200 Index). Ryman was ranked fifth for profit in 2021 with a profit after tax of $423m. Fair-value movement of investment properties of $746m contributed to its strong profit in 2022.

Last year's top profit was held by Fonterra (ranked first in the 2022 Top 200 Index on a revenue basis), reporting a net profit of $532m in 2021. Fonterra also increased its profit after tax in 2022 to $661m, which sees it in second place in the profits ranking. The overall total of top 20 profits for 2022 has increased by 30.3 per cent year-on-year.

Further to this, average profit after tax across all 200 companies has increased from $39.5m in FY21 to $52.6m in FY22 – a 33.2 per cent increase.

Mercury (21st) has moved up to third place in 2022, from 24th in 2021. Its profit after tax increased by 232.6 per cent from $141m in 2021 to $469m in 2022.

Meridian Energy (10th) has maintained its position of fourth place in 2022, with profit after tax increasing by 5.4 per cent from $428m in 2021 to $451m in 2022.

Fletcher Building (3rd) has moved up to fifth place in 2022, from eighth in 2021. Its profit after tax has increased by 38.5 per cent from $317m in 2021 to $439m in 2022.

F&P Healthcare (24th) and Auckland Airport (135th) have moved out of the top five profits for 2022, but remain in seventh and 18th place, respectively.

Biggest Losses

The biggest loss for 2022 was reported by Air New Zealand (ranked 17th in the Top 200 Index), with a loss of $591m.

Air New Zealand's loss is larger than its 2021 loss after tax of $292m, moving the airline from reporting the third biggest loss in 2021 to the biggest loss in 2022.

Air New Zealand also incurred the biggest loss in 2020, reflective of the challenges faced by the air travel industry caused by border restrictions limiting international travel in response to the Covid-19 pandemic.

Channel Infrastructure (174th) and KiwiRail (54th) respectively hold the second and third biggest losses in 2022. Channel Infrastructure was previously known as Refining NZ and operated the Marsden Point refinery. Its loss is due to the change in operations from a refinery to an import terminal business.

KiwiRail was profitable in 2021 but had the second biggest loss in 2020.

CPB Contractors (98th) and Westland Dairy (63rd) respectively hold the fourth and fifth biggest losses in 2022. This is reasonably consistent with the loss positions they occupied last year – CPB Contractors was ranked 8th and Westland Dairy was 12th for 2021.

In 2021, hydrocarbon producer OMV (78th) reported the biggest loss ($567m). This has been turned around in 2022 with a profit of $123m.

Pacific Aluminium (43rd) has also moved out of the top biggest losses, from being placed second in 2021 (reporting a loss of $366m), to having a profit in 2022 of $140m.

Most improved profit

Oji Fibre Solutions (ranked 34th in the Top 200 Index) recorded the most improved profit out of all the entities on the Top 200 index, with a 4375.5 per cent increase from a $0.8m loss in 2021 to $34.1m profit in 2022.

Energy distributor Powerco, in 99th place has the second most improved profit, recording a profit

continued on B33

Strong results in spite of headwinds

continued from B32

of $44.5m in 2022 compared to a $4.8m profit in 2021. This is an increase of 833.3 per cent.

Ballance Agri-Nutrients (35th) holds third place for most improved profit, with an increase of 617.2 per cent. In the current year, Ballance Agri-Nutrients recorded a profit of $55.8m, compared to a 2021 profit of $7.8m. The only overlap in the most improved profit list in 2022 relative to 2021 is agricultural cooperative Ravensdown (50th) in 12th place. Ravensdown was top of the most improved profit rankings in 2021 and has continued to grow in 2022, reporting a profit of $57.3m — an increase of 273.0 per cent.

Most Improved Revenue

Commodity merchandising and supply chain management company Wilmar Gavilon (ranked 90th in the Top 200 Index) reported the most improved revenue for 2022. Its revenue increased to $513m in the current year compared to $267m in 2021. Wilmar Gavilon was also second on the 2021 list of most improved revenue.

