The New Zealand Herald

Iwi empi

As Waitangi Day nears, **Anne Gibson** takes the measure of Maoridom's finances

$6 BILLION (estimate) — *Assets of iwi which have settled with the Crown*

$12b BILLION — *Potential assets by 2026*

$1.27b Net worth of Ngāi Tahu, wealthiest iwi

$48,488 Net assets for each member of Ngāti Whātua

16%p.a Return earned by Ngāti Whātua, 2013-16

-7% Return earned by Wellington's Port Nicholson Block, 2013-16

Source: TDB Advisory

The opening of Tuhoe's iwi headquarters, at Taneatua near Whakatane.

Picture / Supplied

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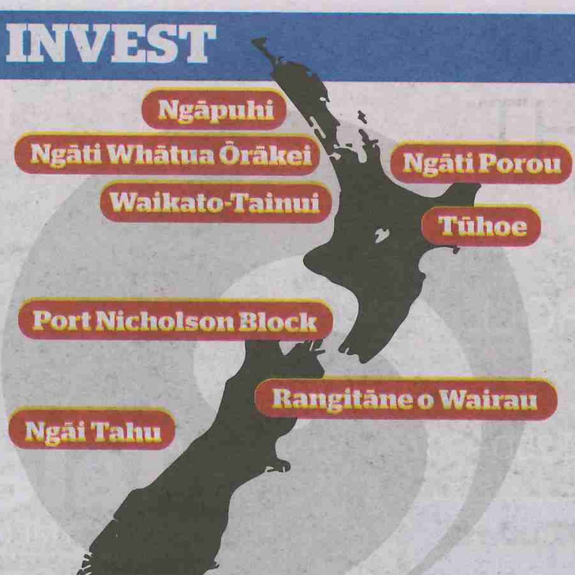
HOW IWI INVEST

The investments of eight iwi, with combined assets of some $4.3b – about 70% of all post-settlement iwi assets. The eight were chosen because of their size, length of operation and the availability of information.



Ngāpuhi

Net worth:	$53m
Population:	125,600
Assets per member (2016):	$425
Largest asset class:	Fisheries
Management approach:	Largely passive
Return on assets 2013-16 (per annum):	5%

Has 60% of assets in fishing quota and Aotearoa Fisheries shares. Other investments include cash and bonds.

Ngāti Whātua Ōrākei

Net worth:	$717m
Population:	14,780
Assets per member:	$48,470
Largest asset class:	Property
Management approach:	Active
Return on assets 2013-16 (per annum):	16%

Invests only in property, including Quay Park, the Eastcliffe on Ōrākei Retirement Resort and North Shore development properties.

Ngāti Porou

Net worth:	$201m
Population:	71,050
Net assets per member:	$2833
Largest asset class:	Equities
Management approach:	Largely passive
Return on assets 2013-16 (per annum):	3%

Almost 60% of assets invested in shares (listed and non-listed), with management outsourced to fund managers.

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pire: $6b

Six billion dollars. That's the scale of assets controlled by iwi which have signed settlements with the Crown. That figure could double in a decade or so, believes one expert who has studied the scope and management of iwi assets.

Phil Barry, a director of corporate finance and economic consultants TDB Advisory in Wellington, sees a big rise in the Maori economy, to the point where the post-settlement iwi will have assets worth $12b.

"Ngapuhi, the largest iwi in the country in terms of members, for example, has yet to settle," he points out. "As an indication, though, if the current iwi post-settlement entities earned on average a 7 per cent per annum return post-distribution, their total funds could roughly double by 2026 to around $12b.

"Around 60 iwi have settled with the Crown since 1990 and we estimate the total funds under management for these 60-odd iwi are now worth around $6b.

"What the total assets of the post-settlement iwi might be worth in a year's time or 10 years' time will depend on what other iwi settle in the meantime, and what happens to asset prices in the future in particular."

In its Iwi Investment Report, released at the end of last year, TDB analysed the investments and performance of eight iwi, which among them control about 70 per cent of all post-settlement assets.

The eight were chosen because of their population, their assets, length of operation and the availability of information. All apart from Ngapuhi have signed settlements with the Crown.

Five of the iwi have a strong focus on property investment, but two — Ngati Porou and Tuhoe — have made an effort to diversify, largely by putting money into managed funds.

In general, the iwi produced a "reasonably positive" financial performance, found TDB Advisory. Seven of the eight generated consistently positive returns, although only two — Ngai Tahu and Ngati Whatua Orakei — recorded a better return than a benchmark portfolio of low-risk bonds and shares.

Only one of the eight has consistently lost money — Wellington's Port Nicholson Block, earning minus 7 per cent a year between 2013 and 2016.

New Zealand's wealthiest iwi, Ngai Tahu, was also among the earlier settlements, signing its deed with the Crown in 1997. The South Island iwi now has a net worth of $1.27b and has a particularly diverse asset base.

At the time of the report, Ngai Tahu's holdings were in rural land (23 per cent), investment properties (21 per cent), Ngai Tahu Capital (19 per cent), seafood and fisheries (12 per cent), Ryman Healthcare (10 per cent), other property (9 per cent) and Ngai Tahu Tourism (5 per cent).

TDB describes Ngai Tahu's portfolio as "relatively diverse. Over the past ten years, Ngai Tahu has nearly tripled its asset base, from $561 million in 2006 to $1,504m in 2016," it says.

