



MĀORI ECONOMY INVESTOR GUIDE

June 2017

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HE AHA TE MEA NUI O TE AO?
WHAT IS THE GREATEST THING IN THE WORLD?

HE TANGATA, HE TANGATA, HE TANGATA!
IT IS PEOPLE, PEOPLE, PEOPLE!

Ministry of Business, Innovation and Employment have commissioned KPMG to prepare the Māori Economy Investor Guide as part of its commitment to He kai kei aku ringa - the Crown-Māori Economic Growth Partnership.



MESSAGE FROM THE MINISTER FOR MĀORI DEVELOPMENT

Nau mai, haere atu tāku pānui, e rere ki ngā hau e whā. Nei rā te reo pōwhiri o te iwi Māori e karanga nei ki te ao, haere mai, haere mai, haere mai.

It is my pleasure to introduce investors to the Māori economy. Welcome, welcome, thrice welcome.



Māori are the indigenous people of New Zealand. There is a long tradition of commercial enterprise and international trading among Māori, dating from first encounters with other nations. This tradition has endured and re-emerged strongly in the 21st century. This report includes some outstanding examples of Māori enterprise on the world stage.

Today, the Māori economy is thriving. Māori people and enterprises hold significant assets in our primary industries, in farming, forestry and fisheries. These assets are growing. Māori are major stakeholders in the tourism sector and are growing their presence in ICT and other high-tech sectors. The New Zealand Government is committed to working together with Māori enterprises, iwi (tribes) and organisations to grow the New Zealand economy. We give effect to this commitment through He kai kei aku ringa: the Crown-Māori Economic Growth Partnership.

As the Māori economy grows, Māori enterprises seek to build relationships with investment partners for mutual benefits. Māori enterprises have some special features, including a strong platform of cultural values, an intergenerational perspective on economic development and a particular focus on enduring relationships. Combined with the business acumen of Māori economic leaders, these special features provide unique entry points and opportunities for investors.

I welcome you to come and learn more about doing business with Māori.

He aha te mea nui o te ao?

What is the greatest thing in the world?

He tangata, he tangata, he tangata!

It is people, people, people!

Hon Te Ururoa Flavell

Minister for Māori Development

Associate Minister for Economic Development

MESSAGE FROM THE MINISTER FOR ECONOMIC DEVELOPMENT



I am delighted to present the Māori Economy Investor Guide which highlights and emphasises one of the most exciting opportunities for investment in the developed world.

The New Zealand economy continues to grow, and the Māori economy within that is leading the way.

The guide offers insights as to how and where potential investors can engage with Māori enterprises, embrace the distinctive global advantages of the Māori economy, and forge strong partnerships for the future.

Investment in Māori enterprises lifts our economy's overall ability to be innovative, agile and productive. In return, Māori enterprises offer investors an opportunity to be involved in a new wave of development and expansion.

Achieving higher levels of business investment is a key priority of the New Zealand Government's Business Growth Agenda and international connections are important if we are to be productive and competitive in the global market place.

In 2015, the New Zealand Government launched an Investment Attraction Strategy, aiming to attract high quality international investment into New Zealand to accelerate economic growth.

This guide is intended to complement and support the Investment Attraction Strategy through showcasing the strength of the current Māori asset base, and the potential for strong growth and exciting opportunities within it.

Our unique Māori economy has huge potential and Māori are increasingly looking to partner with others to reach that potential.

As the guide notes, the Māori economy is on the rise and is expected to grow strongly, with estimates that the value of Māori assets could grow from \$50 billion to \$100 billion by 2030.

New Zealand offers investors a stable business environment – and as the guide notes, we are recognised as being among the most economically open, culturally diverse and globally connected nations in the world.

I trust this guide will prove equally valuable for investors, and businesses as we work together to promote and accelerate investment in this unique opportunity.

Hon Simon Bridges

Minister for Economic Development

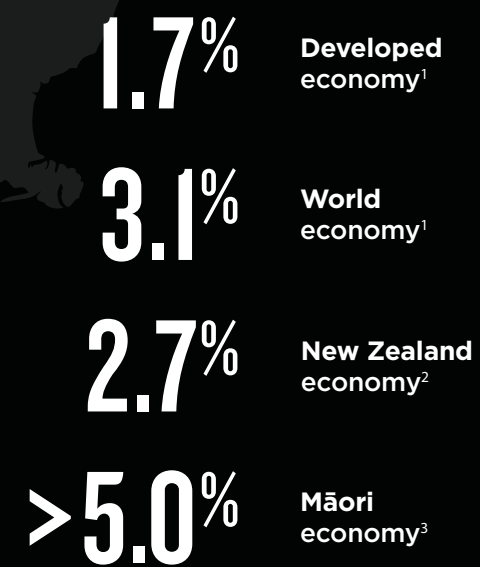


KIA ORA

This Guide has been prepared for readers who wish to explore the opportunities to invest in economic acceleration with Māori, the indigenous people of Aotearoa New Zealand.

The Guide is intended to give insight into where and how potential commercial investors can engage with Māori enterprises, embrace the distinctive global advantages of the Māori economy, and forge strong partnerships for the future.

2016 Economy Growth



Section 1: An introduction to Māori. This section provides an overview of Māori history and societal context, as well as key values inherent in the culture and in the way Māori approach business.

To enhance cultural understanding, a glossary of language terms is provided on page 100.

Section 2: The Aotearoa New Zealand economic story. This section provides an overview of the wider New Zealand economy, and its impressive growth performance in recent years.

Section 3: Māori acceleration in the New Zealand economy. To bring statistics to life, this section includes a series of business snapshots and investment success stories.

Section 4: Investment opportunities. We outline the 12 key areas of focus for investors who are looking to partner successfully with Māori to explore opportunities across the value chain.

Section 5: Information on the engagement process. This section provides guidance for investors on the engagement process with Māori, as well as information on New Zealand's regulatory environment.

Section 6: Invitation to engage. For practical assistance, and to facilitate introductions within the Māori economy, investors are invited to make contact with New Zealand Trade and Enterprise (NZTE). As the New Zealand Government's international business development agency, NZTE works with domestic and international investors to connect with businesses operating in the Māori economy.

Contact details can be found on page 96.

EXECUTIVE SUMMARY

Māori business represents one of the most exciting opportunities for investment in the developed world.

On the back of New Zealand's world-class strength in food and agribusiness, there are a new generation of Māori businesses which are proving themselves to be stand-out performers. Their strengths include innovation, collaboration, and a proven ability to protect and grow intergenerational wealth.

Globally, we are seeing the emergence of a new business model – one that integrates the profit motive with long-term sustainability, and care for both people and the environment. This has always been the Māori approach to business; with strong, ingrained principles of kaitiakitanga (stewardship) and manaakitanga (relationships built on trust and respect).

Similarly, while the world's businesses strive to create authenticity and depth in brands, Māori businesses are built on centuries of tikanga (customs, practices and traditions) that resonate deeply with consumers.

The Māori economy is on the rise. There is an opportunity to connect, invest, and collaborate with Māori. You can be part of the journey in which this deep history of innovation and trade takes flight.

Compelling reasons to invest in the Māori economy.

1. Momentum of the Māori Economy – Within New Zealand, the Māori economy is contributing strongly to New Zealand's economic growth success story and investors will benefit from this momentum.
2. Natural Resources in Key Sectors – Māori enterprises own and manage a wealth of natural resources which provides a platform for key focus areas of the Māori economy – food & beverage, forestry, tourism, construction and high-tech industries.



3. Intergenerational Investment Horizon – Co-investing alongside Māori comes with a natural commitment to building long-term sustainable value for future generations.
4. Authenticity – Māori business values deliver genuine and real depth to the quadruple bottom line for both investors and customers. The authenticity in their care for people, the environment and overall wellbeing is reflected in the way in which they conduct business.
5. Preferential Rights and Options – Māori possess Preferential Rights and Options to purchase real assets such as land and property where both investors and Māori could generate significant value under partnership arrangements.

Who are Māori?

Māori are the indigenous people of Aotearoa New Zealand, with a domestic resident population of 723,500. The Māori population is relatively young, with 70%⁵ aged less than 40 years compared to 50% for non-Māori. The population is growing at twice the rate of the non-Māori population.

Māori domestic resident population:

723,500⁴

Māori have a recognised and powerful constitutional role in New Zealand society; and a critical and increasing role in the economy. Today, after a 40-year period of consolidation and rebuilding, the Māori economy is poised for accelerated growth.

Over the next 20 years, Māori enterprises are predicted to invest \$1.5 billion to \$2.0 billion per annum. They will look for partners with complementary capabilities to support this, and accelerate their rate of growth.

Aotearoa New Zealand: the growth story

The continued momentum of the wider New Zealand economy provides a foundation for the positive outlook of the Māori economy.

Few countries emerged from the 2009 Global Financial Crisis as strongly as New Zealand did. Since 2009, it has consistently been one of the five top-performing global economies. New Zealand is ranked among an elite group of small, agile and socially-progressive economies (including Finland, Sweden, Norway) that have sustained superior growth.

New Zealand is projected to sustain real GDP growth rates of:

3.1% in 2017²

3.5% in 2018²

3.8% in 2019²

Given New Zealand's proximity to Asia, few economies are better positioned to leverage the positive global trends arising from Asia's growing middle class. There is very strong alignment between New Zealand business resources and the natural product and service characteristics desired by these consumers (particularly in the areas of food and beverage production, tourism services, and high-value technology).

New Zealand is projected to sustain average GDP growth rates of >3% for the next 5 years. These will secure its place in the top five highest-performing economies in the OECD. There are opportunities to raise the bar further in the medium term, through a combination of increased innovation, immigration, and sustained investment across industry value chains.

Fuelling this growth, Aotearoa New Zealand is recognised as being among the most economically open, culturally diverse and globally connected nations in the world. There are few constraints to growth and increased prosperity, and this is driving confidence for foreign enterprises to engage and invest in the New Zealand economy.

The Māori economy currently represents:

\$50bn⁶

in assets

It is expected that Māori will invest:

\$1.5bn-\$2bn⁶

per year over the next 10 years

The Māori economy

The Māori economy is broadly defined as those privately-owned and collectively-owned businesses that acknowledge their genealogical links to Māori ancestors. It currently represents \$50 billion dollars in assets, which is approximately 6% of the total New Zealand asset base.

Māori enterprises represent a rapidly growing segment of the wider New Zealand economy. They are poised to accelerate their rate of growth and increase their relative proportion of New Zealand's asset base and GDP. The New Zealand economy has been growing at 2-3% per annum and many of the key economic indicators for the Māori economy have been improving more rapidly than this at >5% per annum (including the growth in assets and incomes). This could result in the value of Māori assets growing from \$50 billion to \$100 billion by 2030.⁶

Māori are at the forefront of New Zealand's economic momentum.

Investment opportunities

It is expected that Māori will invest NZ\$1.5 billion to NZ\$2.0 billion per year over the next 10 years; and some of this investment will be enhanced through joint ventures and partnerships with other parties. The level of investment will range from venture funding (\$1 million to \$20 million), to significant initiatives requiring >\$100 million and potentially up to \$500 million, depending on the role of the investor.

To date, Māori economic growth has centred around four main sectors with strong links to natural resources, land and culture. These include:

- » agri-sector, forestry and fishing
- » tourism
- » property, construction and infrastructure
- » technology and innovation.

These sectors are critical to the New Zealand economy, and to export growth in particular. Māori play a pivotal role in each since they control 50% of New Zealand's sustainable fishing quota, and own around 1.4 million hectares of land with significant opportunities for development.

New Zealand's primary sector has a global reputation for unrivalled natural resources and world-leading innovations. Traditionally, Māori have operated successfully in the farming and agribusiness sector, and are continuing to leverage their significant assets in farming, fisheries, forestry and other emerging agri-sectors (such as viticulture). There is a growing desire for moving towards a closer understanding of the customer experience as a basis for capturing more value.



Māori control

50%

of New Zealand's fishing quota and collectively own approximately⁷

1.4m

hectares of land (additional land areas are owned privately by Māori individually).⁸

The leadership of Māori enterprises has transitioned through 40 years of change and transformation. Māori leadership is resilient and ambitious, and is developing a track record for achieving results.

This represents a launch pad for growth. Key areas of investment over the next 20 years will include:

- » **optimising existing assets** to bring them into full production;
- » investing in **downstream activities** including food processing assets, tourism facilities, new products and partnerships to take products and services closer to consumers in global markets;

- » investing in enabling **infrastructure** (water and logistics); and
- » investing in **technology and innovation** to add greater value.

The exciting opportunities for engaging and investing in the Māori economy are diverse and evolving rapidly. This Guide provides an invitation to explore the opportunities, and begin the process of engagement that will deliver mutual benefits.

AN INTRODUCTION TO

MĀORI

Māori are the indigenous people of Aotearoa New Zealand and have a domestic resident population of 723,500.

From earliest times, Māori have shown they are a people of courage, curiosity and resilience. Their ancestors were willing to strike out from their homeland and cross unknown oceans in search of new possibilities; they traversed the Pacific Ocean and arrived in New Zealand between 1200 and 1350AD.

When the first European settlers arrived, in the early 1800s, Māori utilised their natural resources as a foundation for international trade.

In the latter half of that century, however, colonialism became a constraining influence. Due to the loss of their asset base, Māori experienced economic troughs. From the 1970s onwards, the New Zealand Government began to address some of these historical injustices.

Sheer determination of Māori leadership in the 1970s paved the way for the growth Māori are now experiencing. In the years since, the resilience and tenacity displayed during those times have been instrumental in the emergence of from periods of hardship into a time of significant promise and potential.



A BRIEF HISTORY OF MĀORI IN AOTEAROA NEW ZEALAND

Māori are the indigenous or 'first peoples' of Aotearoa New Zealand. They settled here after leaving their original homeland in Polynesia, and traversing the challenging Pacific Ocean between **1200** and **1350AD**.

European settlers started to arrive during the **1820s** and **1830s**. Prior to the arrival of settlers, through to the late 1850s, economic activity among Māori was strong and they were actively trading internationally.

In the **1930s**, a government scheme was introduced aimed at raising the productivity of the remaining lands still held by Māori. The activity on these lands still forms a core part of the Māori economy.

The first of these remedies occurred in **1989** for pan-tribal groups, and in 1995 for the first tribes. This settlement process is nearing completion. The current environment is generally described as the 'post-settlement era'.



The European world discovered New Zealand when Dutch explorer Abel Tasman journeyed up the west coast in **1642**. In **1769**, British explorer James Cook became the first European to come ashore and establish contact with Māori.

In **1840**, the **Treaty of Waitangi** was signed between a number of Māori chiefs and representatives of the British Crown. This guaranteed Māori possession of their lands, forests and other property; and gave Māori the rights of British subjects.

Between **1840** and **1930** land occupied and controlled by Māori reduced from 100% of the country to 5%. The change in ownership included land seizures by European settlers, land sales, compulsory acquisition by the Crown and gifting by Māori.

The status and rights of Māori under the Treaty were not always honoured. The passing of the Treaty of Waitangi Act **1975** established the **Waitangi Tribunal** to hear claims of violations of the Treaty, and to provide remedies. The remedies have mainly taken the form of apologies from the Crown, the return of small proportions of lands that were wrongfully taken, and financial redress.

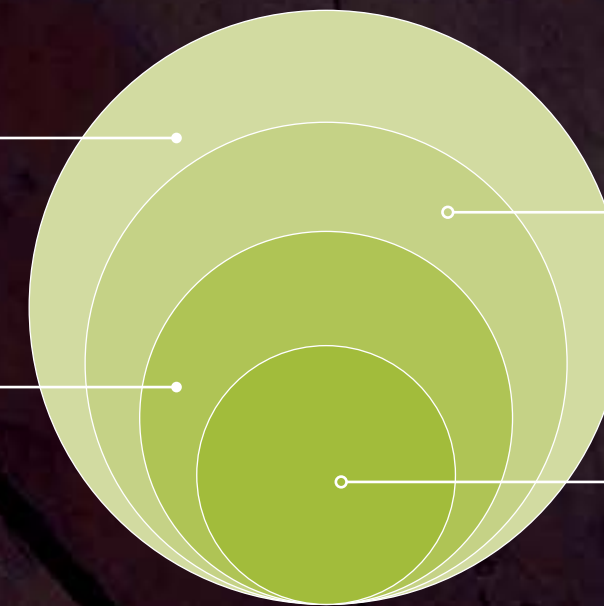
MĀORI SOCIETAL STRUCTURE



Māori
(Population)



Hapū
(Sub-tribe)



Iwi
(Tribe)



Whānau
(Family)

Māori societal structure explained

Māori are a tribally-based people. Each tribe (known as an iwi) is associated with specific geographical areas. Within these tribal groups are sub-tribes or smaller communities (known as hapū), which consist of a number of related families. The extended family unit is known as whānau.

Implications for business ownership

Many Māori affiliate to more than one tribe or sub-tribe (i.e. an individual may have links to multiple iwi and hapū). This aspect of Māori societal structure can help to facilitate collaborative business arrangements, by enabling networks and relationships to develop between businesses in other regions of the country.

In Māori culture, land ownership and commercial activities can be undertaken both privately and collectively (as is also the case for other indigenous cultures around the world).

Māori individuals, and their families (whānau), own and operate businesses in their private capacities. This functions in the same way as it does for any other private or family-owned business. Māori can also collectively own land and assets, and operate businesses. Ownership of these is either held in common or shared between many individuals and families (according to iwi or hapū lines).

The parent of the collective organisations will usually be a Trust (or occasionally an incorporated society). 'Māori land' owned by these collective organisations is recognised in legislation as a special category of asset, and is protected by specific legislation. Where there is a parent organisation, it will usually have commercial subsidiaries charged with generating economic returns.

While farming production is the main activity for Māori Trusts and Incorporations, there are businesses that have diversified their interests into other areas; including geothermal energy, property, forestry, honey production, horticulture and fisheries.

SOME KEY MĀORI CULTURAL VALUES



Māori values and culture play a vital part in both social and commercial activities. For the potential investor, having an understanding of these values is important for a number of reasons.

