$1b boost for iwi as properties gain value

Capital gains key to rising wealth in 2021, says report

Anne Gibson

The wealth of nine of Aotearoa's largest iwi grew by $1 billion in the past year to reach $10.8b, largely due to rising property values.

The asset bases of Ngāi Tahu, Ngāpuhi, Ngāti Awa, Ngāti Pāhauwera, Ngāti Porou, Ngāti Whātua Ōrākei, Raukawa, Tūhoe and Waikato-Tainui were assessed in the TDB Advisory iwi investment report, out today.

Unrealised capital gains on property was the main reason for the growth, rather than operating income improvements, said the report.

Ngāti Whātua Ōrākei did best out of the nine, returning 18.8 per cent annually, attributed to the concentration of its assets in the Auckland property market, which generated high returns over the period. In 1996 the iwi bought 20ha of land at Quay Park for $44m, including the Spark Arena, Countdown supermarket, and the Scene One, Two and Three apartment blocks.

The iwi subsequently bought North Shore land where it is building extensive housing and has holdings elsewhere in the city.

Since 2013, Ngāti Whātua Ōrākei's assets have grown from $593m to $1.5b in 2021, an average growth rate of 13 per cent annually. Net worth increased from $424m to $1.2b over the same period.

Accounts for the year to June 30, 2021, showed a $243m net gain from Ngāti Whātua Ōrākei's investment property assets, up on the far more modest $43m gain in the previous year for the iwi.

TDB said Ngāi Tahu, Ngāti Awa, Ngāti Pāhauwera, Raukawa, Tūhoe and Waikato-Tainui exceeded a 9.4 per cent return benchmark.

Ngāpuhi and Ngāti Porou reported the lowest returns, at 7.9 per cent and 9.1 per cent.

Phil Barry, a TDB director, said: "We chose the nine iwi largely based on their size and the timing of their Treaty settlement." Ngāpuhi has not yet settled.

The report says: "Iwi have been selected based on the year of Treaty settlement, the size of Treaty settlement, the number of iwi members and the availability and transparency of financial reports and information disclosures."

Matthew Tukaki, chairman of the National Māori Authority, has said the report only scratched the surface of the true Māori economy, worth far more than $10.8b, because the study only captured iwi which publicly report their annual accounts.

Assets of other iwi, hapū, registered charities and private enterprises would boost the figure considerably if it was captured, Tukaki said.

"The problem, I think with reports like this, is that it's not even a sample size."

In response, Barry said: "We don't try to or claim to capture the Māori economy. Our report is solely focused on the post-settlement iwi entities."

Since 1990, about 90 iwi have finalised Treaty settlements with the Crown.

TDB said iwi as investors had several notable characteristics: they tended to have a strong home bias, long time horizons, limited access to new capital and constraints on their ability to sell certain assets. Iwi trusts, as opposed to their commercial arms, typically had social and environmental objectives in addition to their financial goals.

The nine iwi all made distributions totalling $87m to their members last year, up from $79m in 2020, TDB found.

During 2021, the report notes, iwi continued to provide services in response to Covid-19. Many were involved in testing and vaccination efforts, as well as providing essential products and support to those in need.

Ngāti Whātua Ōrākei's focus on Auckland property paid off in 2021, with an 18.8 per cent lift in its assets.

The iwi with the largest asset base remains Ngāi Tahu, whose tourism businesses face challenges in the pandemic, with lockdowns and lack of international visitors resulting in a $6.8m net deficit. But that iwi remains committed to tourism and has added the All Blacks Experience in Auckland to its portfolio.

Ngāi Tahu made distributions of $35m to its members last year. Net assets per member increased to $23,935, the first rise since 2018. Membership numbers grew by 4.9 per cent.

Waikato-Tainui's assets and net worth increased by 7 per cent and 10 per cent respectively. The increase in assets and net worth in 2021 was driven largely by increases in the reported value of assets following a turnaround from the sharp decline in valuations in 2020 largely due to the Covid-19 pandemic.

The iwi's gearing ratio decreased sharply in 2017 when $100m of the $195m generated from the sale of half of its holdings in The Base shopping centre in Hamilton was used to reduce debt. Last year the gearing ratio fell from 12 per cent to 9 per cent, with total debt declining by $35m to $130.8m, the report said.

But the pandemic hit the group's cash-generating assets such as its hotels and The Base. Hotel revenue fell from $19m in 2020 to $16m last year and rental revenue fell from $28m in 2020 to $27m. But the iwi still paid a dividend of $13.3m last year.