



*Making sense of the numbers*

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# *Our business model is broken*

## Options for future

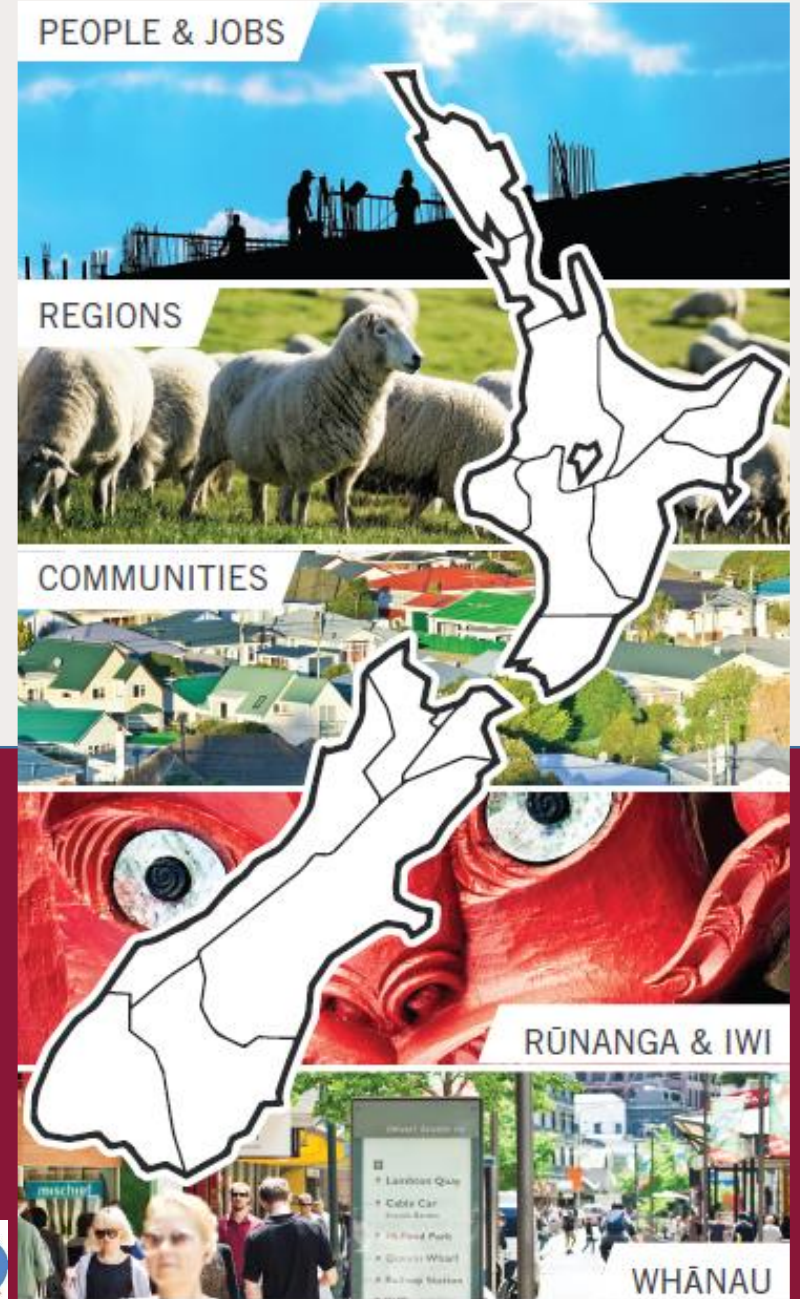
Presentation to SOLGM Summit

Mahuru 2019

Dr Ganesh Nana, Chief Economist



*Making sense of the numbers*



# The business case for transformation

Economics in state of denial?