These values are inherent in many aspects of the commercial relationships Māori organisations form with investors, customers, suppliers and external stakeholders. Recognising these values, and engaging with the culture, adds a dimension to the commercial relationship that is unique and valuable in its own right.

These values can represent an attractive part of the investment proposition. For instance, consumers worldwide demand goods, services and experiences from businesses that act in accordance with values such as these. Māori values and aspirations will also appeal to investors who are looking for stability and security over a long-term investment horizon.



TE PAE TAWHITI

A long-term intergenerational view

Māori recognise and consider that decisions made now will benefit the future generations to come. The well-being of future generations is always considered during decisions made by Māori collectively-owned businesses. Accordingly, these organisations will take a long-term view when considering investment opportunities.

WHANAUNGATANGA

The importance of relationships

Developing enduring relationships built on trust and integrity is important when partnering with Māori. The value that Māori place on whanaungatanga stems from traditional kinship, the kind of relationship built through shared experiences and working together which provides a sense of belonging. This can also extend to others to whom one develops a close familial, friendship or reciprocal relationship. This can improve business arrangements as parties are more confident in one another.

MANAAKITANGA

The value of caring for others

Extending hospitality and caring for other people is an important value for Māori. This reflects a person's character with their ability to show respect and generosity by caring for others. Māori food and beverage producers bring this sense of care when preparing products for their end consumers (no matter where they are in the world). Similarly Māori operating in the tourism sector feel a personal responsibility for ensuring visitors feel welcome.

KAITIAKITANGA

The importance of guardianship, stewardship

Māori consider themselves to be guardians of the environment, protecting and ensuring sustainable natural resources for future generations. Kaitiakitanga demonstrates the commitment Māori have to consider long-term sustainability of the resources and people impacted by any business decisions.

ŪKAIPŌTANGA

A strong connection to the natural environment

Ūkaipōtanga refers to the place where one is nurtured, where one finds their strength and their energy, grounding themselves to the land and home. It is recognition of origins, of treasured ancestral land passed down from generation to generation. They therefore have a sense of responsibility to care for and protect the place that passed on to them, as well as create the conditions for future generations to thrive.

RANGATIRATANGA

The value of leadership (tino rangatiratanga - self-determination)

Rangatiratanga is the expression of the attributes of a rangatira (leader) including humility, leadership by example, generosity, altruism, diplomacy and knowledge of benefit to the people.

» In the Māori world view rangatira are held in high esteem as they are often able to influence and motivate the masses. For many Māori Sir Apirana Ngata is the epitome of rangatiratanga, as a leader who was at the forefront of leading Māori to strive for self-determination.

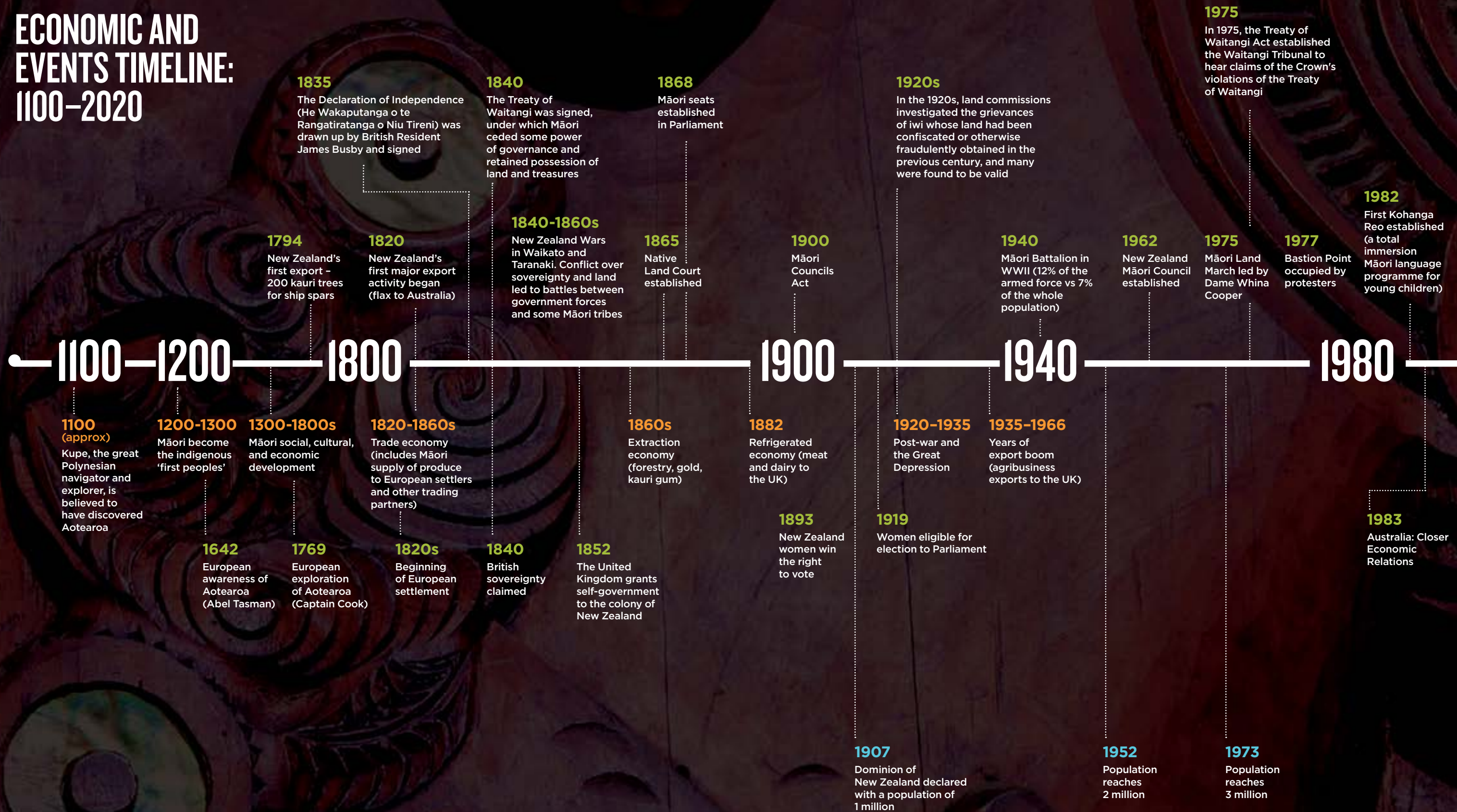
Tino rangatiratanga refers to self-determination, sovereignty and autonomy
» Māori place a high value on self-determination. While operating as global citizens - and being open to and adapting to other cultures and ways of doing business - Māori will always hold true to the aspirations of their people, and to their own destiny. For investors, this provides a strong platform for corporate social responsibility.



"E tipu e rea mō ngā rā o tō ao
Ko tō ringa ki ngā rākau a te Pākehā
Hei ora mō te tinana
Ko tō ngākau ki ngā tāonga a ō
tīpuna Māori
Hei tikitiki mō tō māhuna Ko tō
wairua ki tō atua, Nānā nei ngā
mea katoa
Grow and branch forth for the
days destined to you
Your hands to the tools of the Pākehā
for the welfare of your body
Your heart to the treasures of
your ancestors as adornments for
your brow
Your spirit to god, who made
all things."

- Tā Apirana Ngata

ECONOMIC AND EVENTS TIMELINE: 1100–2020



1984

Hui Taumata or first Māori Economic conference held
Te Hiko ki Waitangi March

1985

Waitangi Tribunal given power to hear grievances arising since 1840

1987

Māori Language Act makes Māori an official language

1990

Māori Leaders National Congress of Tribes

1984

Te Hiko ki Waitangi March

1992

Māori Commercial Fisheries settlement (\$170 million)

1995

Waikato Tainui Raupatu (\$170 million)

1993

Te Ture Whenua Māori Act

1995

Waitangi protests

1997

Ngāi Tahu Settlement (\$170 million)

2001

New Zealand-Singapore Closer Economic Partnership

2001

Ngāti Ruanui Settlement (\$41million)

2003

Ngāti Awa settlement (\$43 million)

2008

Ngāti Raukawa (\$50 million)

2012

Ngāti Porou Settlement (\$110 million)

2014

Ngāruahine (\$68 million)

2016

Taranaki Iwi (\$70 million)

2008

Affiliate Te Arawa Iwi and Hapū Settlement (\$39 million)

2012

Ngāti Toa Settlement (\$70 million)

2014

Whanganui River (\$81 million)

2016

Te Wairoa Iwi and Hapu (\$100 million)

2008

Central North Island Forests Settlement (\$196 million worth of forest land and rentals valued at \$223 million)

2013

Tūhoe (\$169 million)

2014

Te Atiawa (Taranaki) (\$87 million)

2015

Heretaunga Tamatea (\$100 million)

2004

Foreshore and Seabed Hiko

2000

2020

1984

Deregulation

1990

Liberalisation

1996

Diversification

1983

Australia Closer Economic Relations (CER)

1991

Resource Management Act

1995

The World Trade Organization (WTO) replaces General Agreement on Tariffs and Trade (GATT)

2001

ASEAN Trade Agreement (10 Countries)

2005

Rebuild economy

2005

Transpacific Economic Partnership

2008

New Zealand-China Free Trade Agreement

2011

New Zealand-Hong Kong, China Closer Economic Partnership

2013

Agreement with territories of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation

2015

Growth economy

2016

Population reaches 4.7 million: approx. 723,500 people identify as Māori (15%) and 3% of the population speaks te reo Māori

1997

Launch of Zespri, New Zealand's largest horticulture company

2001

Fonterra, New Zealand's largest company was launched. It has become the world's leading dairy exporter.

2003

Population reaches 4 million

2005

New Zealand-Thailand Closer Economic Partnership

2009

New Zealand-Malaysia Free Trade Agreement

THE AOTEAROA NEW ZEALAND

ECONOMIC STORY

The overall growth story for Aotearoa New Zealand underpins the platform for Māori investment. In the following section we provide a snapshot of New Zealand's current economic performance - and outline the factors that are driving the country's growth.

Few countries emerged from the recent Global Financial Crisis as strongly as New Zealand. It is currently ranked among an elite group of small, agile and socially progressive economies - including Denmark, Finland, Sweden, Switzerland and Norway - that have sustained superior growth.

This is being driven by a unique combination of positive factors. In addition to a stable government, and a robust regulatory approach to the banking sector, the country has a number of distinct competitive advantages. These include: enviable natural resources, an enterprise-friendly environment, a growing pool of globally-connected people, favourable market access, international demand for our exports, and an ability to earn price premiums.

EVIDENCE OF ECONOMIC ACCELERATION

These figures provide a snapshot of New Zealand's strong economic performance in recent years.



New Zealand is projected to continue to grow GDP for the next five years at:

>3%

per annum compared to the OECD and developed world average of just 2%.²

Foreign Direct Investment approved by the New Zealand Office of Overseas investment of:

\$39bn

between 2011 and 2015.⁹

Rapid economic growth

New Zealand has achieved a 14% increase in GDP over the past five years. This is 70% higher than the 8% average growth of OECD countries. Furthermore, New Zealand is projected to continue to grow at 3% per annum, compared to the OECD and developed world average of just 2%.

Importantly, there has been steady growth across New Zealand's key sectors. The increase in real GDP includes an annual rate of 6.1% for agriculture, forestry and fishing; 6.2% for construction; and 4.5% for retail trade and accommodation.

Strong investment levels

New Zealand enjoys strong and balanced levels of foreign direct investment (FDI). FDI in New Zealand companies equates to approximately \$110.0 billion, or 46% of GDP. The Overseas Investment Office (OIO) approves more than 150 overseas investment applications each year; between 2001 and 2015. This equated to \$36.6 billion of gross investment. Domestic investment in assets and infrastructure is also strong. There has been an average 5% annual real increase in Business Gross Fixed Capital Formation – increasing from 16% of GDP in 2011, to 18% of GDP for June 2016 (and equating to \$58.0 billion).

Annual exports have increased to:

\$71bn¹⁰

International tourism visitors are projected to increase by:

40%

between 2016 and 2023.¹¹

Increasing exports

The real value of New Zealand exports has been growing at an annual average of 3.2% between 2011 and 2016. Annual exports represent 30% of GDP for June 2016; equating to NZ\$71 billion. New Zealand exports are expected to continue growing.

A thriving share market

New Zealand's capital markets continue to demonstrate strong growth in trading activity and secondary capital-raising. The value of the New Zealand share market (NZX) increased by 85% over the last five years to 2016. This can be compared to the S&P 500 increase of 58%; the ASX (Australian) increase of 27%; and Global MSCI of just 21%.

A booming tech sector

New Zealand's dynamic tech sector is a key driver of economic growth – and is attracting international interest. In 2016, the country's top 200 technology companies achieved revenue growth exceeding \$1 billion¹³. The thriving ecosystem of tech companies is spread across different company sizes, market sectors, and geographies. Since 2011, there have been 31 foreign acquisitions¹³ among the top 100 firms, and 14 public listings¹³.

Strong tourism growth

New Zealand is one of the world's most desirable tourist destinations. Over the last five years, international tourism visits have increased by 34%¹⁴, and expenditure by 57%.¹⁴ Tourism visitors are projected to increase by a further 40%¹¹ between 2016 and 2023. This will take New Zealand's international tourism visitor numbers to 4.9 million by 2023¹¹.

WHAT IS DRIVING NEW ZEALAND'S STRONG ECONOMIC GROWTH?

Momentum behind the country's performance is underpinned by a combination of six factors...

I. DIVERSE POPULATION

Māori make up

15%

of the New Zealand population⁴

The Māori population is young;

70%

of Māori are younger than 40 years old (compared to 50% non-Māori and 48% for the OECD)⁵

The Māori population is growing at

2%

per annum (non-Māori 1%)¹⁵

In 2015/2016 net migration of

69,100

was the highest annual net gain on record¹⁶



Culturally diverse and globally-connected young people

New Zealand's young people are highly talented and increasingly worldly. Many draw on their global experiences to add value to the New Zealand economy, both as employees and entrepreneurs.

The dynamic composition of New Zealand's population is a strong factor driving investment and economic growth.

In 2015/2016 net migration of 69,100 was the highest net gain on record. In an increasingly volatile global environment, New Zealand's reputation for safety and high standards of living makes it a highly -desirable country for immigration. (In the 2014 HSBC Expat Explorer Survey, it was voted as the best place in the world to raise a family).

It is also becoming one of the world's most culturally-diverse

societies. The population includes strong Asian (12%), Polynesian (8%) and fast-growing Latin American, Middle Eastern, and African populations.

In addition, tourism and student visitors make a significant contribution to the culture and the economy. In 2016, the number of international tourists rose to 3.5 million¹¹.

As the 'first peoples' of New Zealand, and comprising 15% of the population, Māori hold a unique and enduring place in the cultural landscape. The role of Māori in New Zealand society, and in the economy, is recognised globally as a leading example for other indigenous peoples to follow.

2. WEALTH OF RESOURCES

New Zealand is blessed with key environmental advantages that provide an enviable lifestyle and underpin its strong agribusiness, seafood and tourism industries.

These include a temperate climate, abundance of arable land and fresh water, pristine coastal waters, a natural resource base, and stunning scenery.

COMMERCE

- + New Zealand has an open, innovative and growing commercial sector.
- + It is ranked first in the world by the World Bank for ease of doing business.
- + New Zealand is supported by Free Trade Agreements, including an agreement with China.
- + New Zealand is one of the least regulated countries in the OECD.
- + It has an emerging technology sector that grew revenue 7.3% and exports 7.5% in 2015 (TIN200).

URBAN LIVING SPACES

- + A growing population is driving strong demand and growth in New Zealand's construction industry.
- + High net migration drove strong population growth of 2.1% in the year to June 2016.
- + Total national construction value, \$31 billion in 2015, has sustained growth averaging 7% annually since 2011.
- + Auckland residential building value growth drove 58% of the total national growth of \$1.3 billion in 2015.

CONSTRUCTED SPACES

- + Vibrant urban spaces draw immigrants and tourists to the country
- + New Zealand's urban centres are vibrant, modern cities with multi-cultural populations.
- + Demand for gastronomy and high hotel occupancy rates reached a five year high in 2015.
- + Auckland's annual hotel occupancy rate is 85%.
- + Auckland ranked as the world's eighth most liveable city in the Economist Intelligence Unit's 2016 liveability rankings.

INDIGENOUS OPEN LAND

- + International tourism numbers have increased by 34% and tourism spend has risen by 57% over the past five years.
- + International tourism visitor numbers are forecast to rise by a further 40% and expenditure by a further 52% between 2016 and 2023.
- + In 2015, 168,000 people were employed directly in tourism; this was a 5% increase when compared with the previous year.



HORTICULTURE

- + Exports are expected to grow to \$5.7 billion by 2020 (from \$4.7 billion).
- + The sector is known for its environmental advantages and innovative, world-leading technology.
- + Wine is the most significant export, valued at \$1.4 billion (66% is Sauvignon Blanc) and shows strong growth.
- + New Zealand's top horticulture markets (by value) are Australia, the EU, the USA and Japan.

OCEANS

- + New Zealand provides one of the world's finest marine farming environments.
- + It boasts the fourth largest ocean economic zone, at 5.7 million square kilometres.
- + Its oceans are free of pathogens and inorganic toxins.
- + Around 90% of New Zealand's commercial seafood production is exported; worth \$1.8 billion.
- + Exports are forecast to grow to \$2.1 billion by 2020.

EXOTIC FORESTS

- + New Zealand forestry export revenue is forecast to grow an average of 6.3% annually; from \$4.7 billion in 2015 to \$6.3 billion in 2020.
- + New Zealand forestry covers 1.7m hectares of land (or 7% of New Zealand's total land area).
- + Approximately 70% of the plantation forest production is exported.
- + China, Australia, South Korea and Japan are New Zealand's biggest markets for forest products.

PASTURE

- + New Zealand-grown produce feeds over 40 million people.
- + New Zealand is known as a quality source of beef, wool, kiwifruit, apples and seafood products.
- + It exports animal and dairy products to more than 100 markets every month.
- + Dairy exports account for 36% of New Zealand's primary sector exports, and are forecast to grow from \$14.0 billion in 2015 to \$17.7 billion in 2020.
- + Meat exports have grown from \$7.8 billion in 2013 to \$9 billion in 2015.

