



METTLE

ISSUE SIXTEEN

METtle, a collection of stories and interviews with influential New Zealand business leaders, curated by MinterEllisonRuddWatts.



Welcome to issue 16 of METtle, the publication that has been sharing the insights of New Zealand's leading company board chairs, directors and chief executives for almost a decade.

From the first issue, we aimed to provoke thought by highlighting viewpoints from business leaders on topics and issues facing Aotearoa New Zealand – encouraging debate and shining a light on the responsibility of business to make a positive contribution to society.

By asking questions such as 'how can we set a course for sustainable growth at a time of pandemic debt', 'how might we decarbonise in an environment of rising inflation and interest rates', 'how can we build understanding at a time of disinformation', we are given a unique opportunity to present the perspectives of leaders of key organisations in New Zealand's financial, property and infrastructure sectors, as well as political leaders.

Across the breadth of views offered in METtle, every person we have spoken to share one core view: we all need to help shape a better, more robust and productive New Zealand – a place where people and organisations can progress and thrive. We agree wholeheartedly, and enjoy helping our clients fulfil this vision.

I hope you enjoy the views, insights and opportunities that this issue of METtle reveals.

Sarah Sinclair, Chair, MinterEllisonRuddWatts



FORMING, STORMING, NORMING, PERFORMING.

After two years of forming a united team of five million, is New Zealand now in a period of ‘storming’ as we grapple with the challenges of reinvigorating our economy amid the challenges of decarbonisation, rising inflation and sharpening interest rates? This is a topic METtle probes with the invaluable help and insight of people at the forefront of New Zealand’s business community. We talked with Prue Flacks and Patrick Strange, respectively the Chairs of Mercury, Auckland Airport and Chorus, on how we can open New Zealand’s borders to recover our tourism sector while encouraging Kiwis not to leave for opportunities overseas. They also examine the responsibility of business to challenge on important topics, contributing to the debate as we seek to work together across industries, Government and public agencies to move forward.

Dame Therese Walsh, board Chair of both ASB and Air New Zealand, expresses her keen interest in refocusing on infrastructure spending and nurturing our international relations to move New Zealand past the last two years, urging us all not to be left behind.

Hinerangi Raumati-Tu’ua, Director of Tainui Group Holdings, and Mike Pohio, Chair of Ngāi Tahu Holdings, provide valuable perspectives on their personal career paths, the evolution and growing importance of the Māori economy, and the value that can be found in wider groups of people working together to achieve more for all people in Aotearoa.

Finally, Nicola Willis MP, Deputy Leader of the National Party, discusses what she would do to reduce regulation and costs for businesses, build stronger infrastructure, and set New Zealand on a sustainable course over the next 10 – 20 years.

We hope this issue of METtle once again provokes valuable thought.

Mark Forman, Partner – Corporate and Silvana Schenone, Partner – Corporate



6 MUCH ON THE MINDS OF NEW ZEALAND BOARD CHAIRS

What the challenges facing New Zealand’s boards? METtle asks Chair of Mercury, Prue Flacks and Chair of Auckland Airport and Chorus, Patrick Strange what’s on their minds.

14 MOVING NEW ZEALAND FORWARD. PAST THE PANDEMIC

Dame Therese Walsh speaks candidly about the different pandemic experiences of Air New Zealand and ASB Bank, and how New Zealand can not afford to be left behind.

20 MAHI TAHI TĀTOU. KAHA AKE TĀTOU

Against a backdrop of an influential economic sector, METtle sat down with Hinerangi Raumati-Tu’ua, Chair of Tainui Group Holdings, and Mike Pohio, Chair of Ngāi Tahu Holdings to discuss their ambitions for the Māori economy.

26 GAINING GROUND

Amid evolving economic times, National’s Deputy Leader, Nicola Willis MP, discusses the party’s vision for New Zealand and the role of business leaders in democracy.



MUCH ON THE MINDS OF NEW ZEALAND BOARD CHAIRS

How important are visitors to New Zealand? How do we make it easier for people to enjoy our country? And how do we encourage our best and brightest not to use the open borders to leave for opportunities elsewhere as inflation and the cost of living increases bite? And what about the wider role of business in society, at a time when more needs to be done to meet our stated climate and societal goals?

These are just some of the challenging questions MEttle found to be occupying the relentlessly busy minds of two of New Zealand's leading board chairs - Prue Flacks, Chair of Mercury, and Patrick Strange, Chair of Auckland Airport and Chorus.

LET'S MAKE IT EASIER FOR PEOPLE TO COME HOME OR VISIT

As Chair of Auckland Airport, Patrick Strange's immediate priority understandably concerns reopening our borders safely; not least to the many New Zealanders unable to return, or to the Kiwi families split by the closed border.

"We all know of ageing New Zealanders desperate to reconnect with children and grandchildren living in Australia and beyond.

"However, the pandemic response has raised a wider issue. New Zealand – the Government, officials and community – have responded to the day-to-day issues very well, and we can be proud of that. But there were aspects that were less than ideal, and that we need to reflect on.

In Strange's view, New Zealand was getting into 'a dangerous place' on this topic last year. It was regarded as almost unpatriotic to suggest ways that we could do better.

"Business, and others, knew there were aspects on which we weren't taking a long enough view, such as testing methodologies, investment in ICU beds, early procurement of vaccines and so on. This is not unusual in a crisis. It is very hard for a government to look beyond today's problems when managing something like Covid, especially if their officials are under huge pressure and not helping them take a long-term view.

"It is much easier to see a bigger picture if you aren't in the day-to-day firing line, and business had a better view than many. Nothing was happening in New Zealand that hadn't occurred overseas several months earlier, and many of our businesses had close-up views of that – like our logistics companies with operations throughout the world. We could all see major gaps in our planning.

