

8 September 2020

Iwi businesses enter Covid world with \$1 billion investment capacity

Strong balance sheets, low debt levels and involvement in food production are factors that have helped many Iwi and Māori businesses emerge into the Covid world with an appetite to invest, according to ANZ.

The most recent annual ANZ Iwi Investment Insights report looked at the cash holdings, liquid assets, and debt capacity of 35 participating iwi and estimated the collective investment capacity to be in the order of \$1 billion.

"Despite the impacts of Covid, iwi are still poised and ready to invest. While short-term confidence may have been tempered, the motivation and capacity remains," said David Harrison, ANZ's Head of Māori Relationships.

"The low interest rate environment, expected to continue, provides motivation to find a home for surplus cash. It also makes borrowing attractive. This puts iwi in a strong position to capitalise on good opportunities when they arise."

"Having a long-term view helps many Māori businesses see through short-term ups and down and remain focused on their inter-generational strategy. We're still seeing Māori investment interest in tourism, and property despite both sectors facing challenges."

Mr Harrison said drivers of iwi investment were generally broader than financial returns – sometimes referred to as 'quadruple bottom line' outcomes.

"Examples that iwi have consistently highlighted to us include job creation, building tribal economies, mana enhancement, and co-investment with other Māori as a vehicle to rekindle whakapapa/whanaunga relationships," he said.

"We expect these drivers will continue to influence iwi investment decisions and we will continue to work with iwi to unlock this \$1 billion opportunity."

"In recent years we have observed an increase in the average risk appetite with increased iwi investment in unlisted NZ private companies and start-up ventures." Mr Harrison said.

Classified sometimes as 'direct investments' these types of assets can offer quadruple bottom line outcomes making them attractive to iwi investors. However, they can also carry additional risks like market volatility, management transition, and geographic concentration.

Identifying, assessing and managing these risks in future investments is critical for iwi to protect and grow their asset bases while delivering quadruple bottom line outcomes.

"In an uncertain covid world that will require stimulus, the financial health and strength of iwi and Māori investors is a real positive," Mr Harrison said.

"When combined with the aspirations of Māori Land Trusts & Incorporations, and Māori businesses, it is clear that Māori are powerful force in an economy that needs injection."

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About Te Tirohanga Whānui – Iwi Investment Insights Report

The goal of Te Tirohanga Whānui is to give iwi CEOs and directors analysis to help them validate decisions they've made or help challenge the path they're on. The report compiles financial information provided by 35 iwi/hapū with combined assets of \$6.5bn.

The report does not disclose confidential financial information. It is made available to participating iwi first in January each year. Beyond this cohort the report is only available later in the year on request to enable other iwi, policy makers, and organisations supporting iwi to also benefit from these insights.

Iwi/hapū interested in being involved in next year's Te Tirohanga Whānui report can contact David Harrison at ANZ.