Data sourced from Statistics New Zealand, Ministry for Primary Industries and Ministry of Business, Innovation and Employment.

3. EASE OF DOING BUSINESS

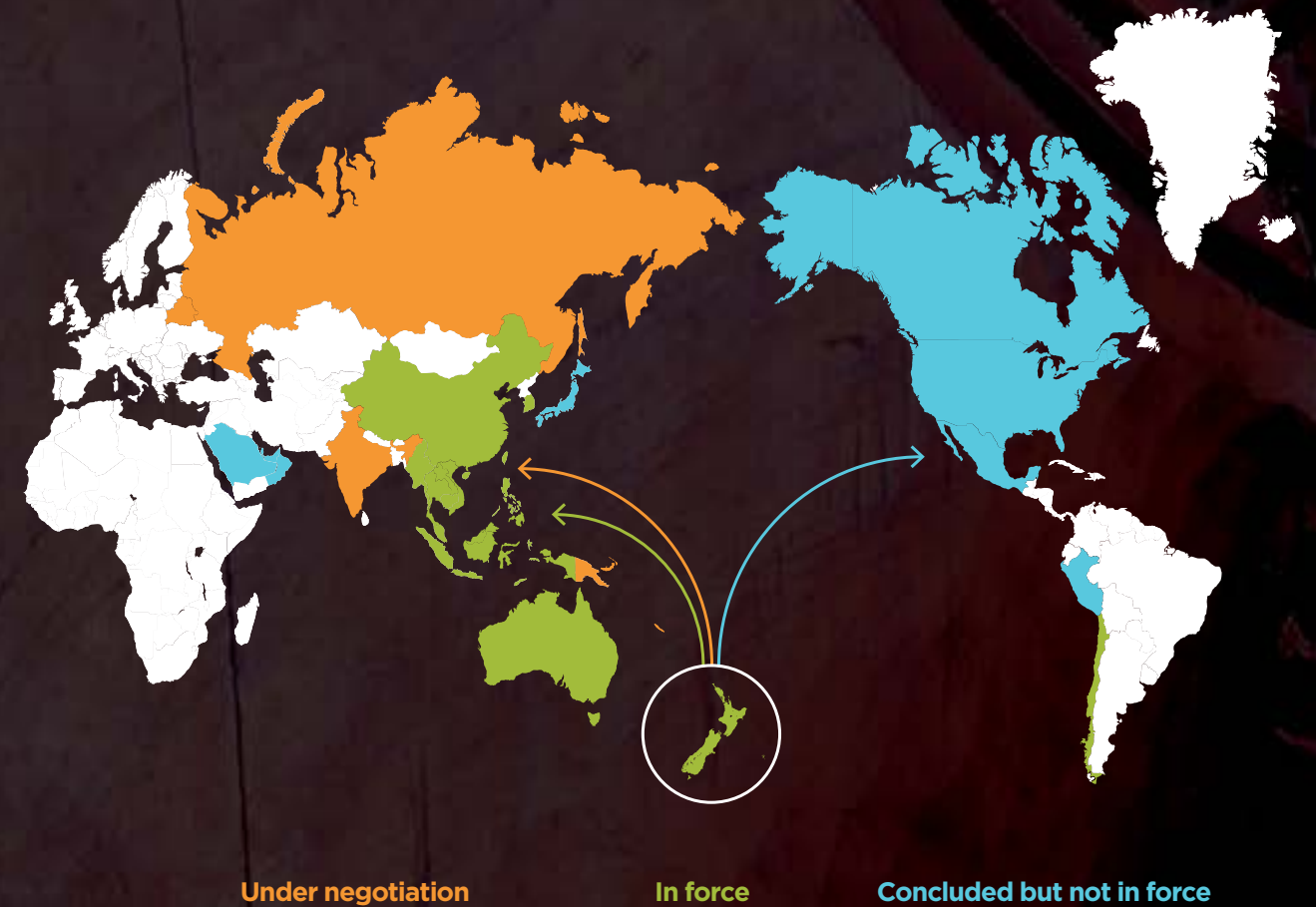


New Zealand has a stable government and political environment. Across 19 independent indices (see above), it ranks highly for economic freedom, prosperity, peace and transparency.

With its range of progressive and competitive policy settings, New Zealand provides a very favourable environment for business and enterprise. The World Bank ranked New Zealand number one in the world for Ease of Doing Business, in 2015 and 2016.



4. FAVOURABLE MARKET ACCESS



Favourable open market

New Zealand has been a global leader in eliminating trade-related constraints to growth, and developing new global trade agreements. In order to optimise its resource use, New Zealand has eliminated mechanisms that protect inefficient producers; such as subsidies, price controls and tariffs. New Zealand's tariff settings are generally among the lowest in the world; most are at zero.

The New Zealand Government does not provide subsidies for production, and has transparent and low tax regimes.

New Zealand's vibrant economy is also supported by an extensive network of Free Trade Agreements (FTAs). Significantly, New Zealand was the first country in the world to negotiate an FTA with China.

Negotiations have either concluded or are underway with other key trading partners; these provide New Zealand businesses with favourable market access terms, and are opening up a range of future growth opportunities. With the global economic focus shifting to Asia, New Zealand's geographic location has become one of its advantages.

The graphic above highlights the various Free Trade Agreements to which New Zealand is a party.

5. ALIGNMENT WITH GLOBAL MEGATRENDS

Today, few economies are better positioned than New Zealand to leverage the impact of emerging megatrends that are currently shaping the global economy.



CHANGING DEMOGRAPHICS

Population growth in the developing world and higher life expectancy / falling birth-rates are changing the global demographic profile.

- + One billion increase in population by 2030; the majority of this growth is in Asia and 90% of global youth will be from developing countries.
- + Economic development will see the middle income population grow by 3 billion by 2030.
- + World's population of people aged 65+ will double to 1 billion by 2030.

Opportunity for New Zealand

The change in global demographics will directly drive increased demand for New Zealand products and services, particularly food, tourism and technology.



INCREASED URBANISATION

By 2030 almost two-thirds of the world's population will live in cities, creating significant opportunities for social and economic development.

- + Almost all of the increase in population (1 billion) will be in urban cities. 80% of this urban growth will be in Africa and Asia.
- + The top 600 cities account for 50% of global GDP (US\$34 trillion) – this will grow to US\$65 trillion by 2025. US\$41 trillion is needed for global infrastructure between 2005 and 2030.

Opportunity for New Zealand

The transition to an urban economy rapidly increases retail spending. Increased volumes of food must be sourced to support urban consumers.



CLIMATE CHANGE

Rising greenhouse gases are causing climate change, with unpredictable change in the environment and impacts on the resilience of natural and built systems.

- + Current CO₂ emissions are already 14% higher than the global 2020 target and are continuing to rise. With a 2 to 4-degree Celsius warming of the Amazon rainforest and Greenland ice and 20% to 50% of animal species could be at risk.
- + The cost of adapting to and mitigating change will amount to 1 or 2% of global GDP.

Opportunity for New Zealand

New Zealand is located in a favourable isolated temperate climate zone with a relatively abundant source of water.



INCREASED RESOURCE STRESS

The combined pressure of population growth, industrialisation and climate change is causing stress on the world's natural resources of ocean life, freshwater, arable land and energy.

- + A 50% increase in food production will be needed to feed the population in 2030.
- + In the global context, New Zealand has abundant natural resources – including land, freshwater, and ocean resources. These are being future-proofed by advanced policy and regulatory systems, along with world-leading food safety and traceability systems.

Opportunity for New Zealand

New Zealand has advanced policy and regulatory systems to protect its abundant natural resources. These are supported by a combination of world leading food safety and traceability systems.

From providing solutions to water scarcity, to feeding the growing middle classes in Asia, New Zealand is well-placed to capitalise on these key trends. In a world environment that combines digital, environmental, economic and social change and disruption, New Zealand provides an attractive investment opportunity for both local and international investors.



ECONOMIC POWER SHIFT

Emerging economies are lifting millions out of poverty while exerting more influence.

- + By 2030, China and India will account for 35% of the world's population and 25% of global GDP.

Opportunity for New Zealand

New Zealand's location in the Asia-Pacific and its existing trade networks will see it successfully leverage these fast-growing global markets.



ECONOMIC CONNECTEDNESS

The interconnected global economy will see a continued increase in the level of international trade flows. Global trade as a percentage of GDP is projected to increase by 5% annually.

- + Global trade as percentage of GDP has increased from 40% in 1980 to 63% in 2011, and is projected to increase by 5% annually (2.5 times the 80% of reciprocal global trade agreements that are in place today have been created since 1990).

Opportunity for New Zealand

New Zealand's vibrant economy is supported by an extensive network of Free Trade Agreements.



TECHNOLOGY AND DIGITAL DISRUPTION

Technology has transformed society over the last 30 years. A new wave of technological advances is now creating an unprecedented wave of disruption.

- + 75% of the global population has access to a mobile phone (5 billion in 2030).
- + Global online sales will reach US\$4.3 trillion (19% of sales of retail sales – this is higher in Asia).
- + The number of smart objects (digitally connected devices will double from 25 billion in 2015 to 50 billion in 2020).
- + Digital disruption is creating a sharing economy (Uber, Airbnb).

Opportunity for New Zealand

Adoption of technology creates many new opportunities for all economies – New Zealand has a track record of rapid technology adoption.



RISE OF THE INDIVIDUAL

Advances in global education, health and technology help empower individuals and increase the demands for products that meet specific needs and for transparency.

- + 60% of the world's population will be middle class by 2030, up from 27% in 2009.
- + The speed of information sharing between consumers is increasing at an exponential rate.
- + Technology and economic changes are creating increased diversity.
- + Consumers are 'hyper informed', more demanding and less loyal.

Opportunity for New Zealand

Empowered consumers in key markets support export growth.

The country has been performing strongly and is accelerating. There is solid demand for investment and new capital to sustain this growth; particularly as New Zealand enterprises are focused on investing to add value to products, and connecting more closely with customers.

Source: KPMG Future State 2030 and Country Updates

6. GLOBAL DEMAND FOR NEW ZEALAND PRODUCTS

Alignment of export organisations with shifting consumer preferences.

Across all markets, consumer purchase decisions are being driven by a greater focus on specific attributes of the product and on the organisation that produces it.

Increasingly consumers' decisions take into account the social and environmental responsibility of the producer.

At a product level, consumers (particularly the wealthy) are increasingly focused on health and well-being, safety, social responsibility and transparency. There is strong alignment between the attributes desired by these consumers and the elements that New Zealand enterprises consistently deliver; particularly in the areas of food and beverage production, tourism services and high value technology.

In a global context the attributes that can be more strongly associated with New Zealand products and services include:

- » social well-being and wider community benefits of purchasing;
- » wellness and the contribution of the product and services to both physical and emotional health;
- » safety, including product and service safety and all the systems that support this;
- » trust, including the inherent trust in brands and provenance; and
- » the ability of New Zealand products and services to demonstrate delivery on the attributes - this supports price premiums.



Hierarchy of consumer values

New Zealand companies are well placed to fulfil a number of attributes that international consumers value. Global consumers' purchase decisions are evolving in response to changes in incomes and recognition of values that are important to both individuals and society. The focus of consumers is on moving up the hierarchy, from functional to emotional attributes. The peak of the hierarchies occurs where consumer decisions are based primarily on social wellness impacts.



- = Attributes that have a stronger alignment with New Zealand brand positioning and attributes.
- = New Zealand attributes that are becoming more prominent as enterprises move closer to the consumer.
- = Attributes that are usually a focus but that are less advantageous.

GROWING EXPORT VALUE

The value of New Zealand's exports has increased by 51% over the last 10 years; with a Compound Annual Growth Rate (CAGR) of 4%.

This includes a 127% increase in dairy, and 62% increase in other food and beverages. In the last three years, the strongest growth has been from tourism, which increased by 55% between 2013 and 2016. This growth is projected to continue; and the New Zealand Government has an objective of doubling exports by 2025 (which implies a CAGR of 7%). Over the next 10 years, New Zealand enterprises will increase their involvement across the value chain (e.g. by in-country sales direct to retailers and online sales to consumers). This trend will magnify the gains in the value of exports.



The national target is to double exports over 10 years by 2025 (\$66 billion of growth at CAGR of 7%).



78% of New Zealand's export growth over the last 10 years has been driven by the 'natural product and service' sectors (dairy, food & beverage, natural fibres and tourism).

Total two-way trade with China has tripled over the last 19 years, from NZ\$8.2 billion to NZ\$23 billion (CAGR of 11%).



Total merchandise exports increased over 10 years by 59% (CAGR of 4.7%) to NZ\$50 billion.



Total services exports increased over 10 years by 33.0% (CAGR of 2.9%) to NZ\$21 billion.

Total merchandise exports to Asia increased over 10 years by 109% (CAGR of 7.6%) to NZ\$21 billion.

Total exports increased over 10 years by 51% (CAGR of 4.2%) to NZ\$71b.

The share of exports destined for Asia has increased from 33% to 43%, and accounted for 60% of growth.

Tourism earnings grew by 55% (CAGR of 16%) between 2013 and 2016, to NZ\$14 billion.

In the last three years there has been a significant change in the export sectors - Dairy exports peaked at NZ\$14.7 billion in 2014 and declined by NZ\$2.9 billion in 2015 as commodity prices declined.

Source: Statistics New Zealand - Goods and Services Trade, Ministry for Primary Industries - Situation and Outlook for Primary Industries



MĀORI

ACCELERATION IN THE NEW ZEALAND ECONOMY

An investment in the Māori economy is an investment in the momentum and growth of Aotearoa New Zealand — with distinct additional advantages.

As outlined in Section 2, the New Zealand economy is a global success story. Underpinned by a range of positive economic settings, it has been growing at 2-3% per annum.

Yet the outlook for the Māori economy is even more exciting. Key economic indicators for the Māori economy have been improving by more than 5% per annum, including growth in assets and incomes.

These trends are expected to continue, and could see the value of Māori assets grow from \$50 billion to \$100 billion by 2030.

It is expected that Māori will invest approximately NZ\$1.5-2.0 billion per year over the next 10 to 15 years. Some of this investment will be enhanced through joint ventures and partnerships with other parties.

The level of investment will range from venture funding (\$1 million to \$20 million) through to significant initiatives requiring more than \$100 million, depending on the role of the investor.

THE MĀORI ECONOMY: A SNAPSHOT

\$12 BILLION IN GDP²¹

The Māori economy contributed \$12 billion to New Zealand's GDP in 2015.

50% OF FISHING QUOTA⁷

Māori own **50% of New Zealand's fishing quota**. The fishing quota asset has a value of approximately \$2.5 billion.

TOTAL VALUE OF SETTLEMENT¹⁷

In the past 20 years, through settlements with the Government, Māori authorities and enterprises have negotiated a total of almost NZ\$2 billion in assets and financial redress. Through astute management, the value of these assets has grown at an average 10% per annum since settlement (15% in the last two years).

The Māori economy has experienced solid asset growth from \$16.5 billion in 2006¹⁸ to an estimated \$50 billion in 2016⁶.

A GROWING MĀORI POPULATION^{4, 5, 15}

Māori currently number 723,500 and this represents 15% of the total New Zealand population. This is projected to increase to 18% or **1,090,000 by 2038**. Also, Māori are a globally connected people; it is estimated that another 250,000 Māori currently live overseas. Importantly, and in contrast to general trends, the Māori population is young; 70% of Māori are younger than 40 years old. This can be compared to 50% for non-Māori and will, therefore, be critical to New Zealand's future labour force.

\$13 BILLION IN PRIMARY SECTOR ASSETS¹⁹

Collectively, Māori own **\$13 billion in primary sector assets** (which is approx 10% of the total New Zealand agriculture, forestry and fishing asset base).

CAPITAL INVESTMENT OF \$1.5 BILLION-\$2 BILLION PER YEAR⁶

The accelerating Māori economy is expected to keep growing at a much faster rate than will New Zealand's wider economy (i.e. 5-6% versus 2-3%). This would equate to a doubling of assets by 2030 to \$100 billion and include a significant shift in the value and type of commercial assets.

It is expected that Māori enterprises will continue to invest at a rate of at least 5% of current asset value or **capital investment of approximately \$1.5-\$2.0 billion** and that some Māori enterprises will partner with other parties to add to this capital pool.

A THRIVING SMALL TO MEDIUM SIZED ENTERPRISE MARKET²⁰

Māori possess a thriving entrepreneurial base with approximately 8,500 Māori-owned small and medium-sized enterprises; a further 21,000 of Māori are self-employed. These numbers are increasing by >5% per annum. In particular, Māori participation in biotechnology, health ICT, hi-tech manufacturing, agritech and fintech is increasing in one of the fastest growing sectors in the New Zealand economy.

1.4 MILLION HECTARES⁸

There are an estimated 1.4 million hectares of registered Māori land owned by Māori authorities, enterprises and individuals – plus additional privately owned land. A significant proportion of this land is yet to be developed to meet its full potential.



THE SPRINGBOARD: FIVE KEY FACTORS DRIVING GROWTH

These five factors combine to provide a powerful and compelling business case for investing in the Māori economy. We explore these further in the following pages.



I. MĀORI NATURAL RESOURCES OF PROSPERITY

In a world of increasing resource scarcity, New Zealand is blessed with an abundance of natural resources.

Māori have control over a significant share of these valuable resources – and are continuing to leverage their assets in farming, fisheries, forestry and other emerging agri-sectors. Their advantage is further secured by unique and preferential purchase rights to certain land and assets, as negotiated with the Crown.



COMMERCE

Māori businesses contributed **\$26 billion in revenue** to the New Zealand economy in 2015.



INDIGENOUS OPEN LAND

Māori control an estimated total of **1.4⁸ million hectares of land**, either under private ownership or as registered Māori land owned by Māori authorities, enterprises and individuals. An estimated one-third of this land is yet to be developed.