"I don't think we, the private sector, spoke up enough. It doesn't have to be political or confrontational, but we are part of a democracy, and we need to air our opinions. We won't always be right, and the Government eventually has to make hard decisions, and deserve our support when they do so.

"Our democracy depends on open and public exchange of views and information, and if businesses have a view, everybody needs to hear it in an open and constructive way. It is not good enough to just mutter in boardrooms about what the leaders are doing wrong.

With his role at Auckland Airport, Strange is keenly interested in the border.

"Many of our close relatives live abroad, we are a trading nation that needs to be out there selling, and international travel and tourism are hugely important to this country. But it is still quite stressful to travel home or to visit as a tourist. One huge friction is the current pre-departure testing requirement.

"Experts say there is no value in pre-departure tests, and Europe, Canada, Australia and even Singapore (which maintains much tighter internal controls on mask use etc than we do) have dropped this requirement. Yet we are hanging on to it. It seems to make no sense, particularly as we say travel and tourists are important. If there are valid health reasons for it, and New Zealand is right and the rest are wrong, let's publish the reasons. Personally, I suspect the health advice to the Government is that the testing is of little value."

Prue Flacks takes up this theme and extends it by saying that attracting and retaining talent is a priority as borders reopen.

"At a time of The Great Resignation, I expect a bit of an exodus as borders open up. Mercury has a great employment brand and people are applying for jobs with us but converting that interest into actual hires is becoming harder. We need to be able to bring specialist people into the country from time to time, so having an open border is very important to us."

HAVE WE LOST OUR VOICE?

Closely related to this concern for Strange is another: has New Zealand lost sight of the value the tourism sector injects into the economy during the Covid maelstrom?

"Even government ministers are prone to suggesting that tourism doesn't pay its way and suggest further taxes on inbound visitors at the border. I flatly disagree with this. Of every dollar that a tourist spends in New Zealand, 15 cents already goes to the Government in GST, so tourists are by any measure already over-contributing. The reality is that we have to earn our way in the world, and tourism is a huge contributor to this, and to employment in our regions. It is vital to us, in the same way our primary sector exporters and technical service companies are – and bigger than almost all of them.

"Our democracy depends on open and public exchange of views and information, and if businesses have a view, everybody needs to hear it in an open and constructive way."

Patrick Strange, Auckland Airport & Chorus

INFRASTRUCTURE UPGRADES AMID INTEREST RATES AND INFLATION

Strange moves on, saying that Auckland Airport is working to accommodate future passenger numbers by starting a major, multi-billion dollar infrastructure revamp, which will serve New Zealand for the next generation. This significant private sector funded programme is essential to get ahead of future need he says, and when completed will be as valuable to New Zealand as the work done by Chorus over the past decade to build the fibre network.

“Chorus is delivering fibre connections 10-15 times faster than originally projected and is still meeting the original cost budget set in 2012. This is a great example, in a time of cost blow-outs and huge delays in government projects, of how the private sector can execute. We have all benefitted hugely during Covid restrictions from the foresight of the programme. Government 15 years ago had a long-term vision and used the skills and international capital resources of the private sector to deliver it. We need to learn from that.

“But there are challenges – private international investors put their money up to build the fibre with the expectation they could earn a fair return as reward for taking the huge risk of cost overruns, and we have to be careful our regulators don't undercut that. If they do, the investors won't be back to New Zealand. The initial Chorus prices were set at a time when the cost of money was at an all time low, with the regulator justifying the resulting low prices by saying they can rise later to track inflation. That's easy to say, but not so easy to do when inflation jumps to around 7% almost overnight and New Zealanders are already feeling the pinch of steep rises in their cost of living.

THE TRILEMMA IN MEETING THE ENERGY DECARBONISATION CHALLENGE

Inflation is also a topic at the forefront of the mind of Prue Flacks, who says that it will impact Mercury in terms of procurement and wages and have an effect on customers.

“For a lot of households, electricity is a big cost, frequently compounded by things like poor insulation. Mercury puts a lot of effort into its vulnerable customer proposition. During Covid, we immediately adjusted our customer care activities, such as ceasing disconnections until impacts were better understood, and working closely with many budgeting agencies.”

However, affordability has to be balanced against the role the industry must play in decarbonisation. And when it comes to decarbonisation, Flacks is focused on the opportunities and responsibilities the energy sector has to contribute to the achievement of New Zealand's goals.

“The reality is low-emission electricity will underpin the decarbonisation objectives of pretty much every other industry.

“There is a lot of work to be done in this area, but New Zealand is in a much better position than many countries. Over 80% of our energy is already generated from renewable sources, without subsidy. These advantages aren't always widely understood or appreciated in terms of the opportunities they present to New Zealand amid the journey that the rest of the world is on.”

In Flacks' view, greater progress towards decarbonisation can be achieved through a sharper focus on working together across industries, government and public agencies.

“The Government talks about an energy strategy; it needs to be an overall plan that addresses the investment environment, security of supply and sustainability.”

Prue Flacks, Mercury

“If we work together, we will achieve a lot more than if we paddle our own canoes and lobby for the things that affect us alone. Currently there is little in the way of joined-up policy settings and no overall plan. The Government talks about an energy strategy; it needs to be an overall plan that addresses the investment environment, security of supply and sustainability.”

This, she says, is where Mercury is working through the ‘trilemma’: the balance of ensuring energy sustainability, affordability and security of supply.

“A new windfarm would need to be built every nine months to achieve the 2050 objectives. That is a huge investment, and someone has to pay for it. The investment environment needs to support that. If you want to transition to 100% renewable and not have gas or coal then that is tricky and has cost implications. It doesn't always rain, the wind doesn't always blow and the sun doesn't always shine. You have to be able to deal with the times when the renewable sources aren't able to generate enough to meet demand.”

BUILDING UNDERSTANDING IN AN ERA OF DISINFORMATION

Flacks suggests that organisations need to work out how to deal with constant and ever-evolving change. One emerging area in particular has her concerned.

