

# Huihuinga Wahine Māori Women Leadership Summit (Federation of Māori Authorities)

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## Introduction

Tena koutou, tena koutou, tena tatou katoa.

Tēnei au e tū ake nei, e mihi atu nei ki a koutou, wahine ma, rangitira ma.

Kia ora mo tou mihi mai ki ahau.

Ko Vicky Robertson ahau,  
No Te Whanganui a Tara ahau  
He uri o Kai Tahu ahau  
Te Tumuaki Tuarua ahau, i te tari Kaitohutohu Kaupapa Rawa the Treasury.  
Ka nui te mihi ki a koutou.

Good afternoon everyone, and thanks for the opportunity to speak with you. It is inspirational to be here among a group of Māori women leaders who are active and successful in business. I greet you as women who are not only actively building strong

whanau and communities but also as capable business leaders driving economic growth in our country.

My organisation, The Treasury, works towards higher living standards for New Zealanders, and that shapes the work we do and the challenges we put our efforts into. Challenges like ‘How do we lift sustainable growth?’, ‘How can our companies make more inroads into world markets?’ and ‘What skills do our people, communities and businesses need to succeed in a changing future to prosper as a nation?’ In short, we think very hard about better ways to realise the potential for a more prosperous, inclusive, equitable New Zealand.

Ours is a country with great promise and we at the Treasury share in the wider view that New Zealand will not fully realise its tremendous potential solely by doing the same things in the same way, using just the same approaches and talent pools we always have. The world is changing and so too is the country we live in, which opens up great opportunities but also requires us to be nimble and adaptable. So whether you are a New Zealand businessperson or the New Zealand Treasury, we have to do different to get different – and that’s what I’d like to talk about today.

Strong economic growth is fundamental to realising our prosperity and to enjoying its fruits - better living standards for all of us. While there are many things I could cover today, I’ll focus on three areas we think are critical: how we connect with the world, the tremendous potential of the Māori economy and, of crucial importance, education.

## Medium-term outlook

But let me start with a bit of context and give you a quick overview of the medium-term economic outlook for New Zealand.

Compared to most other developed countries the New Zealand economy is performing strongly right now. Economic growth has gathered momentum and our export earnings are at all time highs.

Our GDP is up 2.5 percent in the year to June, and our solid performance is expected to continue over the next few years. Back in October the International Monetary Fund rated New Zealand as likely to be one of the strongest-growing advanced economies in the world. And last month the Organisation for Economic Cooperation and Development, or OECD, forecast 3.3 percent growth for New Zealand in 2014, well above the growth they’re anticipating across the Tasman. The Treasury will be publishing our own updated growth forecasts in a couple of weeks.

We also perform well across a wide range of broader measures. For example, the OECD’s Better Life Index ranks New Zealand 11<sup>th</sup> out of 36 countries, scoring us highly in areas like student skills, life expectancy, safety and civic participation.

So it’s a pretty good place to be.

But there are some important measures where we have to strive to do better. For instance, our relative GDP per capita has remained around 15 percent below the OECD average since the mid-1990s. That matters because a having a stronger economy would mean businesses taking on more people, more income available to families because workers have more money in their pockets, and greater affordability of the government services and support that Kiwis value.

We also know that while New Zealand performs well in overall well-being ratings, this is not the reality for all of us. Some of our young people, those with few or no qualifications, sole parents and Māori have a higher risk of experiencing persistent hardship. So we all need to work together on the things that will make a difference.

It's a long-standing challenge but it's not insurmountable. When I think about the outlook for our country I am keenly aware that we need to build on the strong foundations we have and grasp our opportunities, and one of the biggest opportunities right now is strengthening our international connections.

## International connections

Our long-term economic growth has reflected the growth rates of our main trading partners – and how well we have been able to manage our wider links and relationships with them.

The future will be no different. As a small, open economy our growth prospects in the years ahead will continue to reflect the strength and nature of our links with our future trading partners – especially Asia, Latin America and, in the longer-term, Africa – while not losing our links with countries like the United States and Australia.