HORTICULTURE



Māori are actively engaged in the export of **pipfruit and kiwifruit** and are exploring opportunities for other high demand, high-value produce including berries.



EXOTIC FORESTS

Māori own approximately **30% of New Zealand's plantation forests**. Currently, this equates to around 520,000 hectares but is expected to expand further within the next decade as Treaty of Waitangi settlements are finalised.

PASTURE

Collectively, Māori own **\$13 billion in primary sector assets⁹** (which is approximately 10% of the total New Zealand agriculture, forestry and fishing asset base). This includes control of 30% of New Zealand's lamb production, 30% of sheep and beef production and 10% of milk production.



OCEANS

Māori own **50% of New Zealand's fishing quota⁷** (at a value of approx \$2.5 billion), with trade-able rights to harvest. The flagship seafood companies include Moana New Zealand, which exports premium seafood to global markets and is valued at more than \$500m.



2. ALIGNMENT WITH GLOBAL VALUES

Māori values, practices and beliefs – developed over centuries – help them bring an approach to business that is genuine, authentic and difficult to replicate.

Globally, there is increasing interest in visibility of business practices relating to: sustainability, environmental well-being, and corporate social responsibility. Māori enterprises operate with a unique rhythm and purpose that is closely aligned with these global shifts in attitudes.

This presents significant opportunities to partner with Māori in delivering product and service attributes that are highly valued in the marketplace, that attract a premium price, and that are supported by a rich and authentic story.

The following Māori business provides an example of this.



BUSINESS SNAP-SHOT #1

te Pā Wines

The intergenerational outlook of Māori is epitomised at te Pā Wines, a family-owned and operated business located in Marlborough, New Zealand. The family can trace its existence on the land to the earliest known settlement by Māori, more than 800 years ago. te Pā Wines was launched in 2011 to immediate success; it is backed by a powerful provenance story, bountiful and productive land, and a rich family heritage.

Today, te Pā owns 400 hectares across New Zealand's sought-after Marlborough wine region. Grapes produced on a further 100 hectares in the central Wairau Valley come from trusted growers.

The vineyards contain a mixture of Sauvignon Blanc, Pinot Gris, Pinot Noir and more recently, Chardonnay. The home block vineyard's unique location, where the Wairau River meets the Pacific Ocean, is situated on rich topsoil with free-flowing alluvial deposits. This provides the conditions for producing premium New Zealand wines that connect the taste of te Pā with wine lovers all over the world.

The te Pā story continues to resonate with international buyers and consumers thanks to its authenticity, and the people behind it; the result is international recognition in its markets across North America, Asia, the United Kingdom and Ireland, Australia and New Zealand.

The business continues to pursue new markets using both traditional and online channels to grow its presence and value. With land in this popular wine-making region increasingly scarce, te Pā's unique provenance story provides an evocative point of difference.

www.tepawines.com

3. MIND-SET FOR GROWTH



As outlined in Section 1, the entrepreneurial spirit of Māori was constrained by the impact of colonisation.

This trend began to be reversed from the 1980s and today, the Māori economy is increasing at a rate that is much faster than that of the overall economy. This is an era of revitalisation.

With a strong asset base, a growing talent pool and high levels of optimism, Māori businesses have shifted their focus to even greater achievements and future prosperity.

New Zealand's most in-depth Māori business survey, The ANZ Privately-Owned Business Barometer, Te Tirohanga Whānui - Māori Business Key Insights found that Māori businesses had significantly higher levels of optimism and stronger profit growth than non-Māori businesses.

The following are excerpts from Te Tirohanga Whānui - The Māori Business Key Insights Report - compiled from the findings of ANZ Bank's annual Privately-owned Business Barometer:

"Increased opportunities and a sense that Māori are in charge of their own future are some of the factors driving excitement in the Māori business community," said Graham Turley, ANZ's Managing Director Commercial and Agribusiness.

"Māori businesses lead the way on so many fronts - they are building sustainable businesses, adopting new technologies, and have a fast-emerging pool of talent, strong networks and a collaborative approach to business that's so important in a small market like New Zealand. This year's Barometer shows a change in perspective, from an often-adversarial period of asset consolidation, to working together with other businesses - Māori and non-Māori - to realise opportunities and grow profits."

Māori are becoming increasingly involved in the technology industries - driving ICT innovation in sectors such as education, media/film, agribusiness, health and sciences. The following example is a privately-owned technology company with a global reach.



BUSINESS SNAP-SHOT #2

Straker Translations

Globalisation has led to a burgeoning worldwide demand for language translation services. This opportunity was spotted early by the founder of Straker Translations, a privately-owned Māori business.

Today, Straker Translations is a Cloud-enabled translation services provider that is ranked among the top 100 translation vendors in the world. Founder and innovator Grant Straker developed a technology platform that enables human translators to lower the cost and time needed for delivering accurate translations.



Established in 1999, the company now has sales offices in nine countries and three major production centres in Auckland (New Zealand), Denver (the United States), and Barcelona (Spain); it services 10,000 clients globally.

Husband-and-wife team Grant and Merryn Straker remain as shareholders, while private investors and a private equity firm have funded earlier phases of the international expansion of the company. Straker is now aiming to achieve increased market share within the \$40 billion global translation industry.

www.strakertranslations.com

"I believe Māori are naturally good at innovative thinking. Our ancestors were clearly great engineers... they figured out how to build boats that could traverse the ocean, and how to navigate by the stars."

- Grant Straker, innovator and founder of Straker Translations.

4. BLOSSOMING ECOSYSTEM



The modern Māori enterprise ecosystem has significant depth and breadth. It ranges from billion-dollar flagship companies, collectively-owned enterprises and substantial private companies, to the burgeoning network of small businesses and social enterprises.

Māori business leaders have a finely-tuned ability to form, develop and build relationships with others – both within and outside of their networks, locally and globally. They form strategic partnerships to further lever the benefits of the central ecosystem and to develop and grow businesses jointly with those who share similar values. This includes non-Māori third parties who are willing to partner with Māori businesses in pursuit of common goals.

The blossoming ecosystem of connected and interrelated Māori organisations and enterprises continues to fuel the growth and success of the Māori economy.

Various networks such as Poutama Trust, the Federation of Māori Authorities (FOMA), the Māori membership of Te Hono and a network of tribal asset-holding companies each have different areas of focus but share a common goal of Māori prosperity.

The following case study is another example of a Māori-owned business with global reach. Anagenix Group connects offshore partners with New Zealand-based scientists and locally-sourced products.



BUSINESS SNAP-SHOT #3

Anagenix Group

New Zealand's unique growing environment – combined with targeted science and commercial savvy – is unlocking new markets among millions of global health-conscious consumers.

Anagenix utilises natural bioactives found in products such as kiwifruit, honey, bee venom and marine resources – then partners with global food and pharmaceutical companies to develop sought-after nutraceutical and nutritional products.

The company began operating in 2010, when the two founders combined their respective backgrounds in science and formulation, and their experience in building technology companies for niche global markets.



Anagenix has developed various branded ingredients, including ACTAZIN™ and ApuraGreen™, which are both derived from the superior bioactive compounds of New Zealand green kiwifruit. The utilisation of lower-grade kiwifruit for gut health products reflects the Māori value of kaitiakitanga and minimising wastage.

Anagenix has established offices in Wellington, Auckland and Singapore; along with multiple international distributors. The directors have ambitious plans for growth, and are open to approaches from new strategic investors who are globally-focused.

www.anagenix.com



“We partner with food and pharmaceutical companies looking for high-growth technologies that have been de-risked and proven by science. We bring in the partners early so they will be part of our value chain as we grow.”

– Wayne Mulligan, Executive Director of Anagenix Group



URBAN SPACES



INVESTMENT SUCCESS STORY #1

Novotel Hamilton Tainui Hotel

The development of Hamilton's first four star hotel, the Novotel Hamilton Tainui Hotel, was the result of a three-way co-investment between:

- » the Hamilton City Council (HCC), a local government body;
- » Tainui Group Holdings (TGH), a tribal commercial entity; and
- » the Accor Hotels Group (Accor), an international commercial hotel chain.

This arrangement brought the core strengths and resources of each party together with HCC introducing land suitable for the development, TGH and Accor bringing investment capital and Accor also bringing the hotel franchise rights and operational capability. TGH and Accor have extended their partnership to the Ibis Hotel in Hamilton and the Novotel Hotel at Auckland International Airport.

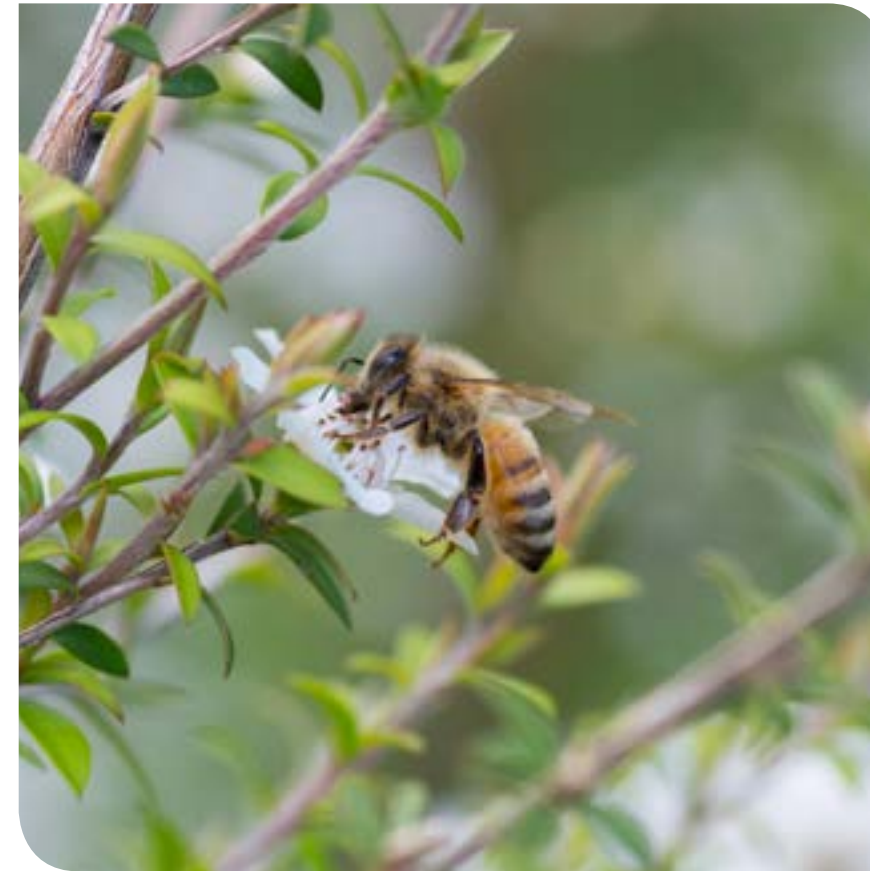
www.novotel.com



PASTURE

INVESTMENT SUCCESS STORY #2

Kaimanawa Honey



The exponential growth in demand for Mānuka honey presented an opportunity for a Māori land trust and a listed company to co-invest. A joint venture between East Taupō Land Trust and Comvita Limited was established to capture the first stage of the Mānuka honey supply chain by leveraging the Trust's 30,270 hectares of land suitable for hosting Mānuka beehives with Comvita's honey extraction and production expertise.

The joint venture is contemplated as a long-term investment, founded on an initial five-year plan but with rights for further extension. The joint venture enables a diversified economic return from land assets, further supply chain certainty for Comvita Limited, and the transfer of respective skills and knowledge between parties.

www.kaimanawahoneylp.com





BUSINESS SNAP-SHOT #4

Waikato Milking Systems

Sharing the investment risk and working as equal partners were two key success factors in the purchase of Waikato Milking Systems (WMS) by two iwi commercial investment companies, Tainui Group Holdings and Ngāi Tahu Capital, and private equity investment fund, Pioneer Capital.

The three parties jointly acquired WMS, New Zealand's largest supplier of dairy milking technology. It is a design-led company focused on innovation, performance and durability.

Located in the Waikato region of the North Island of New Zealand, WMS is a trusted brand within the national dairy industry. It has an expanding international presence across 30 countries with sales operations based in Europe, the Americas, Asia and Africa.

Their investment has enabled WMS to execute a global growth plan, develop new infrastructure (including a new manufacturing facility based in the Waikato), and implement productivity enhancements.

www.waikatomilking.com



BUSINESS SNAP-SHOT #5

Moana New Zealand

Moana New Zealand is the largest Māori-owned fisheries company. Valued at more than \$500 million, it holds a 22% quota stake in the total New Zealand commercial fishing industry. Moana provides premium seafood, including finfish, oysters, abalone and lobster, to consumers all over the world. Key export markets include Australia, Japan, Hong Kong and China.

To achieve its aim of delivering premium seafood to the world - while also safeguarding the sustainability of the oceans and fish stocks - Moana New Zealand is committed to investing in innovation and technology.

An example includes the development of a revolutionary precision seafood harvesting technology (called Tiaki), in partnership with third parties.

Moana's story is of kaitiakitanga (guardianship) and of true connection to this place, pristine coastal waters, privileged access, sought-after species and careful harvest, which involves gathering with a lightness of touch.

www.moana.co.nz



5. STRONG LEADERSHIP



Mavis Mullins

2016 Woman of Influence – Rural Category Winner
2015 Māori Businesswoman of the Year

Professional Director

“Māori display the characteristics of great cornerstone shareholders. They have an intergenerational outlook and are not necessarily in it for a short-term gain. They have reawakened their confidence in exploring possibility and reignited their discovery DNA. This has certainly been helped by those Māori leaders who have pushed out and shown the way.”



Jamie Tuuta

CEO – Te Tumu Paeroa
2010 Recipient Sir Peter Blake Emerging Leader Award

“Our human capital is the most important economic asset owned by Māori. It’s exciting to see how our human capital is developing. This is helping us move from a focus on assets towards a free enterprise view; this results in us being a lot more market-facing and value chain oriented.”

“It is time for this generation to put a stake in the ground and look towards a future of growth and prosperity. It’s about lifting the expectations of people and striving to achieve more. We take a long term intergenerational view so we are focused on sustainability in all aspects.”



Pania Tyson-Nathan

CEO New Zealand
Māori Tourism

“Relationships have never been as pivotal as they are today with significant growth coming out of both the Māori economy and the East. Our business culture starts with the people, who are you, where are you from. Relationships built on a mutual trust and understanding of each other in the first instance versus the balance sheet.”



Rachel Taulelei

CEO
Kono New Zealand

“Māori have a history where our advancement has been out of necessity – the necessity to care for the prosperity of a wide group of people, to think quickly, to act smartly and to collaborate for a purpose much greater than any individual.”

“We have a long-term intergenerational perspective and a wealth of natural resources under our control, ownership and management. Both the resources and Māori are not going anywhere; and so we provide stability to anyone looking to work with us.”



Ian Taylor

Founder – Animation
Research Limited

“No-one told me about the amazing feats of design, engineering and navigation that must have been needed for Māori to build that great fleet that sailed across the Pacific Ocean from Hawaiki to Aotearoa.”

No-one told me about the innovation in agriculture and horticulture that must have been needed for our ancestors to adapt to a land that was nothing like the one they had left. No-one told me about the fur seal trade routes these same ancestors opened with China long before that free trade agreement we are all so proud of.

I think we have always been more innovators than inventors. We take tools that others have made and use them in ways that suit us as Māori, in ways that match our values.”



Whaimutu Dewes

Professional Director

“We see economic growth as a critical means to a much greater end – the retention and growth of our cultural integrity and the health and well-being of our people. This fuels and drives us. The next few generations of our people are educated, ambitious for their people and highly competent – it’s very exciting. Therefore the only direction for Māori enterprise is forward and up. We have a perpetual timeframe forward and back, and we have the resources; we have the mandate, a sense of urgency and strong values that guide us. And we understand relationships, connections and the value of collaboration.”

He aha te painga e whai nei ahau?

Kia tae ki te wā o tāku mokopuna ka kōrero tēnā mokopuna ki tāna ake moko ki roto i te reo ake o ō rāua iwi mō ngā take o te wā o taua wā tonu.

What is success for me?

When the time comes, my granddaughter is talking with her own granddaughter, in the language of their people, about the issues of that time.”



INVESTMENT

OPPORTUNITIES

The previous analysis of the New Zealand economy, and the role of the Māori economy, has identified a number of key areas for future investment. In this section, we drill down to explore those opportunities further.

Māori have built a strong asset base and economic platform within four key sectors – agribusiness (food and fibre), tourism, technology and construction. Further growth in these sectors is being driven by domestic and global trends, as previously outlined.

Within those sectors, we have identified 12 specific focus areas that provide opportunities for investors – and highlight where they might begin their exploration.

THE 12 FOCUS AREAS FOR INVESTMENT

The 12 focus areas represent opportunities across the value chain in each of the four sectors.

The focus areas reflect a combination of:

- › the ability to leverage existing assets and resources
- › areas where Māori have distinctive advantages and capabilities
- › the alignment of existing New Zealand strengths or growth
- › the potential value-add opportunities that external investors might bring.



Health
Investing with Māori enterprises in the growing natural health sector to leverage access to natural resources and develop new products for wellness.



Agritech and biotech
Co-investing in New Zealand agritech and biotech.



Innovation and agriculture
Co-investing to supply leading edge inputs into food production systems, including combining global and New Zealand technology, leveraging the knowledge of New Zealand farmers and horticulturists to develop products, and accessing partners markets for global sales.



Advanced processing
Leveraging access to natural resources (fruit, fish, meat, forestry) and working with international partners to develop food products and new processing capability to supply high value foods to global markets: e.g. functional foods and products that leverage the natural attributes linked to Māori values.



High-tech manufacturing
Partnering and investing in New Zealand's thriving \$5billion high-tech manufacturing network to increase the pace of innovation and development and access global markets.



In-market operations
Developing in-market operations to take products through the entire value chain to the customer (via retail, food service and online channels).



Property funding and operations
Investing in and funding of commercial and residential portfolios.



Technology development
Co-developing and testing of innovative technologies and new business models for the New Zealand tourism industry that can be deployed globally.