“The rise of disinformation worries me, and the dissent in society that Covid seems to have aggravated. More importantly, with the rise of social media people don't necessarily look to credible news sources, which can mean it is harder to achieve a common understanding between people.”

Understanding what customers really think is also now more crucial than ever, she adds.

“Historically businesses thought they understood their customers, but they actually only understood what they thought customers wanted.”

Prue Flacks, Mercury

“Historically businesses thought they understood their customers, but they actually only understood what *they* thought customers wanted. Today, we need to know what the expectations of our customers are now and into the future, and technology will play a big role in allowing us to achieve bigger impacts in this area.”

This means that boards need to keep a constant eye on the skills mix around the table.

“I think a lot about Board capability. In the last 18 months I've been revising our skills matrix, capability and succession plans to find the balance of skills we will require over the medium-term. We need to be disciplined over what we spend our time on and to strike a balance between strong commercial and specialist skills. It's not that easy and inevitably we have to make tradeoffs.”

THE ROLE OF BUSINESS IN SOCIETY

Finally, Flacks turns to a wider topic that has been occupying her thoughts over the Covid period.

“I have been thinking about the responsibility of business to make a positive contribution to society. It is an evolving area, and loosely comes under the heading of ESG, and it cannot be a box-ticking exercise.”



“When we think about diversity, and our objectives and initiatives to improve diversity, we need to be thinking smarter.”

Prue Flacks, Mercury

Citing diversity as an example within the wider topic, central parts of this debate in Flacks’ mind relate to honesty and meaningful action.

“If we’re honest, there hasn’t been a lot of progress in workforce diversity over the years. However, it is in our commercial interest to be able to access the widest possible pool of talent and for our workforce to reflect the communities we operate in. So when we think about diversity, and our objectives and initiatives to improve diversity, we need to be thinking smarter. We need to understand what the barriers are to improving diversity in our organisations and then plan how to eliminate these barriers. It is a slow-burn exercise, but to my mind it is not that helpful talking about it without doing something about it. And to do something about it you have to understand it first.”

What Flacks is always seeking to understand is where there are opportunities to deliver greater value to customers, and to partners, such as iwi, over the long term.

“If we have a strong relationship, we have the best chance, and for me as Chair of Mercury that is also good for our shareholders. I fundamentally want our iwi partners to feel that their relationship with Mercury is valuable to them and that they are with us for the long-term. This is a long journey, not something that happens overnight, and unless you recognise the importance of it you’re all the poorer for it.”

Ultimately, Flacks says that if Mercury does things deliberately for and with stakeholders that are genuinely valued by them, the end result will be a stronger and more successful business, which will also be good for shareholders.

“What I’m interested in is how we design and implement impactful ESG initiatives with different stakeholders which are focused on outcomes. If we all come back to the point when we became chairs or directors, most of us aimed to leave the business in a better place than when we joined it. You aim to leave it better off. And there is a wider role for large corporates to play, to do their bit to improve the communities that we all benefit from.”



MOVING NEW ZEALAND FORWARD, PAST THE PANDEMIC

DAME THERESE WALSH

Dame Therese Walsh sat down with MEttle to talk candidly about the quite different pandemic experiences of Air New Zealand and ASB Bank, and to express her keen interest in moving New Zealand past the last two years, urging New Zealand not to be left behind as the world moves forward again.

Dame Therese Walsh exemplifies the concept of forward motion. Born and educated in Wellington, she studied accounting at Victoria University of Wellington before starting her professional life as a chartered accountant and auditor at KPMG. In 2003 she was appointed as Chief Financial Officer at the New Zealand Rugby Union, and played a key role in the teams that won the right to host and led the 2011 Rugby World Cup in New Zealand. Following this she headed up the Cricket World Cup 2015 in New Zealand.

Named a Dame Companion of the New Zealand Order of Merit in June 2015, Dame Therese today chairs the boards of ASB Bank and Air New Zealand. She is also Chair of the Chapter Zero Steering Committee and a Director of Antarctica NZ and OnBeingBold. She was previously the Chair of TVNZ and is a Director of NZX, Contact Energy, New Zealand Cricket and Save the Children NZ. She has also sat on a number of Government panels and advisory boards.

HAVING EXPERIENCED THE CHALLENGES THAT AIR NEW ZEALAND AND ASB HAVE FACED OVER THE LAST TWO YEARS, HOW DO WE GET NEW ZEALAND MOVING AGAIN?

Four things are at the front of my mind. Opening our borders is the first key point, and I don't mean just letting people into the country. We need to eliminate the many highly administrative tasks that are associated with travel at the moment. This includes much of the required testing and forms, as well as the lack of alignment in these protocols around the globe. These factors make it very stressful for travelers. This is the first hurdle that we need to get over, and I know many of us are working on solutions in that regard with the government.

Secondly, at a business level, we need to refocus on business infrastructure spending which has been constrained over the last two years. Many businesses pulled back on longer-term, strategic infrastructure-orientated decisions due to uncertainty created by the pandemic. Our economy needs to take a confident step towards the future and reinvigorate those plans.

The third thing we need to do is carefully nurture our international relations, which relates back to border openings. New Zealand cannot afford to lose our place in these important relationships. Much of New Zealand's unique business interest comes about because we are a small country; we go overseas to present and show our wares. Some of that is missing and we need to ramp it up. It is good to see the various delegations heading offshore with the Prime Minister this year.

"We need to nurture our international relations. We don't want to lose our place in those important relationships."

Dame Therese Walsh

Finally, we need to play a cautiously confident game. What we are seeing in New Zealand's interest rates, inflation and the broader macro-economic environment is reflected in other countries, but it presents slightly differently here, and we don't know how it will play out. Our key economic indicators have changed in a very short space of time, and we can't predict what is going to happen.