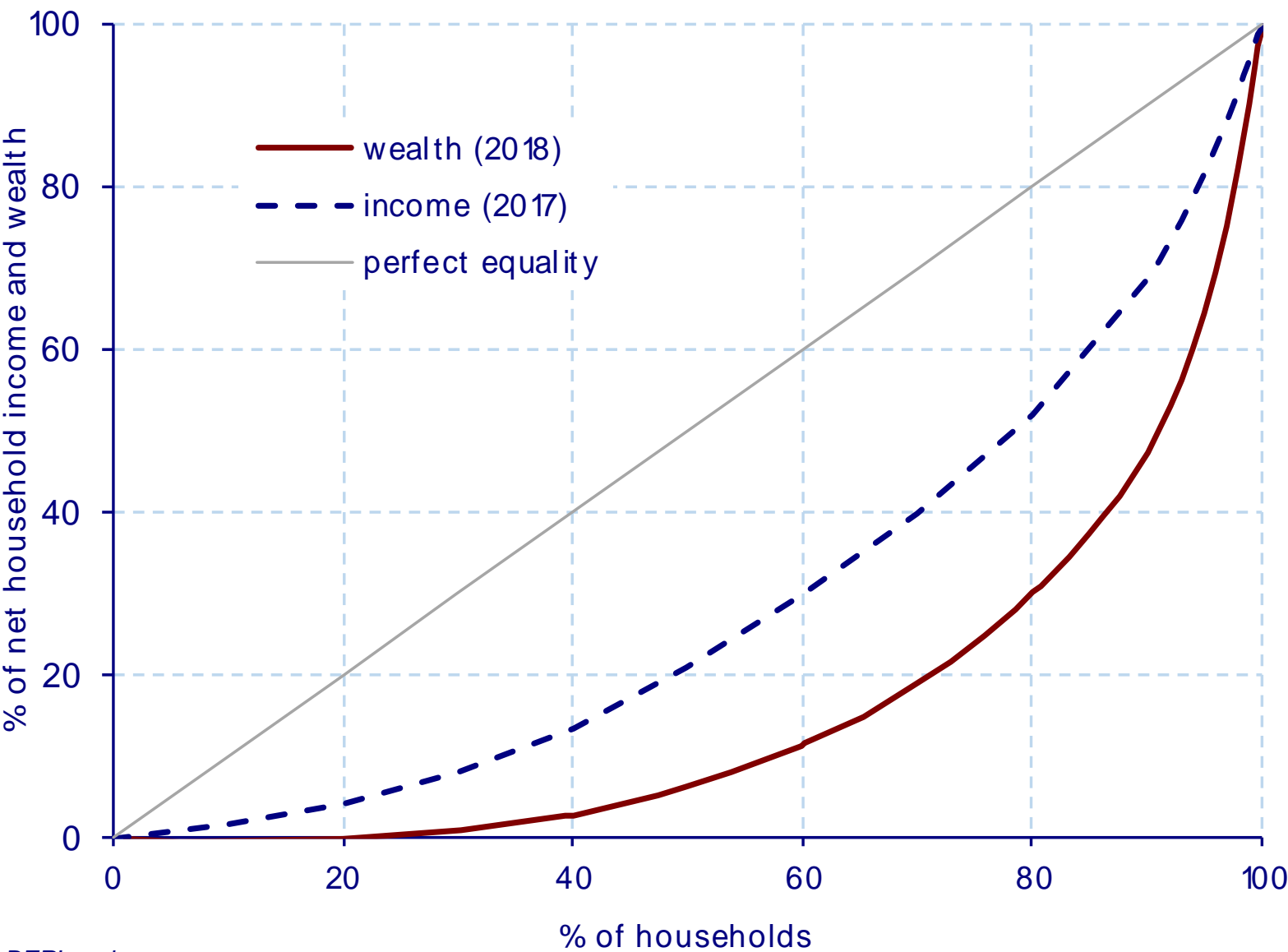
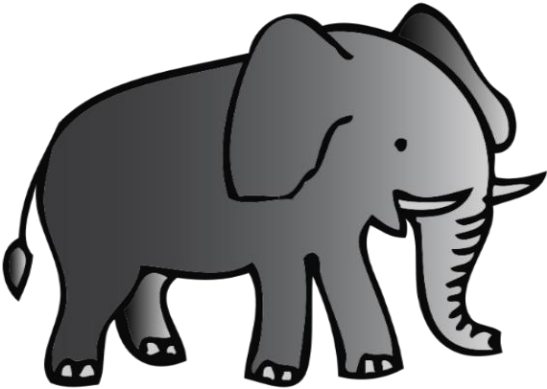
δ



GDP growth  
resource depletion  
climate change  
demographic upheaval  
populism  
social structures and cohesion  
insular world  
inequality  
racism  
colonialism  
technology  
robotics  
gig economy  
minimum wage  
living wage  
synthetic foods  
crypto currency  
NAIRU and free trade  
still drive economic models