Development and construction
Co-investing in commercial property and infrastructure development and construction (including affordable housing) while leveraging access to existing land assets.



Construction supply
Sourcing of international supply of materials for the construction industry and establishing a construction industry network for the supply of construction services and labour.



Experiences
Developing new high value tourism attractions and activities that leverage natural resources and align with the distinctive cultural experiences offered by Māori enterprises.



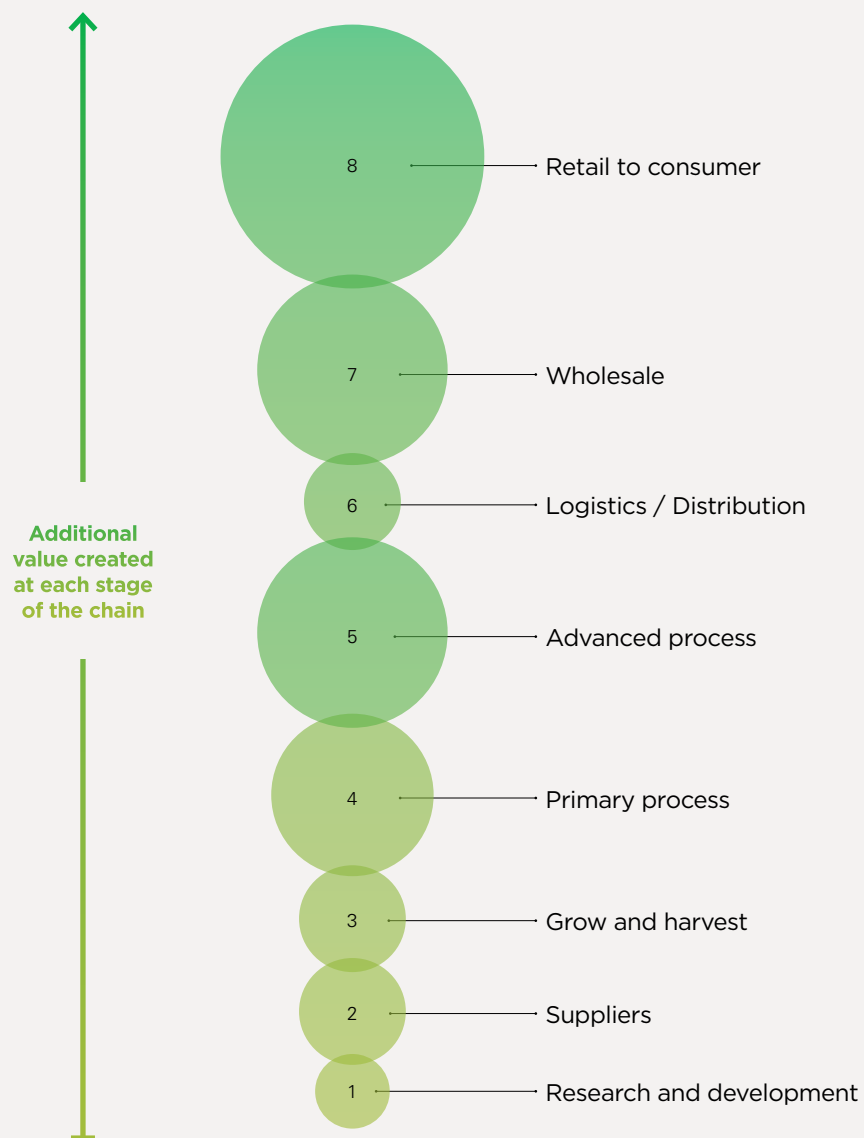
Facilities and hotels
Co-investing in new hotel and accommodation facilities and/or in the management of new facilities, including hotels and accommodation linked to specific experiences or Māori tourism activities.





FOOD AND FIBRE OPPORTUNITIES

Industry value-add analysis. (Total value includes \$33 billion of exports with a retail value estimated at \$200 billion).



Note: The revenue to the grower may equate to 10-20% of the final retail price paid by the consumer.

Food and fibre account for

47%

of New Zealand's exports.²³

Approximately

15%

of these are linked to Māori resources.

Traditionally the focus for foreign investment has been on the growing stage in the value chain. As Māori enterprises evolve, it is expected that there will be opportunities across the entire value chain.

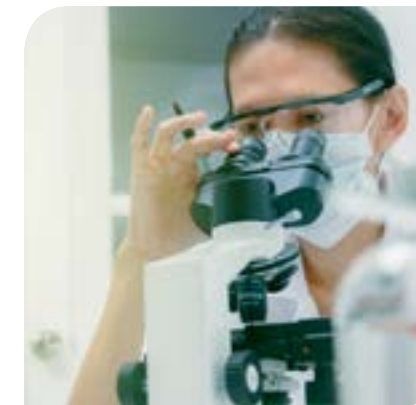
These opportunities include co-investment in three critical areas:

1. Suppliers
2. Advanced process
3. Retail-to-Consumer and Wholesale

1.



Research and development



Industry landscape

Global research and development investment in the food value chain is estimated at \$20 billion. New Zealand's global role in food and fibre is fuelled by its innovation, research and development. This is conducted by private enterprise, seven key universities and Crown research institutes that create disruptions with New Zealand and global applications. Government funding of innovation, research and development is coordinated by Callaghan Innovation and the Ministry for Primary Industries.

Leading enterprises

» Precision Seafood Harvesting, a partnership that seeks to develop new wildfish harvesting technology, which will result in more precise catches and fresher, better quality fish; while avoiding catching undesired or undersized fish, and has commercial partners including Māori fisheries companies Aotearoa Fisheries (Moana) and Sealord.

» Steepland Harvesting, which is a partnership that aims to improve productivity, profitability and worker safety in New Zealand's forestry sector through a number of initiatives including the use of ClimbMAX equipment.

» Development of a new 'Dairymeade' breed of sheep for milk production, which has been approved in 2016.

» FarmIQ, farm management technology, which aims to integrate the red meat value chain with Landcorp, Tru-Test and Silver Fern Farms.

Investment opportunity with Māori

Co-investment with Māori enterprises, in both early stage research and development and commercialisation of successful research and development initiatives, will be focused on:

» new inputs or applications in the production of food and fibre, e.g. biotech and agritech.

» new or enhanced food and fibre products and applications, e.g. new horticulture varieties.

The investment models may focus on commercial sale of the IP to growers, or on the creation of competitive enterprises supplying through to the consumer.

2.



Food and fibre supplier inputs

Industry landscape

Global supplies into the food and fibre value chain are estimated at US\$400 billion and include sales to 560 million farmers worldwide. Retail sales of food amounted to more than US\$5 trillion in 2013. Inputs include bio inputs (seeds, plants, animals), chemicals, agritech, machinery and professional services. New Zealand is an ideal country to develop and commercialise new supplier products and services.

Leading enterprises

» PGG Wrightson Seeds, New Zealand's largest seeds company, supplying proprietary grass and forage seed, which provides high quality feed for improved animal performance and production. www.pggwrightsonseeds.com

» Scott Technology (now owned offshore), which specialises in completely automated systems for processing meat, all designed and developed to increase its clients' productivity. www.scott.co.nz

» Compac, a leader in sorting and packing technology for the fresh produce industry. www.compacsort.com

FOOD & FIBRE OPPORTUNITIES



3. Land – grow and harvest operations



4. Primary and advanced processing



Leading enterprises

- » GroPlus Group, which specialises in orchard management services including robotic pollen application for kiwifruit, and robotic fruit picking and packing.
- » Waikato Milking Systems, a leading designer and manufacturer of dairy technology for dairy sheds.

Investment opportunity

Māori enterprises such as Waikato Milking Systems and GroPlus have established a beachhead for the sector. As the global demand for food and technology disrupts food systems over the next 20 years this sector will create opportunities for further investment.

Industry landscape

Māori enterprises have access to significant natural resources and are actively investing to optimise the outputs from these resources.

Leading enterprises

- » Ngāi Tahu Farming, which manages nearly 100,000 hectares of farming and forestry land.
- » Tainui Group Holdings, which owns more than 4,000 hectares of land, for dairy, sheep and beef operations.
- » Wakatū Incorporation, which has significant land for horticulture, and marine space for seafood.
- » CNI Iwi Holdings Limited, which is the largest owner of forestry land in New Zealand.

Investment opportunity

Māori enterprises own land and may seek opportunities to co-invest in improvement initiatives. This may include conversion to opportunities with higher-value outputs such as beef, dairy and horticulture. Other opportunities might include shellfish, Mānuka plantations, kiwifruit, berry fruit and avocados.



5. Infrastructure and facilities (outside the farm-gate)



6. In-market operations



Leading Māori enterprises

- » Moana New Zealand is the largest Māori-owned fisheries company, and owns 22% of New Zealand's fishing quota.
- » Ngāi Tahu, which exports live seafood including crayfish (lobster) and blue cod.
- » Wakatū, which produces and exports a wide variety of products including shellfish (oysters, mussels), wine, fruit and food bars.
- » The Anagenix Group, which is a collective of New Zealand nutraceutical companies.
- » Miraka, which is New Zealand's only Māori-majority-owned-and-controlled dairy company.

Investment opportunity with Māori

As Māori enterprises develop scale and capability, the next stage in the evolution of the business model is the establishment of processing capability that enables control of the end-to-end value chain.

Industry landscape

Infrastructure and facilities are required to support the development of land and water in New Zealand. This investment includes ongoing development of irrigation capacity, post-harvest facilities (e.g. packing and controlled-atmosphere storage for fruit), and logistics operations.

Leading enterprises

- » Orchard to market logistics and pack house enterprises for kiwifruit, which includes EastPack, Southlink and Seeka.
- » Tainui Holdings Group, which is developing an inland port near Hamilton.
- » Turners & Growers, which has a network of more than 41,000 square metres of storage space supporting its exports.

Investment opportunity with Māori

Māori enterprises engaged in food production have strong balance sheets but may look to co-invest where the external partner provides access to specific expertise or where the investment in facilities then links to an in-market partnership.

Industry landscape

New Zealand enterprises are increasingly developing branded products and taking control of the in-market supply chain.

Leading enterprises

- » Fonterra's brands, which include Anchor (milk, cheese, butter, yoghurt and cream products sold directly to consumers), Anlene (the leading adult milk brand across Asia, offering a range of high-calcium products), Annum (offering a full range of milk products formulated for mothers and their young children) and Anchor Food Professionals (targeted at foodservice professionals).
- » Zespri, which controls the marketing of all New Zealand-grown kiwifruit in export markets other than Australia.

Investment opportunity with Māori

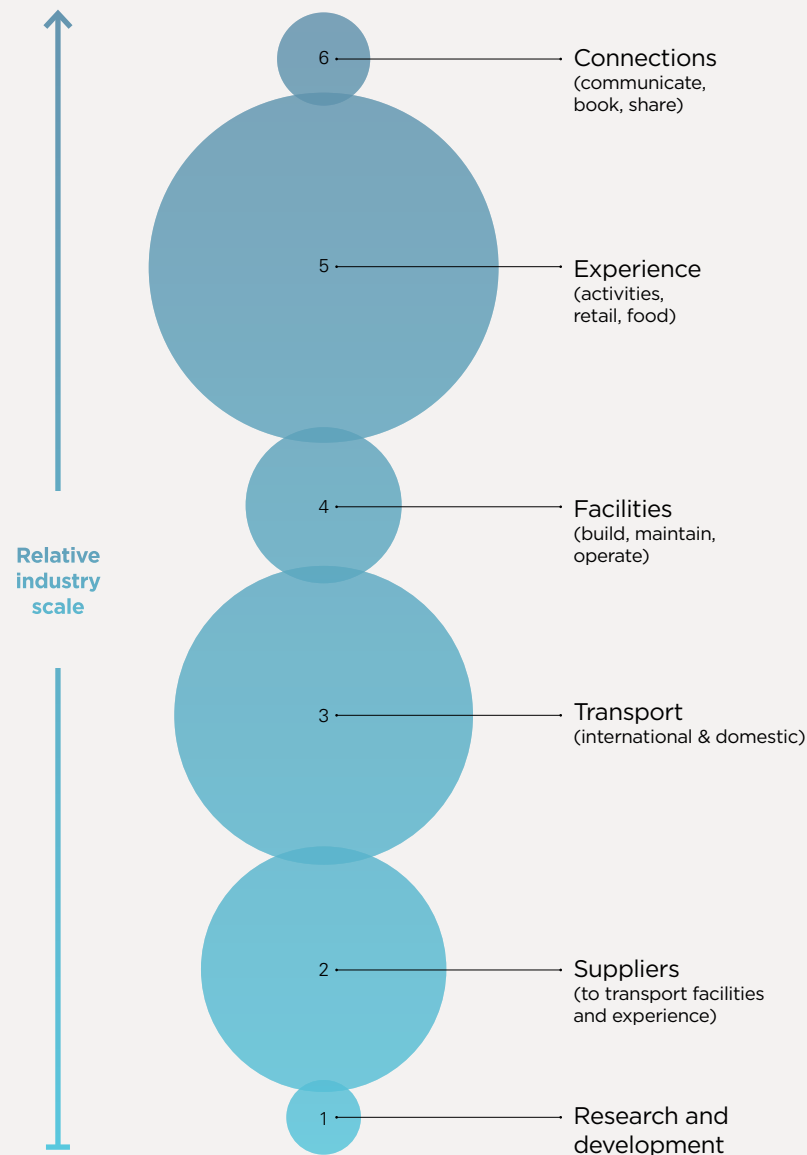
Māori enterprises involved in the food and fibre industries start with a strong alignment of brand to natural attributes. Demand for food products with provenance is strong. Parties may co-invest in new opportunities to brand and market the provenance of New Zealand products, the cleanliness and sustainability of its place of origin and the welfare of livestock.



INDIGENOUS LAND

TOURISM OPPORTUNITIES

Industry revenue analysis (total revenue \$30 billion, 2016)



Annual tourism revenue in New Zealand is approximately

\$35bn 

including \$15 billion international tourism expenditure and \$20 billion of domestic expenditure.²⁴

The volume of international tourists is **expected to grow by**

40% 

from 2016 to 2023 with strong demand from China, Asia and Australia. China alone is projected to create almost 1 million visitors by 2023.¹¹

More than 50% of international tourists will engage with some form of Māori cultural experience while they are in New Zealand.

3.8m

visitors will engage in 37 million activities; with 27% visiting a geothermal park and 25% visiting a place of significance to Māori.²⁵

Foreign investment in New Zealand tourism has tended to focus on accommodation and transport investments. Māori investment in tourism has focused on smaller-scale, regional tourism experiences. The future focus for Māori tourism is likely to extend to:

1. Tourism technology and software applications (with global markets) and solutions to engage with tourists;
2. Development of a connected network of Māori accommodation and attractions; and
3. Development of new unique Māori tourism experiences.

1.

Innovation, research and development



Industry landscape

The tourism industry is being disrupted by a wave of new technologies that are changing both the tourism experience and access to the experience. The greatest causes of disruption are technologies that connect tourists to the experience, including bookings sites and social media used to review the experience.

The actual service delivery is now being disrupted by new business models such as Airbnb and Uber. Automated transport will create new opportunities.

The application of cognitive technologies that engage with the experience will increase the pace of change. New Zealand is recognised globally as a Beta test-bed for new technologies.

Leading enterprises

- » Straker Translations, a Māori enterprise leveraging cognitive technologies to deliver translation services.
- » Animation Research, the Māori enterprise led by Ian Taylor to deliver computer graphics for sports entertainment and other applications.

Other New Zealand technology enterprises with a connection to the tourism sector include:

- » Serko travel software, the leading online booking tool for corporate travel in Australasia since 2007.
- » Vista Group International, the global leader in cinema software management enterprise.
- » Magic Memories, the design-led technology-enabled imaging company serving 92 tourism sites in nine countries.
- » Pushpay, whose financial services technology supports mobile transactions across many sectors including tourism.
- » Vend, the cloud-based point of sale retail platform that can support tourism operators.
- » 90 Seconds, the cloud video production platform with application in tourism.
- » 8i, the developer of holographic virtual reality software and technologies.
- » Merlot Aero, for airline resource planning and control software.

Investment opportunity with Māori

Investments in Māori tourism innovation and R&D are likely to include a focus on technology which has global applications and markets. New Zealand has a proven track record in both technology and tourism.

TOURISM OPPORTUNITIES

2.

Suppliers

Industry landscape

The tourism industry in New Zealand is fragmented with few large-scale organisations (Air New Zealand, Auckland International Airport, Tourism Holdings and Ngāi Tahu Tourism are the exceptions) engaged in the purchase of supplies (fuel, food and accommodation supplies). Goods and services purchased to supply the industry are estimated to represent 20 to 25% of the total tourism industry spend.

Investment opportunity with Māori

The current fragmented state of the supply market provides the opportunity to invest in new ventures or partner with existing players to achieve a strong market share and as yet unrealised economies of scale in a market that will grow with the sector as a whole.



3.

Transport

Industry landscape

Transport includes international and domestic airlines, rental vehicles, bus and tour operators.

Leading enterprises

- » Air New Zealand (domestic and international travel) and Jetstar.
- » Global rental car firms including Avis, Budget, Europcar, Hertz and Thrifty.
- » Tourism Holdings (Campervans).
- » InterCity, NakedBus and Souter Holdings (Mana Bus) coach services.

Investment opportunity with Māori

New Zealand's lack of passenger rail services and relatively expensive domestic airfares make road transport popular. Co-investment in regional road transport can target existing platforms (such as Mana Bus) or could utilise new technologies to disrupt travel modes, such as ride sharing and car sharing networks.



4.

Facilities

Industry landscape

Both international and domestic tourism is expanding (by more than 10% per annum). This trend is forecast to continue. The current industry comprises approximately 90,000 rooms and supports 38 million visitor accommodation nights (excluding non-commercial accommodation), with 35% of this capacity being met by hotels. A significant portion of all visitor night needs are met by private accommodation.

Hotels in the top visitor destinations in New Zealand are delivering strong results, including hotel occupancy rates of 80% and room rate growth of nearly 10% per annum.