But we need to ramp up while things are still uncertain. Take Air New Zealand, if we bring back too many planes too quickly, we burn cash, conversely if we are too slow, we will lose the chance to make cash. It's a matter of striking a sensible balance, but most importantly, we cannot be left behind.

AIR NEW ZEALAND CAN BRING PEOPLE TO NEW ZEALAND, BUT MANY TOURISM BUSINESSES HAVE EITHER CLOSED OR ARE OPERATING ON LIFE-SUPPORT. IS THERE ENOUGH TOURISM INFRASTRUCTURE FOR VISITORS TO HAVE A GOOD EXPERIENCE?

Through Government interventions and people putting their personal finances on the line for their businesses, many in the tourism sector have survived, but only just.

Looking internationally and observing other markets, I see the demand for New Zealand being high. At Air New Zealand, what we are focused on – which I think reflects the broader tourism industry – is shifting quickly from a very low level of interest to very high levels.

Whether we will be 100% ready to meet that demand immediately probably has a question mark. Even if we decided to open the whole industry at the same levels prior to Covid, the question is how do we move from low to high levels seamlessly? I think there may be a rocky road to get back to the start line of where we were before the pandemic. Re-starting operations is harder than it sounds.

When I say this, I also anticipate issues such as labour shortages. The tourism industry in New Zealand relies on international tourists who come into New Zealand to work. A labour shortage creates additional complexity and challenges for what is already going to be a bumpy restart and transition phase.



"I see demand for New Zealand being high. Whether we will be 100% ready to meet that demand immediately probably has a question mark."

Dame Therese Walsh

SWITCHING TO ASB, HOW IS THE BANK SUPPORTING CUSTOMERS, AND HAVE WE EVER MANAGED INFLATION WITHOUT GOING INTO A RECESSION?

ASB, and the banking industry as a whole, played its role well through the pandemic. We continue to do so thanks to a range of initiatives that include increased customer care, helping people who have indicators of financial distress, and relief provided in various forms including working through payment structures. During the pandemic we didn't force any mortgage sales. We took care to understand that people were in a unique situation, and we trod very carefully to support our customers and our people.

“We were more flexible and supportive, implementing new rules very quickly in response to a very dynamic situation.”

Dame Therese Walsh

Generally speaking, things have held up slightly better than we initially anticipated. We didn't know what shape the recovery might take and how the economy might respond. Amid many debates about provisions and recoveries, the truth is nobody knew what would happen. And today we still don't know exactly how the economy will respond to the impact of the higher interest rates and inflation environment.

The question for us is, now we are through the emergency phase, what do the next two to three years look like, and is the true impact of Covid yet to be experienced? If people or small businesses have used their savings, how healthy do their personal or business balance sheets look now, and will there be lingering economic problems? Add to that the general economic environment, are we actually standing on quicksand here?

So, two years on from the first lockdown there continues to be some uncertainty. That first phase of responding to customers and providing support has been pretty good from both the banking and government sector, but the next phase could be tricky.

WHAT HAVE YOU LEARNED AS CHAIR OF AIR NEW ZEALAND AND ASB OVER THIS TIME, AND HOW DID YOU COPE PERSONALLY?

Firstly, like many other chairs in the industry, I have learned lessons on how to work through a black swan event. Inevitably, some things worked well, and some did not.

One of my key lessons about chairing a company through this time is the requirement we all have to address the types of events that may not seem like they are on the doorstep today. Low-probability events, like a natural disaster or a global pandemic, can mean that we don't engage enough with them in board discussions before they happen. I think where the conversation currently finishes on this topic within the boardroom, it could extend out a bit further.

Secondly, examining your use of capital under a variety of scenarios is important. You have to consider the potential difficulties that your company could get into and then ask yourself, how would your capital work in this scenario? The Reserve Bank requires the banking sector to undertake certain stress tests and to create and question scenarios, and then test how an organisations' capital and profit/loss would look if this happened. When using the right scenarios, it is quite a useful exercise, and many companies don't do it. If they did, would it change the decisions they are making today? I believe questions like this should be more prevalent in board and management strategy conversations.

“I wouldn't say I am more risk averse as a result of what we have been through in recent years. Instead, I would say that I am more thoughtful. I don't take things for granted.”

Dame Therese Walsh

I wouldn't say I am more risk averse as a result of what we have been through in recent years. Instead, I would say that I am more thoughtful. I don't take things for granted. If a company has been successful, will it continue to be, it is easy as a director to believe it will always be constant and true and that is the biggest mind-set shift.

On a personal level, I coped with the pandemic because, like everyone else, I had to. Plus, I have an excellent support network both personally and professionally, which includes my fellow board members, my mentor Chris Moller and the team at OnBeingBold, which is a great group of senior female business leaders. Talking to people with similar roles and challenges is also very therapeutic. I would acknowledge both Joan Withers and Patrick Strange in that regard,

I was talking to a board chair yesterday who is about to retire from all her roles, and she said that as chair you are the connection point between the management, CEO, board and shareholders, and have to absorb the issues of each group which can be quite a lonely role. Having support networks makes that a much easier proposition.

A FINAL MESSAGE TO METTLE READERS?

None of us should be too focused on our position in the hierarchy or the title we might have for our role. Covid has been an equaliser, and it has been humbling.

“Walk the floor. You cannot make the big decisions if you don't understand the realities of working in your business.”

Dame Therese Walsh

One thing I have learned is that directors and executives should walk the floor. You cannot make the big decisions if you don't understand the realities of working in your business. You have to get out and about to listen to people, absorb the information and that will help you make the good decisions if you want to move forward with confidence. ^M

MAHI TAHI TĀTOU KAHA AKE TĀTOU

HINERANGI RAUMATI-TU'UA & MIKE POHIO

In October last year, Westpac became the latest organisation to release a report on the growing influence of the Māori economy within Aotearoa New Zealand. Prepared by BERL and OpinioNative, what set *Mahi tabi tātou, kaha ake tātou: The Māori economy – obstacles and opportunities* apart from previous reports was its focus on the challenges and barriers faced by the Māori economy, as well as the opportunities the sector can tap into to drive future success.