Second for most improved revenue is Mitsubishi Motors NZ (58th). Mitsubishi Motors NZ had reported revenue of $429m in 2021, increasing to $795m in 2022 — an 85.6 per cent increase in revenue.

John Deere NZ (168th) has also seen a strong increase in revenue. It reported an increase of 63.3 per cent from $151m in 2021 to $245m in 2022, placing third for most improved revenue. This increase has meant John Deere NZ enter the Top 200 index for the first time.

China Forestry (40th) is the only other company to be included on this index for two years in a row.

Summit Forests (154th), Tetra Pak (164th), Sumitomo Chemical (165th), BMW NZ (182nd) and Blue Sky Meats (199th) are also new entrants to the Deloitte Top 200 Index in 2022 that have featured on the most improved revenue index in 2022.

Z Energy, Ballance Agri-Nutrients, Ravensdown and Blue Sky Meats are companies included in both the most improved profit and most improved revenue index in 2022.

Top Return on Assets

Return on assets (ROA) provides an indication of how efficiently a company manages its assets in order to generate earnings. It is calculated by measuring profit against total assets reported. TAB (ranked 112th in the Top 200 Index) holds the top spot for return on assets having previously been in second place in 2020 and 2021. TAB has maintained a strong ROA of 81.4 per cent in 2022 compared to 94.5 per cent in 2021.

Two newcomers occupy second and third place for return on assets. Sumitomo Chemical (165th) is in second place with a ROA of 34.2 per cent and Blue Sky Meats (199th) is in third place with a ROA of 31.8 per cent.

Top Return on Equity

Return on equity measures how effectively a company can generate income relative to the amount of money shareholders have invested in the firm.

It is a useful tool for investors, particularly when comparing firms within the same industry and is calculated by measuring the revenue earned against the average equity held over the past two years — to prevent changes in shareholder contributions skewing the results. Essential services provider Ventia (ranked 105th in the Top 200 Index) has taken the top spot for return on equity. It has moved from 197th place in 2021, with a return on equity percentage of 2454.6 per cent. Harvey Norman (33rd) has moved up from sixth place to second place for its return on equity of 564.8 per cent.

Bunnings (26th) maintained its third place with a return on equity of 355.9 per cent for 2022. TAB (112th) has dropped from second place to fifth place for its return on equity of 243.6 per cent.

The Newcomers

This year, 16 companies were added to the Deloitte Top 200 Index. This compares to last year when 22 companies were added to the Index.

Investment holding firm Oregon Group entered the Index at the highest rank (85th in the Top 200 Index) with revenue of $532m.

Also entering the Top 200 Index within the top 150 is energy distribution company Horizon Energy at 144th.

Just Missed the Cut

United Steel (ranked 201st) just missed the cut in the Top 200 Index by $2m, with the 200th ranked company (Strait NZ) achieving revenue of $208m. Mediaworks (202nd), Arvida Group (203rd), CablePrice (204th), Precinct Properties (205th) and Sealed Air (206th) were close to breaching into the Index in the current year, all achieving revenue around the $200m mark.

Precinct Properties and Sealed Air have fallen out of the Top 200 in 2022, previously holding 189th and 194th places in 2021, respectively.

Full Deloitte Top 200 indices are available at: https://bit.ly/deloitte-top200

Top 30 Financial Institutions Index

	# 2022	# 2021	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
-	1	1	ANZ	184,769	2.8	1.1	16,892	11.8	1,939	Sep-21
▲	2	3	ASB	121,522	7.9	1.3	9,931	15.4	1,471	Jun-22
▼	3	2	Westpac NZ	119,848	5.9	0.9	10,204	11.0	1,057	Sep-21
-	4	4	BNZ	119,122	6.1	1.1	9,881	14.3	1,322	Sep-21
-	5	5	Kiwibank	31,547	11.8	0.4	2,202	6.7	131	Jun-22
-	6	6	Rabobank	13,295	4.5	1.1	1,906	7.9	144	Dec-21
-	7	7	TSB Bank	8,960	2.1	0.4	723	5.3	38	Mar-22
-	8	8	HSBC	7,540	6.4	0.5	13	163.8	36	Dec-21
▲	9	11	Heartland Bank (NZX:HBL)	7,090	24.9	1.5	809	12.1	95	Jun-22
▼	10	9	AMP Life	6,596	0.0	0.8	754	7.1	53	Dec-21