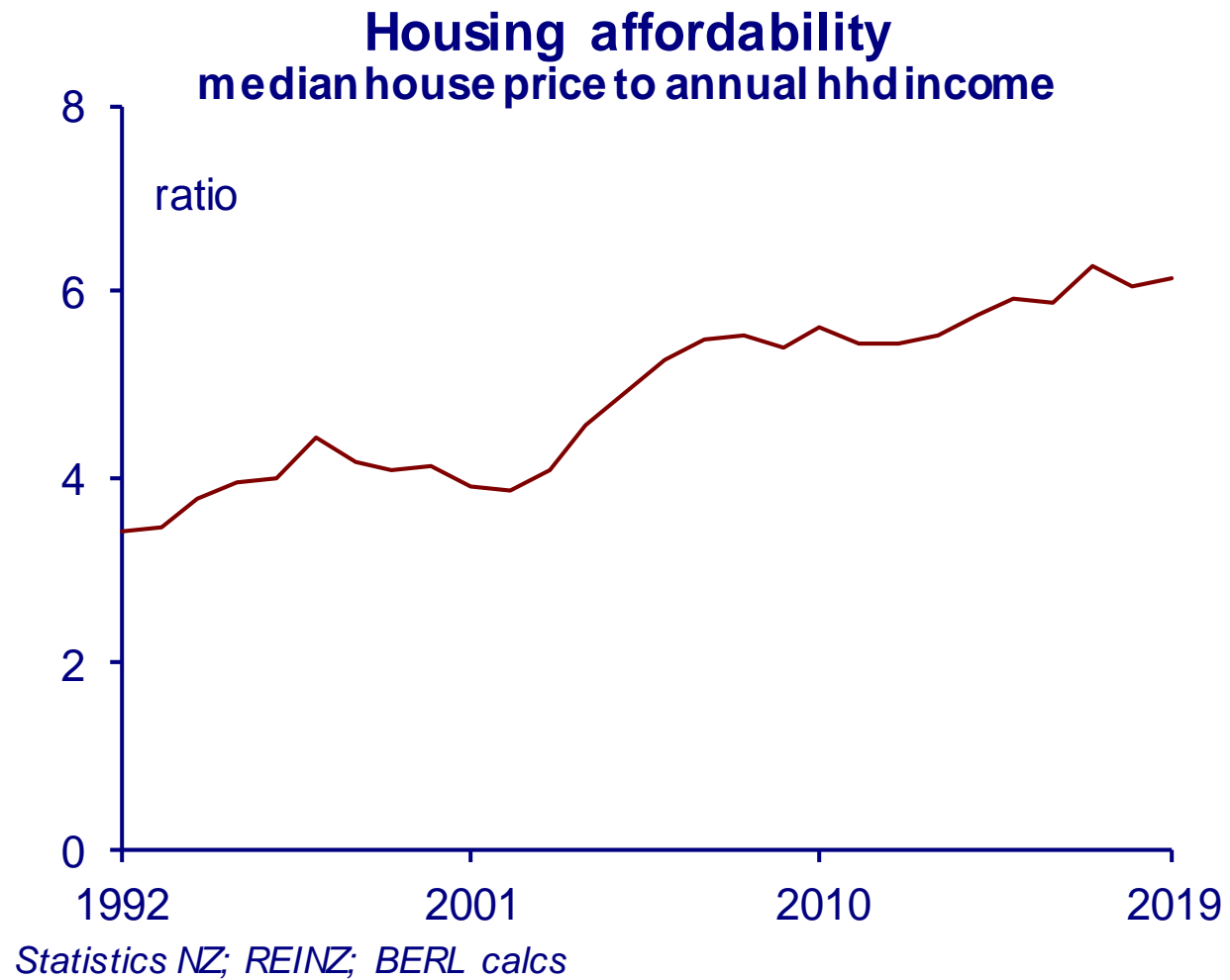
# Distribution of household income and wealth

Elephant  
in room



BERL calcs

# ... and, its cousin





# IMF – July 2019

Risks to the forecast are mainly to the downside ...

... expeditiously resolve uncertainty around changes to long-standing trade agreements

WORLD ECONOMIC OUTLOOK • JULY, 2019

## GROWTH PROJECTIONS

Still Sluggish Global Growth



The projected growth pickup in 2020 is precarious, presuming stabilisation in currently stressed emerging market and developing economies and progress toward resolving trade policy differences.