Against a backdrop of an increasingly integrated and influential economic sector, MEttle was privileged to sit down with two persuasive leaders of Māori economic growth: Hinerangi Raumati-Tu'ua (Waikato and Ngāti Mutunga), was recently appointed Chair of Tainui Group Holdings, and Mike Pohio (Ngāi Tahu, Ngāti Pikiao), the newly appointed Chair of Ngāi Tahu Holdings (and formerly CEO of Tainui Group Holdings). We sought their perspectives on their personal journeys into their current roles and what they are looking to achieve, the evolution and importance of the Māori economy, plus the value that can be found in wider groups of people working together to achieve more for all people in Aotearoa New Zealand.

The appointment of Hinerangi Raumati-Tu'ua as the first Māori female – and iwi member – into the role of Chair is an evolution for Tainui Group Holdings, she says.

“Generally, the Chair has been independent however, it was more recently decided that all board members were eligible for the Chair role and with the support of the board, I was elected Chair. With my career experience, the work that had already been put in place and the mahi that Sir Henry van der Heyden has done, we had a solid foundation to build on.”

With typical humility, she doesn't highlight the stellar career path and skill set that she brings to the role. One of the most experienced Māori governance professionals, named 2017's Māori Woman Business Leader of the Year, Raumati-Tu'ua has built a formidable bank of knowledge and experience across a number of leadership positions that include being the most recent Chair of Paranihi Ki Waitotara Incorporation and Moana NZ, also acting as a director of Sealord, Watercare and several iwi commercial entities.

Sadly, along this journey there were few Māori women in the commercial world that stood out as role models, she says.

“June McCabe at Westpac was one of the only Māori women in the commercial sector that had any visibility. However, my many role models came from growing up on Tūrangawaewae Marae, at Ngāruawāhia and my Taranaki iwi whanau.”

NEW INVESTMENT FRAMEWORKS

Now that she occupies a position of leadership herself, Raumati-Tu'ua says that she is deeply involved in work to develop a new investment framework for Tainui Group Holdings, which as the wholly-owned commercial entity of Waikato-Tainui has a responsibility to protect and grow the tribe's commercial assets to support the development and prosperity of 78,000 tribal members. All profits generated then fund education, health, elderly care, cultural, housing and environmental programmes, and are reinvested into further growing the commercial assets.

“We have designed a framework that covers our four investment funds under a foundation document that says, ‘here's what the investment world looks like from an iwi perspective’. Included within this framework are the values and vision of iwi, and the expectations of our kaupapa.”

Raumati-Tu'ua outlines that this work has provided a path to set clear expectations for the next steps forward, as well as the way those steps can be taken.

“We are now focused on implementing the investment framework, and how to make it meaningful, without having to build a significant bureaucracy to deliver to it. That said, although the framework gives us the ability to take confident action without continually having to revert to the wider iwi for decisions to be made, we're going to ensure our iwi participates in what we do. Creating benefits for iwi, and looking and feeling like a Māori business while being successful commercially, are important steps for us to take over the next few years.”

BUILDING SCALE, TRUST AND CONFIDENCE

This is particularly relevant when considering the scale and ambition of the initiatives in which Tainui Group Holdings is engaged. Incorporated in 1998, the organisation today manages a portfolio of assets valued at \$1.04 billion, with assets across commercial property, farms and forests, residential subdivisions, hotels, as well as a range of financial and direct investments. One of the largest property developers in the Waikato region, Tainui Group Holdings owns The Base and Te Awa Mall, and is leading the development of giant 490 hectare Ruakura Superhub in Hamilton, which includes a joint venture with Port of Tauranga to build an inland port at Ruakura.

Raumati-Tu'ua believes people don't grasp how big Ruakura actually is.

“The capital investment requirement is significant. Ruakura will create so much opportunity for the Waikato.”

She adds that as work on site continues in earnest at Ruakura, leasing interest and activity is also heating up as logistics, freight, FMCG and many other companies see the potential to reach a substantial proportion of New Zealand's population from the central North Island location. That said, she acknowledges it as a major challenge as a project.

“Just getting Ruakura open is going to be an achievement for the team. It's a huge challenge but it is also so exciting to be playing a part in it.”

Former Tainui Group Holdings Chief Executive Officer, and now Chair of Ngāi Tahu Holdings, Mike Pohio, reflects on what he is most proud of during his time at Tainui Group Holdings.

“In 1995 it was a bold move for the Government to settle with Waikato Tainui. The rest of the nation had doubts and concerns and certainly some of the decision-making post-settlement validated the concerns of sceptics. But contextually it was a wonderful, enriching and challenging experience to be someone that enabled part of the intent envisaged on



“Creating benefits for iwi, and looking and feeling like a Māori business while being successful commercially, are important steps for us over the next few years.”

Hinerangi Raumati-Tu'ua

“Te Ao Māori has been around for centuries and it’s pleasing to see these values emerge in the modern world as a way to lead and connect Māori and pakeha businesses.”

Mike Pohio, Ngāi Tahu Holdings

both sides. One of the highlights for me was the greater understanding of our nation’s make-up plus the embracing of Māori culture and its standing in New Zealand. Over that eight and half year period, I am most proud of the trust and confidence we created. In the first instance within the organisation, secondly with the tribe, thirdly within the Hamilton Waikato area and lastly from a wider business perspective.”

Pohio says that Tainui Group Holdings was effectively reborn in 2003, which created a number of challenges.