In contrast, Auckland-based Ngati Whatua Orakei is the least diversified of the iwi, with just one asset class: Auckland property. That is largely due to its Treaty settlement, which focused on property deals.

Not that lack of diversity has hurt the iwi's performance: thanks to soaring Auckland property values, its return on assets averaged 16 per cent a year from 2013 to 2016, the best of the eight iwi in the TDB Advisory report.

So why is Ngai Tahu the most diversified?

Mike Sang, chief executive of the iwi's commercial arm, Ngai Tahu Holdings, says, "we have a more diversified asset base, first, because we settled a long time ago, before others so we've had more years to reinvest. Second, a philosophical reason — Ngai Tahu has decided to have a more balanced portfolio than some other iwi. Other asset classes can give higher returns, but Ngai Tahu would rather have a diversified portfolio."

As well as the ups and downs of investments, Ngai Tahu has faced the impact of the Canterbury earthquakes and last year's Kaikoura quake, which at one stage shut down its popular Whale Watch business.

"Some of our businesses have been impacted worse than others," Sang says. "Insurance payment has been fair."

Borrowing by all eight iwi in the report remains extremely low. For Ngai Tahu, TDB puts it at only 9 per cent, or some $150m on $1.5b of assets. Sang says that is because of plans to purchase more assets and make more investments.

Last year the iwi's significant acquisitions were buying a half share in a Wairarapa-based manuka honey producer, Watson and Son, and South Canterbury transport company Hilton Haulage. A weak dairy payout softened local performance for its investment in Waikato Milking Systems but Go Bus was a solid investment, it said.

Ngai Tahu's 2016 annual report showed $396m had been invested in tribal development since settlement.

Barry says Ngai Tahu has done well for a number of reasons.

"Most importantly, they settled with the Crown early, they have had sound governance generally and they've had a solid strategy that's been well executed."

Meanwhile, Ngati Whatua's exclusive focus on Auckland property had served that iwi well in recent years, "and they have no doubt built up expertise there.

"From their members' point of view, though, having all Ngati Whatua's assets in a single asset class — property — in a single geographic region exposes them to shocks like natural disasters, and to property price bubbles. I would expect to see some greater diversification in their asset allocations over time."

But while iwi attract much of the attention, another expert says anyone trying to understand the scale of the Maori economy needs to widen their focus.

"The Maori economy is continuing to grow," says Selwyn Hayes, Auckland-based managing partner of Tahi, EY's specialist Maori business advisory unit.

"Annual reports of presumably Maori collectives are only a small part of the economy.

"The larger components are individuals and/or families, and small to medium sized business owners," Hayes says.

He cites BERL's comprehensive report for Te Puni Kokiri on the Maori economy and says other groups deserve attention as well as iwi.

That report said gross domestic product in the Maori economy totalled $11b in 2013.

"Maori collectives continue to grow and will do so as our capacity and opportunities grow," says Hayes. "But more data, focus and support needs to go into growing the other components, and the overall market including government focus and support is trying to shift there, which is great.

"The only big picture sense you can get on those other parts of the economy is from national New Zealand statistics and business confidence surveys, which suggests there are still many challenges, but the outlook and opportunities are still very positive," Hayes says.

TDB's Barry is optimistic about the Maori economy's expansion. "The Maori economy is a pretty fuzzy concept," he says. "What is a Maori economy versus a non-Maori economy? We focus in our report on the growth in assets of the iwi entities that have settled with the Crown like Ngai Tahu and Ngati Whatua."

Back at the flaxroots level, TDB says seven of the eight iwi surveyed have boosted their net assets per member — allowing them to pursue economic, social, cultural and economic goals.

Waikato-Tainui

Net worth:	$940m
Population:	56,000
Net assets per member:	$13,910
Largest asset class:	Property
Management approach:	Largely active
Return on assets 2013-16 (per annum):	7%

Invests primarily in property, including The Base shopping centre, but has been diversifying in recent years.

Tūhoe

Net worth:	$325m
Population:	34,900
Assets per member:	$5490
Largest asset class:	Managed funds
Management approach:	Largely passive
Return on assets 2013-16 (per annum):	7%

Most of assets are in a financial portfolio, with external managers.

Port Nicholson Block

Net worth:	$16m
Population:	14,500
Net assets per member:	$1120
Largest asset class:	Property
Management approach:	Largely passive
Return on assets 2013-16 (per annum):	-7%

About 90% of assets in property in the Wellington region. Value of assets has declined steadily since 2011.

Ngāi Tahu

Net worth:	$1.27b
Population:	55,500
Assets per member:	$22,950
Largest asset class:	Property
Management approach:	Largely active
Return on assets 2013-16 (per annum):	14%

Diverse portfolio including rural and investment properties, seafood, fisheries, tourism, majority ownership of Go Bus and shares in Ryman Healthcare.

Rangitāne o Wairau

Net worth:	$44m
Population:	5780
Net assets per member:	$2580
Largest asset class:	Commercial property
Management approach:	Largely passive
Return on assets 2013-16 (per annum):	4%

Has three-quarters of its assets in commercial and investment properties. Also owns fishing quota and some NZX-listed shares.

Source: TDB Advisory / Herald graphic