Hotel room nights increased in the top five regions from 5.1 million to 5.9 million over the last three years (5% per year). It is estimated that the market could absorb 9,700 new hotel rooms by 2025, but it is also acknowledged that there is a shortfall of 4,500 hotel rooms in the regions. Similar gaps are forecast for other accommodation types and regions.

(Note: This analysis has not focused on infrastructure assets such as ports, airports and roads).



Leading enterprises

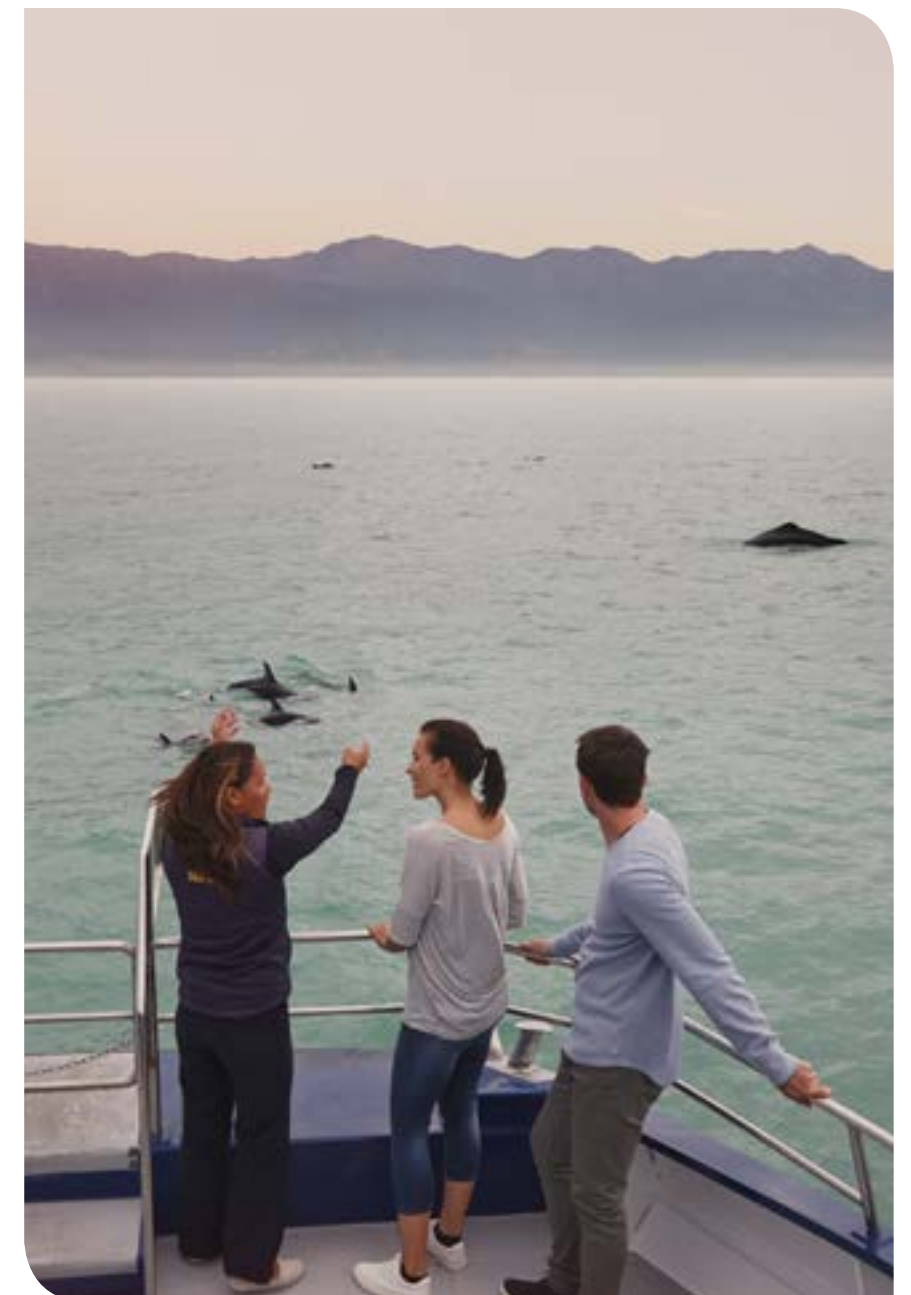
The leading Māori tourism accommodation enterprise, Tainui Group Holdings, with three hotels and approximately 600 rooms. This represents less than 2% of the country's total hotel rooms. A Māori incorporated trust, has also confirmed a new development for Wellington.

The top 10 owners in New Zealand account for 38% of NZ hotel rooms with the leaders being CP Group (8%) and CDL Hotels (6%). The leading operators are Accor Hotels (17% of total), Millennium Hotel and Resorts (8%) and Scenic Hotel Group (5%).

In New Zealand, 53% of hotels are owned offshore (29% by Singapore interests). In the last 12 months there have been 12 major hotel transactions worth more than \$5 million (collectively worth more than \$340 million), with a significant number of developments announced for 2016 and 2017 including the first Ritz-Carlton Hotel for New Zealand and developments by Wyndham Hotels, Sofitel and Hyatt.

Investment opportunity with Māori

Co-investment opportunities with Māori include facility development and facility operation: for example, the Novotel and planned Arikini luxury hotel at Auckland International Airport (planned by the Waikato-Tainui tribe).



5.

Experience



Industry landscape

Tourism experience, including attractions, retail and food, make up approximately 50% of the \$30 billion tourism spend (note that this excludes spending by local residents on the same activities). The activities with the highest levels of participation include:

- » Natural environment and spectacular landscape experiences, which includes 2.3 million visits.
- » Māori cultural experiences, including visits to places of Māori significance and activities related to Māori enterprises (overall, 6 million international activities or visits related to Māori or Māori enterprises).
- » Adventure activities such as bungy jumping, jet boating and skiing.
- » Food and beverage related activities (35% of the New Zealand restaurant trade is linked to tourism).

Leading enterprises

The tourism experience industry is highly fragmented. Leading Māori enterprises include:

- » Ngāi Tahu Tourism, which operates jet boats and other attractions.
www.ngaitahutourism.co.nz
- » Whale Watch Kaikoura for marine mammal sightseeing.
www.whales.co.nz

- » Footprints Waipoua for guided walks in natural forest with Māori guides.
www.footprintswaipoua.co.nz
- » Waitapu Geothermal Wonderland in Rotorua, where visitors can explore a large area of geothermal activity.
www.waiotapu.co.nz

These enterprises combine elements of culture, nature and adventure to create unique experiences.

Investment opportunity with Māori

Māori enterprises play a significant role in tourism and this can be enhanced by co-investment to:

- » improve existing experiences, through the development of infrastructure which provides new options (e.g. coastal walkways, walks through new landscapes, etc.);
- » expand and extend development with activities in new locations;
- » add accommodation as a feature;
- » develop authentic/modern food and wine related experiences; and
- » enable co-development, which is likely to add and connect accommodation establishments.

At a global level, investment with Māori could open up opportunities for indigenous tourism partnerships.

6.

Connections



Industry landscape

All tourism operators have processes, systems and partners to connect to the customer throughout the customer journey. In the overall value chain for tourism, the process of 'connecting' is the most strategically important, the activity that is being most rapidly disrupted, and the activity most open to competition.

Multiple organisations are now involved in the customer journey, and key developments include the following:

- » More than 50% of hotel bookings are made online.
- » Decisions concerning accommodation, travel and experiences rely heavily on social media and mobile applications (three in four travellers agreeing that their smartphones are very important or critical).
- » Revenue from enterprises like TripAdvisor (which had 350.0 million unique monthly visits, 6.6 million hotels and experiences and 385.0 million reviews and opinions in 2016) is growing rapidly. It expanded by 130% over four years to be worth more than US\$1.5 billion in 2015.

Leading enterprises

Air New Zealand is New Zealand's leading connection organisation, with 15 million passenger trips per year managed through its network.

Investment opportunity with Māori

Māori tourism and technology enterprises are increasingly focused on new ways of creating value. In a rapidly changing operating environment, there are expected to be many opportunities for collaboration, co-development and co-investment at an enterprise and sector level.





TECHNOLOGY OPPORTUNITIES

Sector view of the New Zealand technology industry (2016 revenue of \$12 billion)

INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT)



HIGH-TECH



AGRITECH



BIOTECH



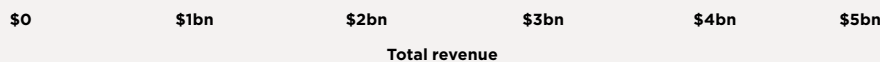
HEALTH



MEDIA AND ENTERTAINMENT



FINANCIAL SERVICES



Source: KPMG Analysis of TIN200 firms categorised by industry. Note that most technology companies operate across multiple sub-sectors. In this chart, revenue may be double counted.



The technology sector in New Zealand has grown by \$2 billion over the last five years to

\$9.4bn

in 2016 (based on the TIN200 revenue and including exports of \$6.9 billion)¹³

The domestic market for technology in New Zealand is small and **exports make up 73% of the total revenue**. In 2016 exports grew by 13%.¹³

The New Zealand technology sector includes ICT, high technology manufacturing and biotechnology, and involves a range of companies with close links to the **Food, Health and Entertainment sectors**.

Māori enterprises are entering the technology sector as true disruptors and **Māori technology companies bring a global model to their enterprises**.

The leaders are globally connected collaborators who bring offshore innovation to New Zealand, develop new solutions, and take innovations to the world.

New Zealand technology industry trends (based on Technology Investment Network Top 200 New Zealand technology companies, also referred to as TIN200):

» **\$9.4 billion total revenue** (excludes some biotech and media revenues which would add >\$1 billion TOR revenue, and excludes high tech marine).¹³

» **12% or \$1 billion revenue growth in 2016** (three-year growth of >24%. 27 rising star companies had growth of more than 24% for the three years).¹³

» **39,770 employees** (8% growth in 2016).¹³

» **31 acquisitions** made by New Zealand technology companies.¹³

» **10% of revenue spent on R&D** (approximately \$900 million spent on R&D, or 25% of New Zealand's total R&D).

» **Public and venture-backed companies account for 48% of TIN200 revenue** – these companies grew by 28% in 2016. Foreign-owned companies, including those that are publicly owned, account for 25% of revenue.¹³

“In the three short years since I was last in New Zealand, the startup fervour here has grown exponentially. The country is becoming one of the world’s best-kept secrets for entrepreneurial activity.”

– **Gary Bolles**, Entrepreneur and Co-Founder of eParachute, and Silicon Valley technology thought leader.

1.

Hi-tech manufacture

Industry landscape

New Zealand’s high tech manufacturing delivers approximately \$5 billion of revenue. This includes three significant sub-sectors of agritech, medical device manufacturers and high tech communication/navigation/instrumentation/electrical manufacturers.

Leading enterprises

The leading enterprises across the sub-sectors include:

- » Gallagher, NDA Group and True Test in agritech.
- » Tait Communications, Rakon and Buckley Systems in electronics.
- » Fisher & Paykel Healthcare and OMNI Orthopaedics.

The Māori enterprises engaged in this sector include:

- » Ubco – dual electric drive 2x2 offroad utility bikes.

www.ubcobikes.com

Investment opportunity with Māori

Māori enterprises and entrepreneurs have connections with specific industries (e.g. agriculture, forestry, fisheries) and are developing value-add roles in these sectors.

→

2.

Media, entertainment, and travel experiences

Industry landscape

In New Zealand there is a strong crossover between the technology, creative and experience sectors. The crossover brings together digital media and production, virtual reality, gaming, entertainment and, increasingly, augmented digital experiences associated with tourism. This convergence is changing the industry.

Leading enterprises

The leading enterprises across the sub-sectors include:

- » Vista Entertainment, which is a world leading cinema software company.
- » Weta Digital and Weta Workshop, which specialise in film production and digital animation (the screen sector is worth \$3.3 billion).²⁷
- » Magic Memories for capturing tourist images.

Māori enterprises engaged in this crossover space include:

- » Animation Research, which offers world-leading animation technology and services for media and sports.
- » Kiwa Digital, the world’s leading production house for experiential digital books.

Investment opportunity with Māori

The emerging Māori enterprises bring a combination of technology, culture and story telling that has global appeal.

TECHNOLOGY OPPORTUNITIES

3.



Agritech and biotech



Industry landscape

Revenue from the agritech and biotech industries equated to approximately \$2 billion in 2016. This includes high-tech manufacture, ICT and biotech (for farm inputs and health outputs).

Leading enterprises

Agritech companies include:

- » Gallagher, a global leader in the innovation, manufacture and marketing of animal management solutions.
www.gallagher.com
- » NDA Group, New Zealand's leading fabricators of industrial stainless steel and specialty alloy process vessels for the dairy, wine and food processing industries.
www.nda.co.nz
- » Tru-Test, which designs and manufactures products and solutions to increase efficiency and profitability in the agricultural sector.
www.tru-testgroup.com

Biotech companies include:

- » PGG Wrightson Seeds, New Zealand's largest seeds company, which produces proprietary grass and forage seed that provides high quality feed for improved animal performance and production.
www.pggwrightsonseeds.com

- » Comvita, which produces Mānuka honey and related cosmetic and healthcare products.
www.comvita.co.nz

- » PharmaZen, an animal and human nutrition manufacturer.

Māori enterprises engaged in this sector include:

- » Waikato Milking Systems, a leading designer and manufacturer of dairy technology.
www.waikatomilking.com
- » Robotics Plus, which specialises in automation technologies for fruit harvesting and other primary industries.
www.roboticsplus.co.nz
- » The Anagenix Group is a collective of New Zealand nutraceutical companies, which is responding innovatively to the global need for natural digestive health solutions.
www.anagenix.com

Investment opportunity with Māori

New Zealand has a reputation and strong position that has not been exploited globally. Māori enterprises are well positioned (with their links to natural resources, capabilities etc.) to build new businesses targeting the global market for agricultural technology. Māori enterprises are exploring opportunities to develop biotech and natural products based on natural resources (plant, animal and fish extracts).

4.



ICT (Includes Financial Services ICT)

Industry landscape

New Zealand's ICT sector is developing rapidly. The top 30 enterprises earned \$2.5 billion of revenue and grew by 17% in 2016. The enterprises are engaged in a diverse mix of industries including technology services and software development, with strengths in health, financial services, media and entertainment and developing opportunities in the agritech field.

Leading enterprises

Technology services companies include:

- » Datacom, New Zealand's first IT company to reach annual sales of \$1 billion.
- » InterGen, an IT solution and service provider.

Software companies include:

- » Diligent, a SaaS company, which provides sharing and collaboration solutions for board members.
- » WhereScape, a pioneer in data warehouse automation software.

Fintech companies include:

- » Xero, which provides cloud-based accounting software.
- » Transaction Services Group, which provides payment processing solutions globally.



Māori enterprises engaged in this sector include:

- » Kiwa Digital, the world's leading production house for experiential digital books.
- » Straker Translations, the world's fastest professional human translation service.
- » Animation Research, which provides world-leading animation technology and services for media and sports.
- » Rod Drury, of Ngāi Tahu descent, who is New Zealand's leading technology entrepreneur and has commercialised four major start-ups including Glazier Systems, SQL Services, AfterMail and Xero.
- » Whanau Tahī's proprietary software helps social service agencies and health providers share information to better improve outcomes for families.
www.whanautahi.com

Investment opportunity with Māori

Māori ICT enterprises are growing and evolving with a distinct focus on the crossover between technology, and creative and human technology interaction. A Māori ICT Development Fund of \$30 million has been established to support the growth of Māori ICT enterprises.

"The thing we really like is that as a small and remote country, New Zealand has companies which almost from conception think globally and are structured to achieve that objective."

- Simeon Feiglin, The Riverside Company (US), investor in Simcro (NZ)

5.

Health

Industry landscape

New Zealand's health sector combines ICT with the manufacture of medical devices, pharmaceutical products and nutraceutical products. The leading enterprises deliver \$1.6 billion of revenue.²⁶

(Note: There is a crossover in the definition of natural health products and nutraceutical products, and total revenue for natural products is estimated at \$1.1 billion.)³¹

Leading enterprises

ICT companies include:

- » Orion Health, which develops software to drive efficiency and improve health outcomes.
- » Atlantis Healthcare, a leading provider of patient support solutions globally.

High-tech manufacturing companies include:

- » Fisher & Paykel Healthcare, which provides world-leading solutions for respiratory and acute care.
- » Dynamic Controls, a world-leading manufacturer of electronic controls for power wheelchairs.

Pharmaceuticals companies include:

- » Douglas Pharmaceuticals, a growing pharmaceutical company.
- » New Zealand Pharmaceuticals, an innovative leader in the New Zealand biotechnology industry.

Māori enterprises engaged in this sector in the areas of nutraceuticals and natural health products include:

- » Anagenix, which is developing science-based, natural bioactive health products from plants.
- » MānukaMed (Kahungunu), a medical company dedicated to researching and developing products that utilise unique properties of Mānuka honey.
- » Navilluso, an early stage tele-health start up.

Investment opportunity with Māori

Māori bring to the health sector a combination of traditional health philosophy and access to knowledge of New Zealand's thousands of unique plants and aquatic life (80% of the higher plants that grow in New Zealand are unique to New Zealand). As the world's population grows, ages and faces new challenges, the potential demand for New Zealand's natural dietary, medicinal and skincare products is escalating.

Currently natural products are being produced from a large variety of raw ingredients, including kiwifruit, Mānuka and Kānuka honey, horopito, berries, green-lipped mussels, fish oil, deer velvet, and seaweed.