“Robust decision-making was required to instil more confidence. We identified a wider set of outcomes which went beyond a commercial decision, or Waikato Tainui and Hamilton Waikato community. It was an enriched set of decisions that were made in the interests of two or more decades. We needed to make sure those decisions and outcomes had the substance for being the right ones for a much longer term view.”

Pohio says Tainui Group Holdings took a very disciplined approach when implementing this, understanding the need to prove their robust processes to themselves and the banks, which ultimately resulted in success.

“After a long period of the relationship breaking down with financial institutions, we were able to re-secure the confidence of BNZ, which was huge to us and an affirmation that we were going in the right direction.

“We had a balance sheet of \$500 million and 50,000 tribal members, and a distribution of about \$10 million a year, which amounted to an investment of about \$10,000 per person. I felt that we needed to grow that to at least \$100,000 per tribal member, a 10-fold increase to around \$5 billion. So, in carrying that thought process forward to Ngāi Tahu, an organisation that represents at least 73,000 tribal members, the same concept applies. \$1.8 billion is a successful trajectory across the 20 plus years since settlement, but on a per-tribal member basis we need to grow that base to be meaningful in dollar terms but also sustainably to ensure resilience in the assets we operate and the cash flows that we generate. That is where my focus in this role will be.”

SHARED UNDERSTANDING WILL MOVE US FURTHER FORWARDS

Looking ahead, one of the big questions for Pohio is how to strengthen commercial relationships between Pakeha and Māori to achieve better outcomes for all. One of the biggest opportunities in this area he says is all about building cultural understanding. As a person with a Māori father and English mother, Pohio admits that he wasn’t raised within the Māori culture and language.

“However,” he says, “my involvement in Tainui Group Holdings and Ngāi Tahu has made it obvious to me that the Te Ao Māori world has a rich set of values that are very natural to individuals and groups. Te Ao Māori, of course, has been around for centuries and it’s pleasing to see these values emerge

in the modern world as a way to lead and connect Māori and Pakeha businesses.”

Both Pohio and Raumatī-Tū’ua agree that there are many positive outcomes that have already happened in the Pakeha world to navigate doing business better with Māori entities. Many Pakeha businesses are asking how they make themselves more accessible and empathetic, examining the role they need to play to partner with Māori entities to help them achieve their goal.

“I think there’s already a lot of talk and activity in this area, which is a huge positive,” says Raumatī-Tū’ua.

“This is about things as basic as how people introduce themselves. This creates a really enriching conversation, hui, or work that you do together. It eases the relationship you can have with that person if you understand where they are from, where they live and what’s important to them.”

At the same time, she has also seen Māori institutions become clearer on what they want, what’s important and how change will help achieve their objectives better.

“It’s really interesting to hear the financial sector say they are now thinking about what they need to be changing to adapt and work together better with the Māori economy. It’s a live issue and I see mostly positive things around how Pakeha businesses are responding. We’re also seeing more opportunities for internships and graduate programmes as organisations are thinking about how to integrate Māori through all their layers, rather than just in a particular team.”

To begin partnering with Māori commercial entities Pohio says always comes back to values.

“Common ground will easily be found when there is genuineness, openness and respect. Core elements of any relationship will draw on those values. When we consider transactions and long-term relationships, it comes down to a clear demonstration of aligned values.”

This is echoed by Raumatī-Tū’ua.

“Understand who we are and what is important to us, and have people within your business who understand this, so we don’t have to continually explain it. Obviously, we want to partner with people who are really good at what they do; you need to deliver on the job and bring your capability. It’s the same approach I would think you’d have with all clients.”

Pohio adds, “We all benefit from media coverage and our own communications so that others can understand.

For example, Tainui Group Holdings would release an annual announcement of results, sharing that with the local business community and stakeholders to provide a greater understanding. Preparedness of partners is continuing to grow through that more transparent communication and understanding.”

“We are looking at increasing opportunities for collaboration, joint ventures and pooling funds to acquire assets and make investments.”

Mike Pohio, Ngāi Tahu Holdings

THE BIG OPPORTUNITIES AHEAD FOR MĀORI BUSINESSES

Pohio says that in his view the pathway to future growth lies in three core areas. Firstly, through connectivity with other iwi.

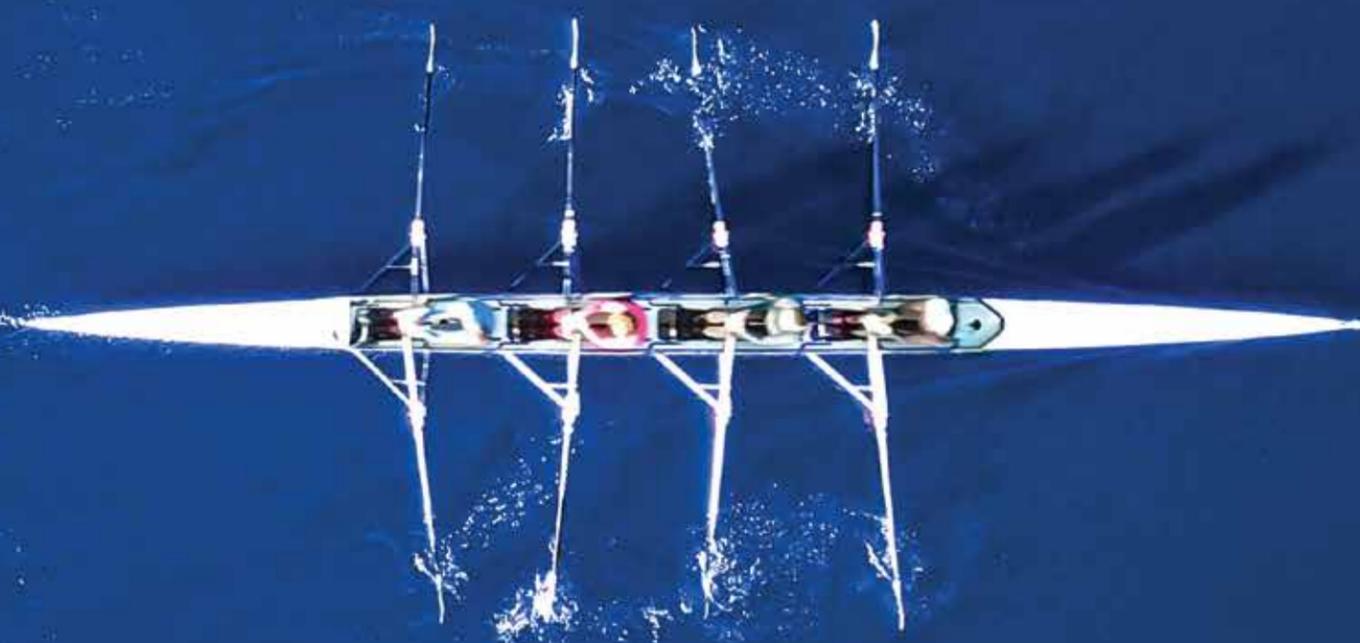
“I think we will see an increasingly collective approach. We are looking at increasing opportunities for collaboration, joint ventures, and pooling funds to acquire assets and make investments that are beyond the capability of any one iwi.