The Top 30 Financial Institutions Index sees one new addition to the index, Fidelity Life (ranked 27th).

The Top 30 have once again grown their total asset bases, this year by $36,244m from $635,617m in 2021 to $671,861m in 2022. This is a 5.7 per cent increase which is consistent with the increase seen from 2020 to 2021.

The top bank is once again ANZ, holding assets of $184,769m which has increased by 2.8 per cent from its 2021 total asset value of $179,744m. ANZ sits comfortably at the top spot with a $63,247m gap in total asset values between first place and second place (ASB).

Furthermore, ANZ also outpaces all other banks in terms of profit and equity.

The second spot in the Index is now held by ASB, moving up from third place in 2021, with total assets of $121,522m — an increase of 7.9 per cent from the previous year.

Westpac has dropped to third place in 2022 from second place in 2021, with total assets of $119,848m.

BNZ has stayed in fourth place in 2022, with total assets of $119,122m.

All of the big four banks — ANZ, ASB, Westpac and BNZ — have seen an increase in their total assets in the current year.

Of the big four banks, ASB has both the highest return on assets ratio at 1.3, and the highest return on equity ratio of 15.4.

Kiwibank has retained its fifth-place spot, with total assets of $31,547m. Kiwibank's total assets has increased by 11.8 per cent from $28,229m in 2021.

Cumulative profits for the Top 30 financial institutions have increased by 34.0 per cent from $5200m in 2021 to $6969m in 2022.

All of the top four financial institutions have had an increase in profit year-on-year.

ANZ reported an increase in profit from $1373m to $1939m (41.2 per cent), ASB reported an increase in profit from $1321m to $1471m (11.4 per cent), BNZ reported an increase in profit from $762m to $1322m (73.5 per cent), and Westpac has increased profit from $681m to $1057m (55.2 per cent).

Cumulative equity has increased by 10.0 per cent from $56,248m in 2021 to $61,870m in 2022.

The top eight financial institutions have remained the same eight entities from 2021 to 2022.

Heartland Bank has moved up to ninth place from 11th place in 2021, pushing AMP Life (10th place) and MUFG Bank (11th place) down one spot each.

● It is noted that certain financial institutions may have released unaudited earnings announcements that are not reflected in the indices or commentary above.

Deloitte Top 200 team

Peter Gulliver, Top 200 Lead Partner

Cassandra Worrall, Head of Clients and Marketing

Silvio Bruinsma, Audit Partner

Cameron Gray, Data Project Lead

Data gathering & audit team
Chris Wakefield, Romain Saintange, Jamie Laing, Josh Burgess, Emma Leaming.

Māori Index
Lee Gray, Wendy Schultz

Taking Māori business beyond the three 'F's

Anthony Ruakere

Māori business activity has traditionally been characterised by engagement with the three "F's": fishing, farming and forestry. This is not surprising — the whakapapa that binds Māori to their lands and waters imbues kaitiaki obligations to protect, preserve and maintain the resources.

Whilst the list of 'F's has expanded more recently to include the likes of food, film and fashion, the strength and diversity (across sectors and industries) is what, in the main informs this piece.

Since 2020 we've seen 24 per cent growth across the total asset base of Māori entities on the 2022 Deloitte Top 10 Business Māori Business Index. Those on the 2022 index collectively represent $8.41 billion in assets.