All of us involved in making the economy grow have to put international connections at the centre of what we think about and do about our economy. Being more connected into global flows of people, capital, trade and ideas will boost our productivity and help us in overcoming some of the obstacles created by our size and distance. Global trade is fundamental to our prosperity.

If we succeed in this, then geography – our location “down under” – moves from being one of our greatest challenges to being one of our greatest opportunities. The centre of global economic activity – Asia – is now much closer to us than ever before. By 2025, Asia will account for almost half the world's output, with China accounting for half of that. Even putting China aside, there are growing economies with expanding middle classes in India, Indonesia, Malaysia and the Philippines. According to one estimate, the middle classes in Asia will more than treble from 500 million people now to 1.75 billion people in 2020 – the world has never seen socio-economic change on that scale before. The middle classes are also growing Latin America and elsewhere – and they want the kinds of goods and services New Zealand offers.

The economic growth and increasingly outward focus of the Asia-Pacific region create immediate and unique opportunities for New Zealand. We have to make the most of them, but it won't be easy. New Zealand companies need to become better not just at understanding different cultures, but also different ways of doing business. This is something Māori business has also been leading the way in for some time – a point I'll come back to later.

## Māori Economy

The second area I want to talk about is something you know a lot about: the Māori economy. I use the term “Māori economy” not to suggest that it's something separate from the rest of the economy – it isn't – but as a catch-all term that covers a diverse range of enterprises from iwi-owned corporations to the self-employed. It's part of the economy that I recognise many of you are building every day through the enterprises you lead and influence. Through tribal and community connections also.

The Māori economy is entrepreneurial, it's energetic, and it's expanding. Or as one of my MFAT colleagues neatly put it last week "bold, brown and on the move".

You will be aware of the report last year by economics consultancy BERL that estimated the asset base of the Māori economy to be \$37 billion in 2010. This gave us the first recent, robust view of a Māori economy that is growing in size and optimism month by month. When you combine those financial resources with Māori intellectual and creative resources, the potential is huge.

The wave of energy within Māori enterprises across the country right now is palpable. With it comes new confidence and I am sure that many of you are strongly connected to this through the many hats that you as Māori women leaders wear. I very much appreciated being a part of the recent debrief of the Māori agri-business leaders Stanford Bootcamp. Hearing their aspirations, seeing how quickly strategic collaborations are forming and feeling the power of this important group of leaders was impressive to say the least.

One key to unleashing the potential of the Māori economy is making better use of assets and resources. You will be aware of work done by the Ministry for Primary Industries – or MAF as it was then – identifying that only 20 percent of Māori land was well developed. If the productivity of the remaining 80 percent of that land was brought up to average industry benchmarks it could generate an extra \$8 billion in gross output over 10 years, the equivalent of around \$11,600 for every Māori living in New Zealand.

Going back to the BERL report, they estimated that with increased productivity and more effort put into exporting, the Māori economy could be pumping out an additional \$12 billion each year by 2061, and create 150,000 more jobs. Just imagine what that would mean for regions where there's a big Māori population and a lot of Māori-owned assets – what a positive difference these gains will make to communities in Murihiku, Te Tai Rawhiti, the central North Island and elsewhere as the benefits of business success start to flow.

Joint ventures, moving up the value chain and global trade are all imperatives for success that Māori businesses are responding to as you build capability and capacity.

The Māori economy has a unique strength that is crucial for our prosperity. Culture. Culture is a competitive advantage in an economy based on international connections. Growing healthy businesses where Māori values and practices infuse your brand story, products, services and customer experience is an advantage you have. Other Kiwi companies can learn from the way you do business, with relationships and stewardship at the fore.

Te Horipo Karaitiana has spoken in the past about how important relationship-building is to both Māori and Chinese cultures. The concept of whakawhanaungatanga for Māori and guanxi for Chinese is a strong cultural connection that helps lead to strong business connections.

Earlier this year the Treasury's chief executive Gabriel Makhlouf was in Nelson meeting Wakatū Incorporation, a company that has also talked about the advantage that whakawhanaungatanga has given them while doing business with Asian customers. It has helped them establish markets for its seafood and premium wines in China.