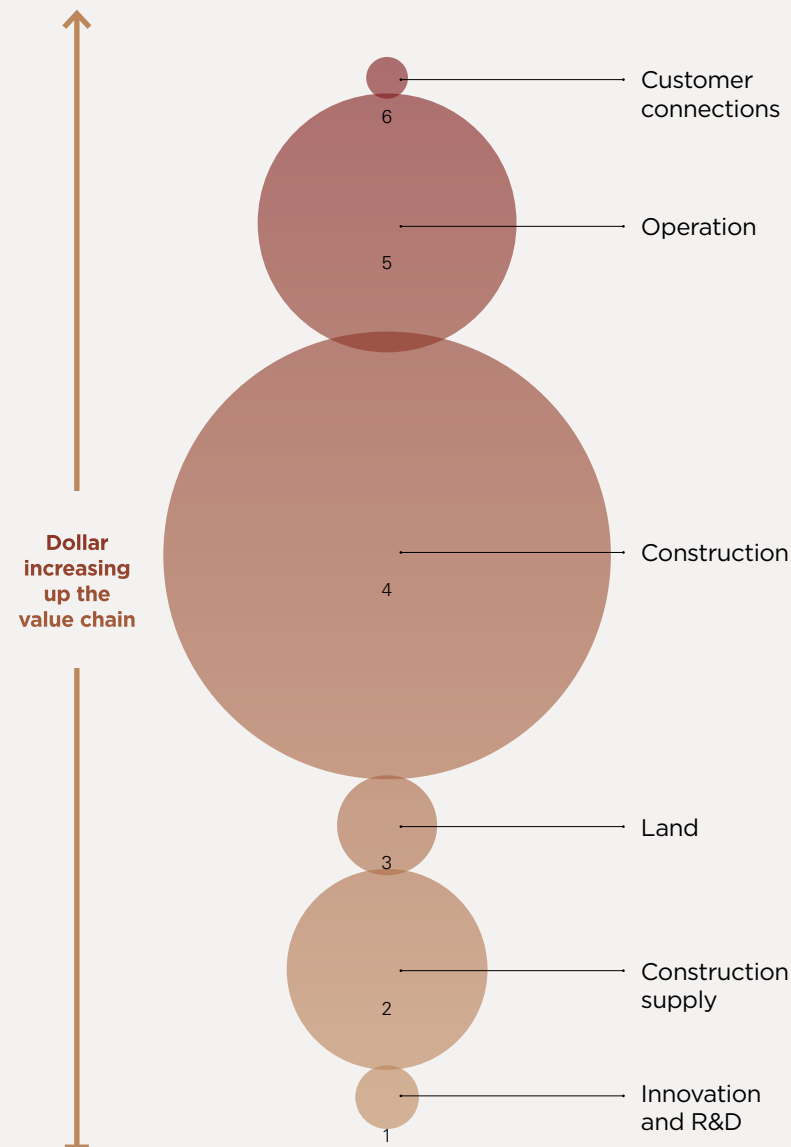
Innovative production methods, weather advantages and pure ingredients sourced from the land and sea lie at the heart of this vibrant industry and provide many opportunities for co-investment.



CONSTRUCTED SPACES

PROPERTY AND CONSTRUCTION OPPORTUNITIES

Industry revenue analysis (total revenue \$75 billion, 2016)



The value of New Zealand construction activity has been growing at

7%

per year since 2011.²⁸

The construction industry is one of the largest sectors in the New Zealand economy, and comprises

20,160

enterprises with one or more employees.²⁹

148,000

New Zealanders (approximately 6% of New Zealand employees) are employed directly by the construction industry, and the wider construction industry employs approximately 170,000 New Zealanders.²⁹

In 2015, the total value of construction sales increased to

\$45bn

(up from \$34 billion in 2012).³⁰

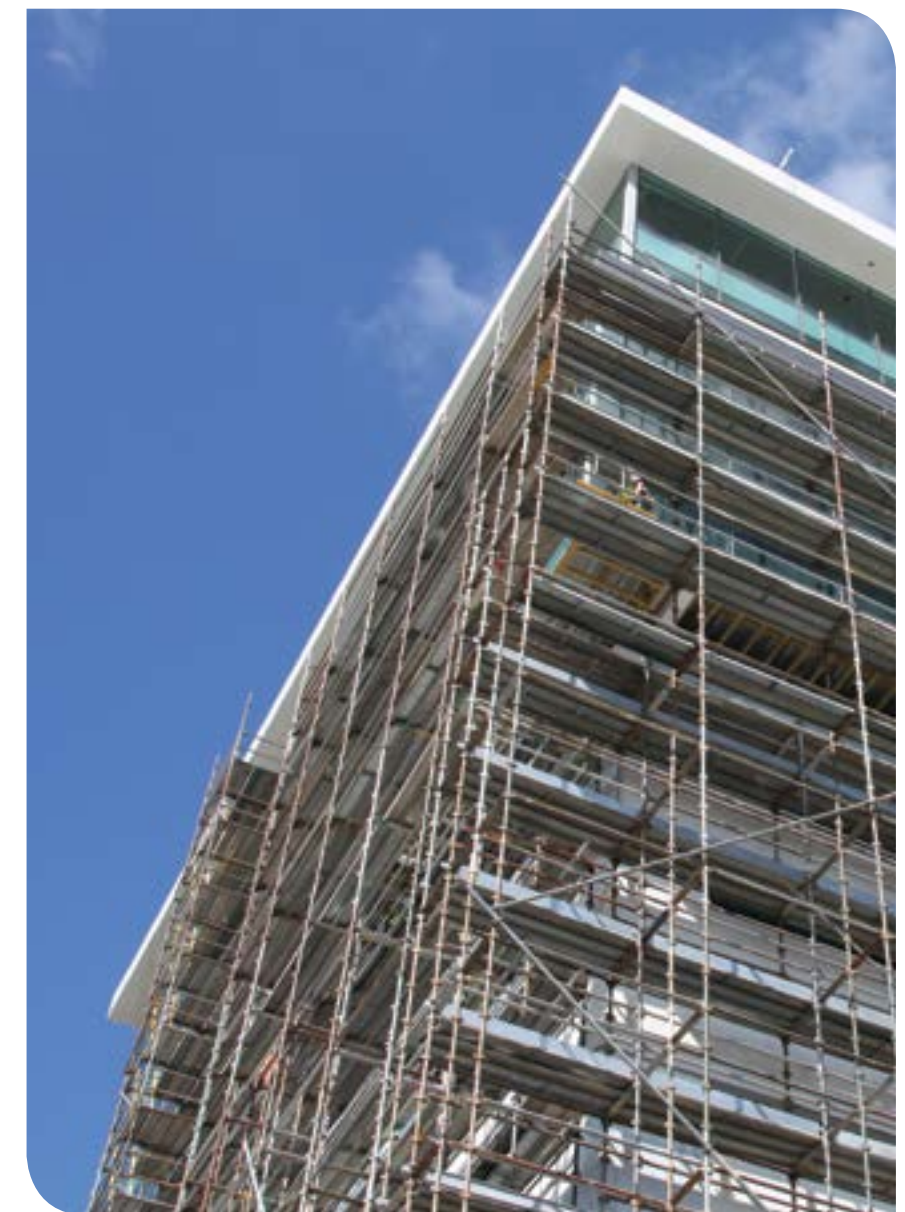
In 2016 the total value of sales relating to property rental, hiring and real estate services was

\$22bn

Māori have been active in finding solutions to the housing affordability problems in Auckland, and Ngāti Whātua Ōrakei's Kāinga Tuatahi housing development, featuring modern and affordable family homes, demonstrates one opportunity to partner and co-invest with Māori in this space.

The three focus opportunities for investors include:

- » construction supply
- » development and construction
- » property planning and operations.



PROPERTY AND CONSTRUCTION OPPORTUNITIES

1.

Innovation, research and development

Industry landscape

The level of innovation, research and development in the construction sector is among the lowest in any sector in New Zealand (a study in 2011 rated construction as the third lowest of 22 sectors for the level of engagement in innovation activity, and reported it had very low levels of R&D per firm).

Leading enterprises

At an industry level, the group BRANZ spends \$12 million on R&D and historically the private spend per firm is low.

Of the private firms, Fletcher Building (with New Zealand revenue of approximately \$4.5 billion) is the largest and is also assumed to be the leading investor in innovation in New Zealand.

Investment opportunity with Māori

Property and construction is a key investment sector for Māori enterprises and provides opportunities for partners able to add innovation to proposed construction projects.

2.

Construction supply

Industry landscape

The total spend in the construction sector is estimated to be \$45 billion, with materials comprising more than 40% of this spend. New Zealand's small market and geographic isolation limit the number of competitors across all products and stages of the construction supply chain.

Leading enterprises

- » material manufacturers, e.g. Fletcher Building for construction material and fabricated building products
- » material importers
- » wholesale and retail distribution
- » construction services.

Investment opportunity with Māori

The opportunity exists for co-investment with Māori enterprises in new models for supply and distribution.

3.

Land

Industry landscape

The cost of land will add up to 50% to 100% to the cost of construction (depending on the type of facility). Total property investment (land and buildings, including farms) is estimated at \$800 billion, including \$470 billion of residential property.

Leading enterprises

Land assets are held across a very wide range of investors.

The leading Māori enterprises engaged in land development activity within the commercial property sector include:

- » Waikato-Tainui.

Investment opportunity with Māori

Māori enterprises have built a very large and significant commercial property portfolio. They have a significant land-bank and will continue to acquire land for development over the next 10 years. Māori enterprises with strong balances sheets will co-invest with partners in the development of the property, or require the input of construction partners in both commercial and residential property.

4.

Development and construction

Industry landscape

The development and construction industry in New Zealand was worth \$45 billion in 2016. This represents growth of 33% since 2012. The three focus areas are:

- » **Residential property** where there is demand for 13,000 additional new dwellings in Auckland per year for 30 years.
- » **Commercial property** which has investment of more than \$6 billion to keep pace with New Zealand's economic growth (>2% increase in GDP per annum).
- » **Infrastructure** construction, which is estimated at \$10 billion per year.

In the residential sector, Government has a range of initiatives to significantly increase the pace of housing development in Auckland and to address the shortfall in available affordable housing.



5.

Own (fund) and operate

Industry landscape

Most residential property is privately owned. In the commercial sector, including aged care housing, ownership models are more varied.

Leading enterprises

Land and property assets are held across a very wide range of investors.

The leading Māori enterprises engaged in the commercial property sector include:

- » Ngāti Whatua.

Investment opportunity with Māori

Māori enterprises continue to build a very significant commercial property portfolio. These enterprises have significant land assets and will continue to acquire property for development over the next decade.

INFORMATION ON THE



ENGAGEMENT

PROCESS

This section provides guidance to the prospective investor about the engagement process.

Firstly, we explain the attributes that a Māori organisation will typically seek in a prospective investment partner, and the questions they may ask. We also provide an overview of the regulatory environment in New Zealand, including the various investment vehicles available to investment partners, and provide a list of further organisations that can assist you.

WHAT WILL MĀORI WANT TO KNOW ABOUT A POTENTIAL INVESTMENT PARTNER?

Māori desire to reflect key values in their business activities influences their approach to choosing business partners. They will be wanting to get a sense of the extent to which their values align with yours and want to understand you, as much as they would like you to understand them.

They will want to build friendship and trust with you, and as part of this process they may want to discover more about you.

The following questions will help them to determine the extent to which your values, approach and practice complements and aligns with;

- › their long term intergenerational view.
- › the importance they place on relationships, caring for others, connection to and stewardship and guardianship of the environment.
- › their leadership and independence aspirations.



What are your values?



What are your expectations?

How do you implement these in a meaningful way?



What is your track record with respect to environmental, cultural and social well-being?



What is your exit strategy with respect to this opportunity?



How willing are you to share information, networks and expertise?



What is your history and where are you from?



Why do you want to invest with Māori?



WHAT IS IMPORTANT TO MĀORI?

When considering an investment partnership, Māori are looking to...

Build the capability to run high-performing businesses.



Retain land to foster connection to the land.

Optimally leverage their asset base in a way that balances the need for re-investment for growth with distributions for cultural, social and environmental well-being purposes.

Provide employment and business opportunities within their tribal regions.

Access and understand international markets in order to grow successful businesses both domestically and internationally.



Partner with others who understand their values and aspirations and are willing to invest the time to build strong relationships and partnerships.

WHAT ARE MĀORI LOOKING FOR IN A POTENTIAL INVESTMENT PARTNER?

Generally, Māori will seek investment partners who can assist them to...

Provide their people with the opportunity to build capability and employment.



Share their skills and expertise.



Help scale Māori businesses internationally.

Facilitate access to international markets for their products.

MODELS AND INVESTMENT VEHICLES

There are a number of possible investment models with Māori businesses. These range from direct investment in New Zealand, to partnership investment in offshore markets.



Direct investment refers to the investment of capital directly into a Māori business, ordinarily through the exchange of capital for a shareholding. This involves a change to the underlying shareholding of the Māori business.

Partnership investment is an arrangement where an investor and a Māori business co-invest into a third-party opportunity. There is, therefore, no change to the underlying shareholding of the Māori business.

Investment with a Māori privately-owned businesses could take place at any point along the spectrum.

Māori collectively-owned business are predominantly Māori land trusts, incorporations or tribal entities (which are referred to in this document as 'the principal entities'). Principal entities may also have subsidiary entities.

Investment with principal entities would ordinarily take place on a partnership rather than direct investment basis. However, direct investment into subsidiary entities may be considered.

There are three main vehicles by which to implement the chosen investment model.

These are:

- » limited liability company
- » limited partnership
- » partnership (which includes joint venture).

The investment vehicle chosen has implications for taxation, limitation of liability, and the basis for sharing in risk and reward.



NEW ZEALAND'S REGULATORY ENVIRONMENT

The New Zealand and Māori economies are underpinned by a world-class regulatory environment. The regime is transparent and subject to democratic processes and scrutiny.

New Zealand's modern and competitive economy benefits from a strong commitment to open-market policies that facilitate vibrant flows of trade and investment. Transparent and efficient regulations encourage dynamic entrepreneurial activity in the private sector. Financial markets, although relatively small, provide adequate access to financial resources.

The strength of New Zealand's economic and social institutions is enhanced by robust protection of property rights and an independent judiciary that enforces anti-corruption measures. While many large advanced economies have been struggling with growing debt burdens caused by years of heavy government spending, New Zealand has kept its gross public debt under control.

These strengths are reflected in New Zealand's consistently high rankings as an attractive investment destination. It was ranked first out of 190 countries in the World Bank's Doing Business 2016 survey, for the two categories of Ease of Doing Business, and Starting a Business.*

Transparency International's 2015 Corruption Perception Index ranks New Zealand as the fourth least corrupt country in the world, just behind Denmark, Finland and Sweden.

New Zealand was ranked:



out of 190 countries in the World Bank's Doing Business 2016 survey.



FOREIGN INVESTMENT

New Zealand takes a very balanced approach to foreign investment and recognises the positive economic and social contribution it brings to New Zealanders. Here are a few points to keep in mind. This information is a general overview and investors are encouraged to seek specific advice.

Overseas Investment in New Zealand

New Zealand does require overseas persons to obtain consent for certain types of investments. This includes those involving sensitive land, assets worth more than \$100 million, and fishing quota. The Overseas Investment Office (OIO) is responsible for assessing applications for investment approval.

Real estate in New Zealand

New Zealand land titles are registered at Land Information New Zealand (LINZ). The most common type of land title is 'freehold'. Particular care should be taken when dealing with properties with 'leasehold', 'unit title' and 'Māori freehold' titles. Property in New Zealand is transacted through a contract for sale and purchase of real estate, which must be in writing and signed by both parties to the transaction (or their authorised agents).

Conveyancing of property is transacted through a lawyer (holding a current practising certificate as a barrister or as a barrister and solicitor); or a conveyancing practitioner (holding a current practising certificate issued by the New Zealand Society of Conveyancers).



Māori Land Law

Specific legislation applies to land in Māori freehold title. The Te Ture Whenua Māori Act 1993/Māori Land Act 1993 aims to promote the retention of that land in the hands of its owners, their families, and their sub-tribes, to protect sacred areas and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their families, and their sub-tribes.

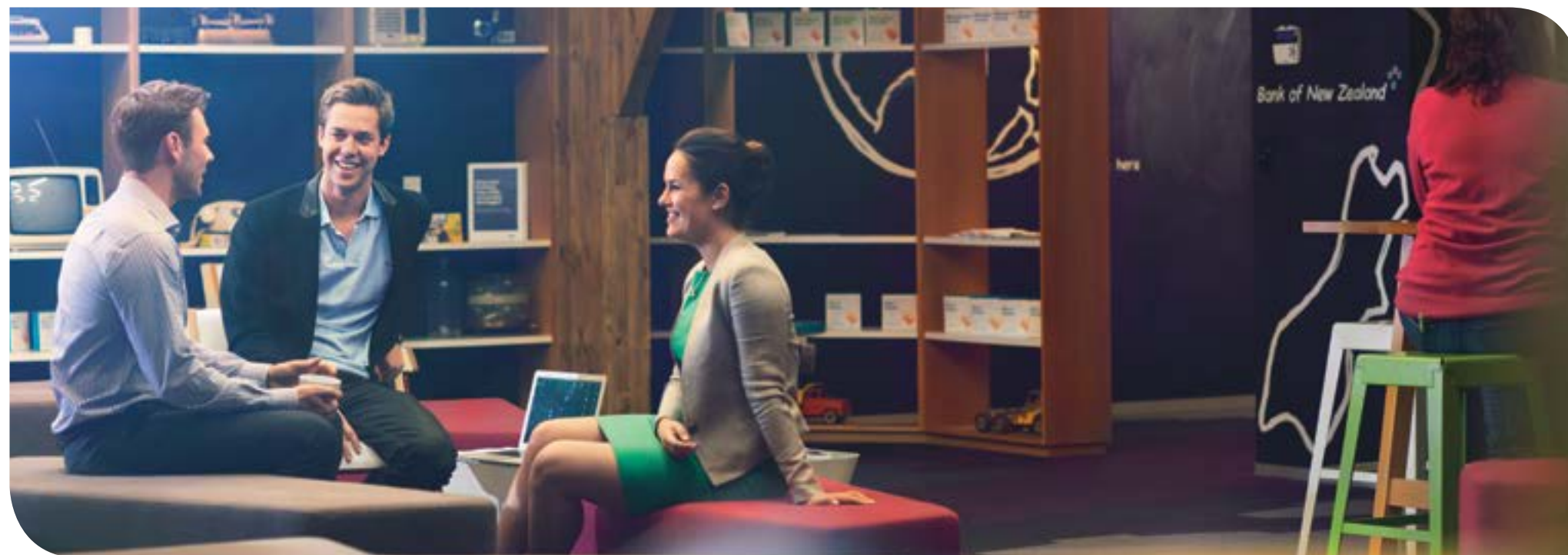
This legislation is currently under review, with the aim of making changes which would make it easier for owners to make decisions about land use.