Ngāi Tahu, Waikato-Tainui and Ngāti Whātua Ōrākei have maintained their top three positions again on the 2022 index. Although Covid and other events have likely influenced performance, those organisations have nonetheless continued to grow 25 per cent, 38 per cent and 24 per cent (respectively) between 2020 and 2022.

Many Māori businesses, including those on the Top 10 Māori Business Index continue to focus heavily on primary sector activity and investments. A 2021 snapshot of Māori sector showed agriculture, fishing and forestry still held the top spot with assets of $23.4b. However, real estate and property services assets were not far behind at $16.7b, while manufacturing, transport, and construction combined to deliver $12.2b. Illustrating this is the continuing heavy investment in agriculture, seafood and forestry by Te Rūnanganui o Ngāi Tahu (via Ngāi Tahu Investments). The tribe is actively creating portfolio resilience and growing tribal wealth by seeking new investment opportunities. Recent investments in Fidelity Life, Hilton Haulage and Ryman Healthcare speak to this, as does new economy investment in activities such as energy transition, automation and artificial intelligence.

Tainui Group Holdings manages Waikato-Tainui fishing quota and utilises its ownership of over 4000 hectares of Waikato land to support dairy, sheep, beef and forestry operations. However, with property investments in the Ruakura Superhub (a logistics and industrial hub connecting all of Aotearoa), The Base, Novotel Tainui and direct and equity investments, diversification away from the three 'F's is evident.

Though the tribal domain of Ngāti Whātua Ōrākei doesn't lend itself as naturally to primary sector business as it does for some rurally domiciled iwi or hapū, their extensive involvement in property development, commercial property, whānau, papakāinga and kaumatua housing speaks to diversification, and a desire to maximise returns for the benefit of future generations.

This underpins and is a consistent driver for Māori business interests irrespective of geographical location.

Aided by the emergence of commercially and culturally astute Māori business leaders, building resilience by balancing traditional and new business activities will hopefully serve Māori business growth aspirations well as the economic headwinds gather pace.

● *Anthony Ruakere is a consulting and Hourua Pae Rau partner at Deloitte*

Top 10 Māori Business Index

	# 2022	# 2021	Name	Total assets $m	Total assets % change	Return on assets	Total equity $m	Return on equity	Profit after tax $m	Balance date
-	1	1	Ngai Tahu	2,280	19	5	1,895	6	105	Jun-22
-	2	2	Waikato Tainui	1,978	29	18	1,685	21	311	Mar-22
-	3	3	Ngāti Whātua ki Ōrākei	1,550	16	17	1,276	22	251	Jun-21
-	4	4	Moana NZ	591	3	5	495	6	27	Sep-21
▲	5	6	Tuhoe Te Uru Taumatua	420	12	(12)	416	(12)	(46)	Mar-21
▼	6	5	Parininihi ki Waitotara (PKW)	388	1	2	315	2	6	Jun-22
-	7	-	Pukeroa Oruawhata	359	8	3	205	5	10	Mar-22
▲	8	13	Ngati Toa	294	23	12	276	13	33	Jun-21
▼	9	7	Ngati Porou	280	(2)	4	245	4	11	Jun-22
▼	10	8	Ātihau-Whanganui	272	20	2	220	3	5	Jun-21

Anthony Ruakere

The specialist category judges


Barbara Chapman


Liam Dann


Rob Campbell


Ranjna Patel


Royal Reed


Simon Moutter


Katie Beith

Young Executive of the Year Award

Barbara Chapman
Barbara is Chair of NZME and Genesis Energy, a director of Fletcher Building and Bank of New Zealand, and is the deputy chair of The New Zealand Institute. She is a former CEO of ASB and serves as patron of the New Zealand Rainbow Tick Excellence Awards. Barbara was *New Zealand Herald* Business Leader of the Year in 2017 and the inaugural INFINZ Diversity and Inclusion Leader in 2018. She was awarded a Companion of the New Zealand Order of Merit (CNZM) for services to business in the 2019 New Year Honours List. In 2021 Barbara chaired the APEC CEO Summit.