The Maraeroa C Incorporation is another company looking to export to East Asia. They are using their Pureora forest lands to grow high-value ginseng for use in

pharmaceuticals and nutraceuticals. They have recently completed their first harvest. Cultural ties have gone hand-in-hand with commercial ties, with reciprocal visits between the company's Māori shareholders and Chinese tribal leaders. Long held assets being made more productive through new science and international connections where culture is a value add. A formula for prosperity.

There are plenty of other Māori-owned businesses successfully exporting around the Asia-Pacific region - like Ngati Porou Seafoods which I visited in June, Miraka and New Zealand Manuka to name just a few – and they're taking a lead that more New Zealand businesses would do well to follow. I acknowledge the skill, fortitude and ability to walk in many worlds that these businesses leaders are so clearly demonstrating. Lynn Harrison of Miraka is one such business leader here today.

New economic growth. Māori-led and where appropriate, Government-enabled. Exciting times.

## Education

Of course the potential to lift our living standards doesn't just sit offshore or in the Māori economy. Enabling our people to participate in society and in the economy is critical to their personal well-being, community well-being and our national well-being. The key is education, education, education. We know that education level is the single biggest enabler of income. Better education drives better income. Better income drives better living standards. Better living standards is a key enabler of wellbeing.

Improving education outcomes is a key area New Zealand needs to focus on if we're to achieve a sustainable step-change in economic growth and more equitable outcomes in society - both goals which are at the heart of the Treasury's advice. Better education is essential to "growing the pie" and sharing it more equitably.

The New Zealand education system is doing much that is right overall. Most of our children and young people do gain qualifications and develop the professional and life skills they need. But we know the education system isn't working well for everyone equally. Like you I am concerned about the number of Māori students leaving school without qualifications and that many young Māori find themselves outside of education, training or employment. Likewise pakeha boys are a newly identified group at risk.

Although we continue to focus on improving teacher quality and strive to ensure teachers, whānau, and communities work in partnership to enhance students' learning, the outcomes for our most at-risk students aren't shifting. We have to fix this. We need to get closer to our communities, Māori in particular, to help identify new solutions. Just last week the Treasury has taken the decision to take get more actively involved in lifting Māori education outcomes. Why? Because better education outcomes for the growing Māori population is critical to future living standards.

I was pleased to read a couple of weeks ago about the Māori Allied Industries Association creating a network of organisations supporting young Māori transition between school, training and work. The aim is to provide training opportunities for youth and growth opportunities for Māori business that can employ them. This is the kind of wrap around innovation we need.

## Conclusion – why the Treasury is improving its focus on Māori outcomes

In closing, I want to tell you that the Treasury has begun to grow much closer relationships with Māori. In the past we've had a lot of contact in areas like Treaty negotiations and natural resources, but we'd be the first to admit that we've been slower than some of our government colleagues to build working partnerships with Māori and iwi.

Why is the relationship important to us? Because the shape of New Zealand is changing. A large proportion of the Māori population is working age, and a large number of the children in our schools are Māori. Māori are a young and growing population. This means Māori have a crucial part to play in the future success of New Zealand. Māori contribute both economically and socially to higher New Zealand living standards and are positively helping to shape the country's future. The Treasury needs to have a good grasp of these changes if we're going to be effective policy advisers. We need to be well connected to Māori in social and economic settings. We need to listen and we need to enable. It's something we are making a real effort to change.

Sir Mark Solomon said recently that Māori do business differently because they have an eye for creating better lives for whanau and future generations. Both Māori and Treasury take a long term view of things and we are both very focussed on lifting living standards. But I think the most important thing we have in common is the knowledge that well-being is about so much more than income alone.

We all care about our children and our wider whanau into the future. We care about them being happy and successful at a school that values them and their culture. We care about our environment, sustainability, and building communities where people care about each other. Like you, the Treasury wants New Zealand to be an even greater place to live, a place where everyone can make the best of their lives in healthy communities. A more prosperous, inclusive, equitable New Zealand. Those are the things that the Treasury thinks about when we develop our policy advice. I know they are things that are very important to you too.

I wish you well in all your business endeavours and I recognise the good work that The Federation is doing to support you as you grow your businesses.

Thank you for having me as part of your conference today.

Noreira, tena koutou, tena koutou, tena tatou katoa.