Financial services

New Zealand's financial services regulatory regime is well-developed with thorough licensing requirements. The country's central bank, the Reserve Bank of New Zealand, has the role of registering banks. Also, it has regulatory, licensing and supervisory oversight of finance and insurance companies, building societies and credit unions. Its three main functions are to:

- » formulate and implement monetary policy to maintain price stability;
- » promote the maintenance of a sound and efficient financial system; and
- » supply the currency.

FOREIGN INVESTMENT



Capital markets

New Zealand operates two main capital markets through the New Zealand Stock Exchange - the NZX Main Board for equity securities, and the NZX Debt Market for debt securities. The Financial Markets Authority (FMA) exists to promote and facilitate the development of fair, efficient and transparent financial markets. It also enforces the laws against insider trading and market manipulation.

The Takeovers Code governs changes of control of relevant companies (including companies with shares trading on the New Zealand Stock Exchange, or private companies with 50 or more shareholders). A takeover is deemed to take place when a transaction (change of control) involves an increase of more than 20% in the ownership by one single shareholder.

Raising capital

Companies considered issuers are required to comply with the securities laws as set out in the Financial Markets Conduct Act 2013, which is enforced by the Financial Markets Authority. This requires that issuers prepare a product disclosure statement in order to offer financial products to the market. There are some exceptions that determine where eligible New Zealand investors can be offered products with limited or no disclosure.

Tax within New Zealand

New Zealand's tax base consists predominantly of income taxes on wages, salaries and business profits, consumption or sales taxes, and local authority rates. Stamp duty, gift duty and capital gains taxes are not payable in New Zealand. There are robust general anti-avoidance rules.

Cross-border tax regime

New Zealand is party to approximately 40 international tax treaties or double taxation agreements (DTAs). The aim of these agreements is to ensure that tax on income which is taxable in New Zealand is paid within New Zealand, while avoiding instances where income is taxed in two jurisdictions. Provisions are also in place to deal with risks that threaten New Zealand's tax base, such as transfer pricing and thin capitalisation.

Anti-trust law

The purpose of the Commerce Act 1986 is to promote competition in markets for the long-term benefit of New Zealand consumers. The Act prohibits anti-competitive agreements between businesses and makes it illegal for companies to abuse a dominant market position. Essentially the Act prohibits restrictive trade practices, regulates business acquisitions, and allows price controls to be imposed in certain industries.

Environmental and resource management

New Zealand's activities with respect to land, water and air (out to a 12-mile coastal limit) are regulated by the Resource Management Act 1991. The Act is largely administered by local government. District plans control the use of land; and regional plans control water, coastal matters and discharge of contaminants. Specific legislation relating to minerals and carbon emissions are also in place.

Consumer protection

New Zealand has various pieces of legislation aimed at protecting consumers from misrepresentation by businesses; and ensuring minimum standards for the quality, suitability and safety of goods and services. There is also legislation designed to protect the privacy of personal information.

Employment

The Employment Relations Act 2000 provides a structure for employers and unions to negotiate and enter into collective agreements, and for employers and employees to negotiate and enter into individual agreements. There is not a strong union culture in New Zealand. The Act also provides processes for resolving employment problems. Employees are entitled to four weeks' paid leave after 12 months of employment and 11 public holidays per year.

Health and safety

The health and safety of New Zealanders at work is governed by the Health and Safety at Work Act 2015. The Act sets out the principles, duties and rights in relation to workplace health and safety and assigns responsibility for workplace safety to directors and senior managers. New Zealand also has a unique no-fault scheme (ACC), under which cover is available to those suffering personal injury as a result of accident. Legal claims are prohibited.

Dispute resolution

New Zealand has a common law system and independent judiciary. Disputes can be resolved by negotiation or mediation between parties, or through the court system. The hierarchy of courts include the District Court, the High Court, the Court of Appeal, and the Supreme Court. The court in which a matter will be heard depends on the nature and value of the dispute. There is a single legal profession in which most members hold a practicing certificate as a barrister and solicitor.

Insolvency

The most commonly used formal insolvency procedures for New Zealand companies are receiverships, liquidations and voluntary administration. Outside of the formal procedures, companies may seek a compromise or agreement directly with creditors.

A photograph of a man and a woman smiling while holding a large fish on a beach. The man is on the left, wearing a dark sweater, and the woman is on the right, wearing a plaid shirt. They are both looking at the fish with interest. The background shows a beach and a clear sky.

INVITATION

TO ENGAGE

Right now is an exciting time for Māori businesses as they continue to build the momentum for shared wealth and prosperity. The Māori economy is on the cusp of significant growth.

Māori can reach deep into their rich cultural tapestry and history and draw on the strengths of their ancestors, while remaining focused on the long-term intergenerational view of business and well-being.

They know the strengths and opportunities they can bring to a strong business partnership and are now looking at how they can accelerate the pace alongside partners who share some key common values.

Whether you see yourself working with the Māori innovators, inventors and entrepreneurs or with entities exercising care and responsibility over intergenerational assets, you are welcomed.

You are welcomed in the spirit of friendship to spend time, to experience culture, to share hospitality and gain insight into how working with Māori businesses in partnership could be of value to you.

SOURCES OF INFORMATION

In a niche marketplace like New Zealand, Māori businesses are well-networked both through personal relationships and through formalised networks aimed at fostering collaboration, sharing information and identifying opportunities.

CONNECTING WITH MĀORI BUSINESSES

The organisations listed below are useful contact points for anyone wanting to connect with Māori businesses. These three Māori non-government organisations have been included for your consideration as they have deep national reach and presence.



New Zealand Trade and Enterprise (NZTE)

NZTE is the New Zealand Government's international business development agency.

NZTE is the first port of call for investors looking for New Zealand investment opportunities.

NZTE's purpose is to help New Zealand businesses grow bigger, better, faster in international markets.

NZTE can help to facilitate introductions in respect of investment opportunities and offer practical assistance.

T: +64 9 354 9000
E: info@nzte.govt.nz
www.nzte.govt.nz

The Ministry of Foreign Affairs and Trade (MFAT)

MFAT is responsible for formulating and delivering the Government's foreign, trade and development policy. It also operates New Zealand embassies in countries around the world.

T: +64 4 439 8000
E: enquiries@mfat.govt.nz
www.mfat.govt.nz

Te Puni Kōkiri Business Growth Advisors

Te Puni Kōkiri leads Māori Public Policy and advises on policy affecting Māori wellbeing. Te Puni Kōkiri advises on Government-Māori relationships. It monitors policy and legislation, and provides the government with high quality policy advice.

T: +64 4 819 6000
E: info@tpk.govt.nz
www.tpk.govt.nz

New Zealand Māori Tourism

New Zealand Māori Tourism works with the Māori tourism sector and Māori tourism businesses to help them provide compelling visitor experiences and build strong commercial and cultural leadership. They also support leaders and partnerships that generate value in the Māori and wider tourism sectors. Investors interested in working with Māori have worked with New Zealand Māori Tourism to secure connections.

T: +64 4 474 4682
E: info@maoritourism.co.nz
www.maoritourism.co.nz

Poutama Trust

Poutama Trust works with Māori privately and collectively-owned businesses to help them grow sustainably and work across a wide range of sectors including but not limited to: the service sectors, food and beverage, tourism, information technology and primary industries.

T: +64 7 348 3599
E: poutama@poutama.co.nz
www.poutama.co.nz

Te Tumu Paeroa

Te Tumu Paeroa is an independent organisation supporting Māori land-owners to protect and enhance their assets, today and for generations to come.

T: +64 4 474 4600
E: contact@tetumupaeroa.co.nz
www.tetumupaeroa.co.nz

APPENDIX I: FOREIGN INVESTMENT FIGURES

Environment for foreign Investment

New Zealand's favourable economic setting is supported by strong protection for foreign investors. This has contributed to sustained investment by foreign enterprises in New Zealand, including:

- » Large-scale acquisition of New Zealand assets, land and enterprises. Foreign direct investment of \$36.6 billion was approved by the New Zealand Office of Overseas Investment during the last five years. The Overseas Investment Office approves more than 150 overseas investment applications of over \$100 million, or for sensitive land per year.
- » Investment in New Zealand equities. Foreign direct investment in New Zealand Companies equates to approximately \$110 billion or 46% of GDP. Total foreign investment is estimated to amount to \$355 billion of wealth (27% of total New Zealand wealth). Note that New Zealanders control approximately \$200 billion of offshore wealth.
- » Small scale acquisitions of assets and enterprises.
- » Direct investment in new capital assets (e.g. manufacturing and processing).
- » Direct investment in research and innovation (estimated at \$200 million per year).

PROPERTY, CONSTRUCTION AND INFRASTRUCTURE

AMP Property Portfolio - Acquisition	2014	Canada	\$1,102M
Waste Management - Acquisition	2014	Beijing Capital, China	\$950M
Westfield (Demerger)	2012	Australia	\$925M
Powerco - (Energy) - Acquisition	2013	Australia	\$525M
EnviroWaste - Acquisition	2014	Cki, Hong Kong	\$490M
Crombie Lockwood (Construction) - Acquisition	2014	Usa	\$482M
Metro Glass (Building) - Acquisition	2014	Various	\$308M

TOURISM

Novotel Queenstown, Base Queenstown	2016	Confidential	\$556M
Ibis Wellington, Ibis Auckland, Novotel Wellington	2015/16	CP Group	\$641M
Novotel Wellington	2016	CP Group	\$237M
Lee Island Investments (Tourism) - Acquisition and new investment	2013	China	\$172M

2016 \$450 million investment in progress: up by 50% on 2015; 57% of hotels owned offshore.

TECHNOLOGY

Telstra Clear (Telecommunications) - Acquisition	2012	Vodafone, UK	\$840M
Fisher & Paykel (Appliances) - Acquisition	2012	Haier, China	\$741M
Enhance (Technology) - Acquisition	2013	UK	\$153M
Bank Link (Financial Services/Tech)	2012	USA	\$136M
ARANZ Geo (Technology) - Venture Capital	2014	N/A	N/A
SLI Systems (Technology) - IPO	2013	New Zealand	\$27M

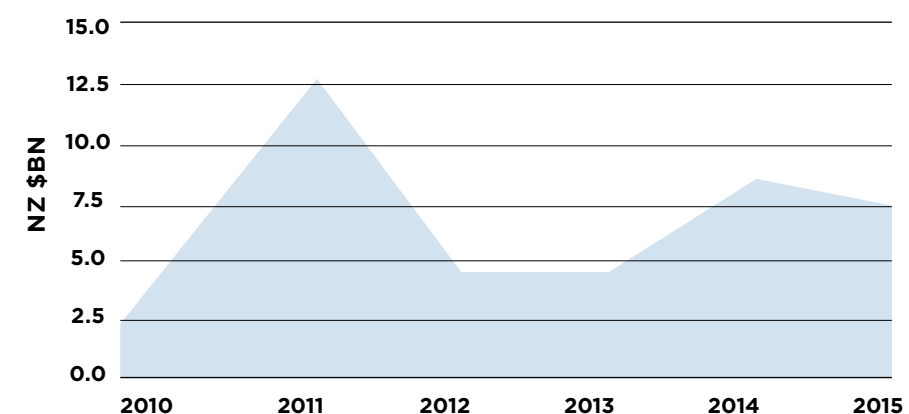
NATURAL FOOD AND FIBRE

Independent Liquor (Beverages) Acquisition	2012	Asahi, Japan	\$1,525M
Carter Holt Harvey (Forestry/Pulp and paper)	2013	Oji, China	\$1,036M
Silver Fern Farms (Food processing) - Acquisition	N/A	Bright Food	N/A
Beingmate (Food) - NZ Investments/JV	2014	Fonterra, New Zealand	N/A
Griffins (Food processing) - Acquisition	2014	URC, Philippines	\$750M
Heinz (Food processing) - Acquisition	2013	N/A	\$688M
APBL (Beverages) - Acquisition	2012	Heineken, Netherlands	\$331M
Aperio Group (Packaging) - Acquisition	2012	Amcor, Australia	\$304M
Pokeno Milk Processing Plant (Food processing) Construction	2014	Yashili, China	\$212M
Oceania Dairy (Food processing) - Acquisition and new investment	2013	Yili, China	\$214M
Scales (Fruit) - IPO and acquisition	2014/16	China Resources, China	\$149M
Synlait Farms (Dairy) - Acquisition	2014	SFL Holdings, China	\$85M

Global corporates with investments in New Zealand include: all the top 9 firms (Unilever, Nestle, Associated British Foods and Danone from Europe; Mondelez, General Mills, Coca Cola Amatil, PepsiCo and Mars from the USA). There are at least 10 major firms from both Australia (e.g. Goodman Fielder, Ingra, GWF) and Asia (e.g. Asahi, Kirin, Cerebos, Olam).

International firms, such as Pernod Ricard (wine), Constellation (wine), Nissui (fish), Baywa (fruit), China Resources (Scales) and Itoham Foods (meat) play strategic roles in the New Zealand food industries.

GROSS FOREIGN INVESTMENT



APPENDIX 2: GLOSSARY OF TERMS

General land

Land in fee-simple title.

Hapū

Māori sub-tribe, a smaller social unit in Māori society consisting of a number of whānau (see next column).

Iwi

Māori tribe, the largest social unit in Māori society consisting of a number of hapū.

Māori ancestral land

Māori-owned land that is in Māori title and under the jurisdiction of the Māori Land Court.

Māori Land Court

This court of law is unique to New Zealand and is the specialist court that hears matters relating to Māori ancestral land under the Māori Land Act 1993/Te Ture Whenua Māori Act 1993.

Māori collective/s

A broad term used to describe Māori land trusts and incorporations that operate as corporate vehicles.

Preferential Rights and Options

Preferential Rights and Options gives the holder of the rights the option to purchase or lease specified assets owned from the Crown as agreed under a deed of settlement (DOS) between a Māori entity and the Crown. The two key mechanisms for securing these rights are Deferred Selection Process (DSPs) or Rights of First Refusal (RFRs).

- › DSPs confer a right to purchase identified Crown-owned properties within a defined timeframe at agreed valuation, terms and conditions that applied when the DOS was signed.
- › RFRs confer a long-term right to purchase or lease identified Crown-owned properties ahead of other potential buyers at the valuation, terms and conditions that prevail at the time the right is exercised.

The Treaty of Waitangi

The Treaty of Waitangi (Māori: Te Tiriti o Waitangi) is a treaty that was signed on 6 February 1840 by representatives of the British Crown and various Māori chiefs from the North Island of New Zealand.

The Waitangi Tribunal

A standing commission of inquiry that makes recommendations on claims brought by Māori relating to legislation, policies, actions or omissions of the Crown that are alleged to breach the promises made in the Treaty of Waitangi.

Whānau

Māori extended family.

APPENDIX 3: SOURCES & REFERENCES



- 1 International Monetary Fund - Real GDP Growth 2016
- 2 The Treasury - Budget Economic and Fiscal Update 2017
- 3 KPMG Analysis of multiple Statistics New Zealand datasets
- 4 Statistics New Zealand - Māori Population Estimates: Mean year ended 31 at December 2016
- 5 Statistics New Zealand - Census QuickStats about Māori
KPMG Analysis of Statistics NZ National Account and Māori Authority Accounts
- 6 KPMG Analysis and Projections based on Te Puni Kokiri's Te Ohanga Māori 2013 Report Seafood New Zealand
- 7 KPMG Analysis and Projections based on Statistics New Zealand: Fish Monetary Stock Account: 1996-2009
- 8 Ministry of Justice - Māori Land Update June 2016
- 9 OIO Statistics: 2011 to 2015
- 10 Statistics New Zealand: Goods and Services Trade by Country: Year ended 30 June 2016
- 11 MBIE: New Zealand Tourism Forecast 2017-2023
- 12 KPMG Analysis of NZX statistical releases
- 13 TIN 100 Report Snapshot 2016
- 14 Statistics New Zealand: International Visitor Survey: June 2016
- 15 Statistics New Zealand: National Ethnic Population Projections: 2013(base)-2038
- 16 Statistics New Zealand: International Travel and Migration: 30 June 2016
- 17 Office of Treaty Settlements - Healing the Past, Guiding the Future 2015 and Quarterly Reports
- 18 MBIE
- 19 KPMG Estimate based on Te Ohanga Māori 2013 Report and REINZ Data 2013-2016
- 20 KPMG Analysis of Statistics New Zealand: Employment Status by Ethnicity and Median and Average Incomes
- 21 KPMG Estimate based on Te Ohanga Māori 2013 Report plus 5% per annum growth to 2015
- 22 KPMG Estimate
- 23 KPMG Analysis of Statistics New Zealand: Goods and Services Trade by Country: Year ended June 2016
- 24 Tourism Industry Aotearoa: State of the Tourism Industry 2016
NZ Māori Tourism: Māori Tourism Quarterly - October 2016
- 25 International Visitor Survey: Activities to June 2016
- 26 KPMG Analysis based on TIN200 companies
- 27 Statistics New Zealand: Screen Industry Survey 2015/16
- 28 MBIE: National Construction Pipeline Report 2016
- 29 Statistics New Zealand: New Zealand Business Demography Statistics: At February 2016
- 30 Statistics New Zealand: Annual Enterprise Survey 2015
- 31 Coriolis: Food & Beverage Information Project 2011
Depth Sector Stream - Nutraceuticals & Foods for Health

Other information and statistics that feature in this document are publicly available and are in the public domain.

Disclaimer

The information contained in this guide is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information, particularly in an investment context, without appropriate professional advice after a thorough examination of the particular situation. Neither MBIE nor KPMG assume any responsibility to any third party for reliance upon this guide.



NEW ZEALAND

New Zealand Government

www.nzte.govt.nz