“Second from an ESG perspective, we will see a much stronger positioning of iwi across the country in the interests of everyone. It will look to bring the Te Ao Māori world into commerce or local infrastructure, such as Three Waters, and Ngāi Tahu’s interest in improving the state of our water for all New Zealanders. You’ll see this play out some more.

“Looking further into the future, it will be interesting to see the extent to which iwi will go beyond Aotearoa. We sell our products offshore and welcome tourists into the country, but to what extent will iwi invest outside of New Zealand, other than in a managed funds portfolio? I think we have a long way to go before concentration risks become so substantive that offshore becomes a natural extension, but it will be interesting to watch.”

Raumatī-Tū’ua concludes by saying that the more Māori are able to do to secure their own futures and have the ability to do that for themselves, the greater the benefits will be for all New Zealanders.

“All the positiveness in the Māori world view are things we do as an entire nation. If we can think positively, we can move the relationship forward, even if we are not quite sure what the outcome will be. If we have some faith, it will create a New Zealand that we all want to be part of which delivers positive outcomes for everyone.”



GAINING GROUND

WITH NICOLA WILLIS MP

Amid evolving economic times, the political approval polls are showing the greatest movement in recent years. As National gains rapid ground, MEttle gained an interview with National's Deputy Leader, Nicola Willis MP, who could yet become New Zealand's next Finance Minister.



“It’s a chilling effect in our democracy if leaders in our business community don’t feel they can be critical.”

Nicola Willis, National Party

Entering Parliament in March 2018 after campaigning as National's candidate for Wellington Central in the 2017 election, it was not long before Willis was appointed as the party's spokesperson on early childhood education, before being promoted to the front bench as Education spokesperson under Judith Collins. Following New Zealand's 2020 general election, Willis became deputy leader to Christopher Luxon in November 2021, an appointment that was swiftly followed by her appointment as National's finance spokesperson when Simon Bridges announced his retirement from politics.

Prior to entering politics, Willis held successful senior management positions at Fonterra, served on the Export NZ board and the policy think-tank, The New Zealand Initiative.

MÉttle took the opportunity to learn more about this rising force: her views on making a difference for all New Zealanders, what she would inherit as Finance Minister, and issues about which she feels most strongly.

Asked if she would emulate Ruth Richardson if she were to become the next Finance Minister, Willis is quick to answer.

“No. I will be the first Nicola Willis. My overarching goal is to equip all New Zealanders with the opportunity to have better choices and independence over their own lives.

“I’m grateful to Ruth Richardson for introducing the Fiscal Responsibility Act which ensures governments must report transparently on spending, debt and the impact decisions today will have on the future strength of the Government's books. I will focus on offering a budget that will deliver increased living standards and better public services.”

CHOICES, CHOICES

Willis highlights that her goal - in her current role and if it were to change to one in Government - is to make New Zealand a wealthier country, where more people have better choices about their own lives and are able to provide for themselves and their children.

“For me the word ‘choices’ is very important: how can we help people make better choices? If this is a country where people are able to earn more, then fundamentally they have more choice and autonomy over their own lives. That is really important to me. Equally, if we provide better public services by ensuring that the state does its job better, it allows people to make better choices.

“It goes without saying that we can only deliver this opportunity of choice in a long-term perspective and in a sustainable way if there is a prudent debt provision. Otherwise,

all you’re doing is providing some nice things for one generation today only to harm the next generation. Anything you do must be thought about in the medium and long-term.”

Willis acknowledges that any Finance Minister responds to the old political maxim: ‘events, dear boy, events’.

“When Bill English became Finance Minister, he didn’t hope to manage the Global Financial Crisis and two Canterbury earthquakes, but he managed those issues as they came and adjusted his ambitions to enable those issues to be addressed. Equally, Grant Robertson probably didn’t plan on having a global pandemic to deal with.

“Part of the role as Finance Minister is dealing with new and potential issues in the best way possible so you take New Zealanders with you, protecting them as much as possible from any financial calamity, but doing so in a way that is sustainable for the country.”

SETTING A SUSTAINABLE GROWTH COURSE AFTER A TIME OF PANDEMIC DEBT

On the possibility of inheriting books that have been filled with pandemic debt, Willis says that National’s job will be to first make sure that New Zealand is set on a sustainable course for the immediate three years, but also more importantly for next 10-20 years.

“That requires striking the right balance,” Willis says.

“First we would need to get our debt-to-GDP ratio down. The most important element in this will be to grow the GDP part of the equation; growing the wealth of the country so debt shrinks relatively. Achieving this requires growth-enhancing policies that encourage businesses to invest and generate more wealth, alongside a Government that ensures that any spend is highly effective at delivering results and outcomes.