Liam Dann
Liam Dann is Business Editor at Large for the *New Zealand Herald*. He has been a journalist nearly 30 years, covering business for more than 20. He writes news, opinion pieces and commentary covering markets, economics and politics. He is host of the *Market Watch* video show and *Money Talks* podcast series. He has also worked in the banking sector in London and travelled extensively.

Rob Campbell
Rob is chair of Te Whatu Ora (HealthNZ), Ara Ake Limited and NZ Rural Land Company. He is Chancellor at Auckland University of Technology. Rob has more than 30 years' experience in capital markets and has been a director of or advisor to a range of investment fund and private equity groups in New Zealand, Australia, Hong Kong and the US.
In 2019, he was awarded a Companion of the New Zealand Order of Merit 2019 (CNZM) and received the Distinguished Alumni Award from Victoria University of Wellington. He holds a Bachelor of Arts with First Class Honours in Economic History and Political Science and a Masters of Philosophy in Economics.

Diversity and Inclusion Leadership Award

Ranjna Patel
Ranjna, with husband Kanti, set up the East Tamaki Healthcare Business in 1977.
Tamaki Health has 50 clinics serving over 260,000 registered patients, and is the largest Private Primary healthcare provider in NZ.
In 2014 Ranjna founded Gandhi Nivas, a Family Harm initiative that has seen amazing results. 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, Mental Health Foundation Middlemore Foundation, Co of Women, Global Women, NZ Police National Ethnic Forum, CM Police advisory Board and Director of Bank of Baroda. She was past chair of the NZCIA Women's Group, President of the Manukau Indian Association, Lotteries distribution committee, vice-chair of NZAL and ministerial committee of NACEW.

Royal Reed
Royal Reed is a Partner at Meredith Connell and Founder of Prestige Law. She is an entrepreneur, public speaker, and a social media influencer and On Being Bold founder. Royal completed legal studies in New Zealand, international policy studies in China, and negotiation skills and professional service firm management in America. She also qualified as a mediator via LEADR NZ, Arbitrator in Republic of China, legal interpreter, and a Certified Agile Coach.
She has been the source of Asian market insight for organisations such as Kea New Zealand — where she serves on the Global Board. She also advises Luxury Network, Auckland Art Gallery, Land Information New Zealand, and many other private companies both locally and internationally.
She is a well known face and name for most Chinese migrants in New Zealand through her public speaking and media influencer career. Her vlogs, social media platforms, and livestream appearances have a high volume of loyal fans.

Simon Moutter
Simon was Managing Director of Spark New Zealand from 2012-2019. He was responsible for the overall leadership and strategic direction of Spark, through its various business divisions and brands which provide digital services to New Zealanders and New Zealand businesses.
He led the reinvention of Telecom to Spark, to better reflect the fast-changing new world of digital services in which the business now operates.
Today Simon works as Board Member and Operating Partner to three privately owned companies — Smart Environmental Ltd, Agility CIS Ltd and Intellihub Ltd. He steers the Management Teams of these companies to help accelerate their growth. In addition, he is a Director of the Commonwealth Bank of Australia and Chairman of fashion start-up, Designer Wardrobe.

Sustainable Business Leadership Judging Advisor

Katie Beith
Katie joined Forsyth Barr in November 2021 as the Head of ESG. Katie was previously with the New Zealand Super Fund as a Senior Investment Strategist for Responsible Investment.
In that role she was a key contributor to driving the Fund's Climate Change, revamped Sustainable Finance Strategy and international engagement programme.
In addition, Katie has extensive experience in the international ESG community.
She currently serves on the External Reporting Board's Stakeholder Advisory Panel (XRAP) and is a member of the NZ National Advisory Board for Impact Investing.

An archive of the *Herald*'s Business Reports series is held at https://bit.ly/herald-business-reports

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