“In a nutshell, we’re focused on planning, delivery, outcomes and results. This is what is necessary to make the most out of public spending.”

Nicola Willis, National Party

“It is one thing to announce that we are going to spend a lot on health and education for example, and a National Government will absolutely do that, but it’s quite another thing to say we are going to deliver maximum bang for every dollar to ensure we are focusing on improving the lives of all New Zealanders,

helping our young people achieve and providing better world-class health services to New Zealanders. In a nutshell, we are focused on planning, delivery, outcomes and results. This is what is necessary to make the most out of public spending.”

THE ROLE OF THE REGULATION AND THE RESERVE BANK

To be able to improve the lives of Kiwis, first the inflation genie has to be squeezed back into the lamp without too many unpleasant effects. And the first step in doing so is to ensure clarity around the role of the Reserve Bank.

“The Reserve Bank’s job and responsibility is price stability and keeping a lid on inflation,” says Willis.

“Yes, maximum sustainable employment matters, but it is a fiscal and government responsibility to have good employment policies.

“For 30 years, New Zealand had a monetary policy framework which gave the Reserve Bank a single target of price stability, and that framework worked. We are now in a situation where inflation is the highest it has been in 30 years, and the Labour Government changed the Reserve Bank’s mandate by adding the objective of maximum sustainable employment to their responsibilities.”

She adds that it is far from being the only addition made by Labour.

“I am concerned about how easy it has been for the Government to introduce new rules and regulations for small businesses without considering the cumulative effect on them. Small businesses that often do not have HR departments or an endless capacity to absorb costs, particularly in a high inflation environment.

“Any time a new rule, cost or process is considered, I want the Government to run a ruler over it and ask, ‘is that 100% necessary and the only way to achieve our goal?’”

Nicola Willis, National Party

“We think it is critical that the Government holds down costs on businesses that ultimately have to be passed on to consumers. Any time a new rule, cost or process is considered, I want the Government to run a ruler over it and ask, ‘is that 100% necessary and the only way to achieve our goal?’”

BUILDING A LONGER INFRASTRUCTURE PIPELINE

Infrastructure investment really matters to Willis. However, in her view New Zealand lags behind other developed countries, largely due to our inability to build a sufficiently long infrastructure pipeline. One example Willis uses is the housing challenge.

“When I ask local government why they haven’t zoned more land, given the extraordinary need we are hearing from our communities, their reply is they haven’t seen a funding framework that will allow them to invest in future-proof pipes and roads.

“We want to fix that part of the equation by delivering an infrastructure pipeline built for growth and incentivising investment in infrastructure before it is needed rather than the current too late approach.

“To do this we need to be clear about the 10, 20 and 30-year pipeline of projects required to deliver better infrastructure. For example, to look at roading, what does world-class infrastructure look like for bus and rapid transit networks? What sort of infrastructure enables electric car use into the future? How do we work alongside energy companies so they can make future-proofed investments for lower emission energy generation? I believe infrastructure can be things that we haven’t imagined as necessary yet, so we need to be better at forecasting.”

To be able to do this properly, business must be able to exercise its voice to ask questions of government without fear of retribution, she says.

“A fundamental principle of democracy is that people should be able to challenge the government of the day. We should be able to have robust debate, and people should be able to have open and transparent debates about public policy and implementation. Often a business will accept what the Government is trying to achieve and understand the motivation may be good. But what they are questioning is the method of achieving it, and that should be a very comfortable conversation to have.”

OPEN TO CHALLENGE

Willis says that she has been concerned at times when engaging with some businesses who have been reluctant to voice in public what they are prepared to say directly in private.

“It’s a chilling effect in our democracy if leaders in our business community don’t feel they can be critical.

“A Government can certainly dismiss its critics, but people should be able to have open and transparent debates about public policy and implementation.”

SOCIAL INVESTMENT IS THE KEY TO BUILDING POTENTIAL

When it comes to discussing social investment, Willis sparks up.

“This is critically important. It is a large part of what National wants to deliver in government. There is a universal agreement across the parties that one of the roles of government is to intervene in those whose lives are particularly difficult and provide support to ensure people can fulfil their potential.

“Successive governments have tried to provide a welfare system that offers a safety net for people to get back on their feet, a robust health system and social development interventions, yet despite the billions that have been put in, we still have large groups within our communities who don’t fulfil their potential and whose lives are incredibly difficult. They may be long-term welfare-dependent, in and out of justice systems or without the skills or qualifications they need to succeed.”

Willis says that in her view the Government is obliged to identify interventions that make a powerful difference in someone’s life early on, to enable them to flourish under their own steam.

“The best thing we can do is help put a person on a path to independence so they can generate their own income and manage their own life better.”

Nicola Willis, National Party

“These interventions will highlight how a government should be orienting investment that helps change people’s lives. Bill English uses the phrase, ‘Instead of servicing misery, we should be freeing people from misery’. The best thing we can do is help put a person on a path to independence so they can generate their own income and manage their own life better.

“There has been exceptional work and study on how government can reorientate investment to achieve this change. It is therefore sad to see that this work essentially stopped under the current government. Reviving social investment is very high on my agenda. I believe people are best placed to decide how to live their own lives, and we must have respect for an individual’s ability to make decisions about who they are, how they identify, how they express themselves, how they arrange their families and the choices they make about their own bodies and their own destinies. That’s philosophically where I come from.”

“Ultimately, National’s leadership team is driven by a desire to deliver better results for all individuals and families through a caring and compassionate approach. We realise we need to communicate that effectively and demonstrate that the policies we are putting forward are about people in our diverse communities.

“I won’t consider myself successful if only the top half of New Zealand is doing better under a National Government’s leadership. It is only when we are genuinely lifting all boats in the water that we can say we are successful.”