INTERNATIONAL MONETARY FUND • [www.IMF.org](http://www.IMF.org) • #WEO

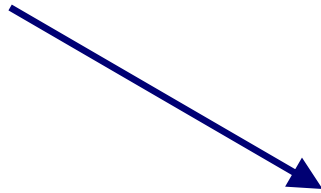
... the future awaits ...

berl

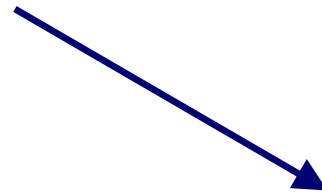


# Our business model

productivity



profitability

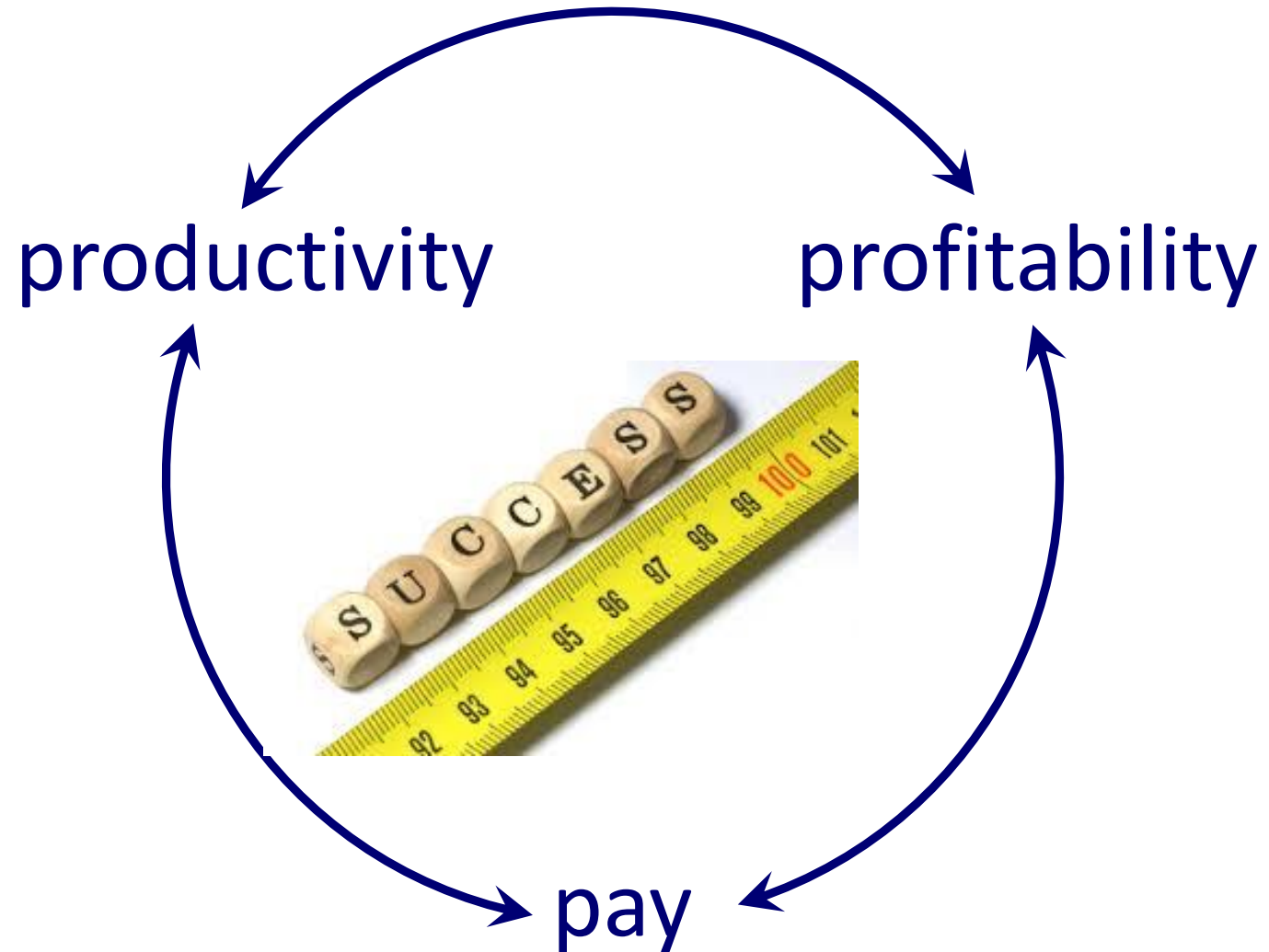


pay





# Another business model



# Value – the narrative

Debt

Value for money

What's the return?

Rol or BCR?

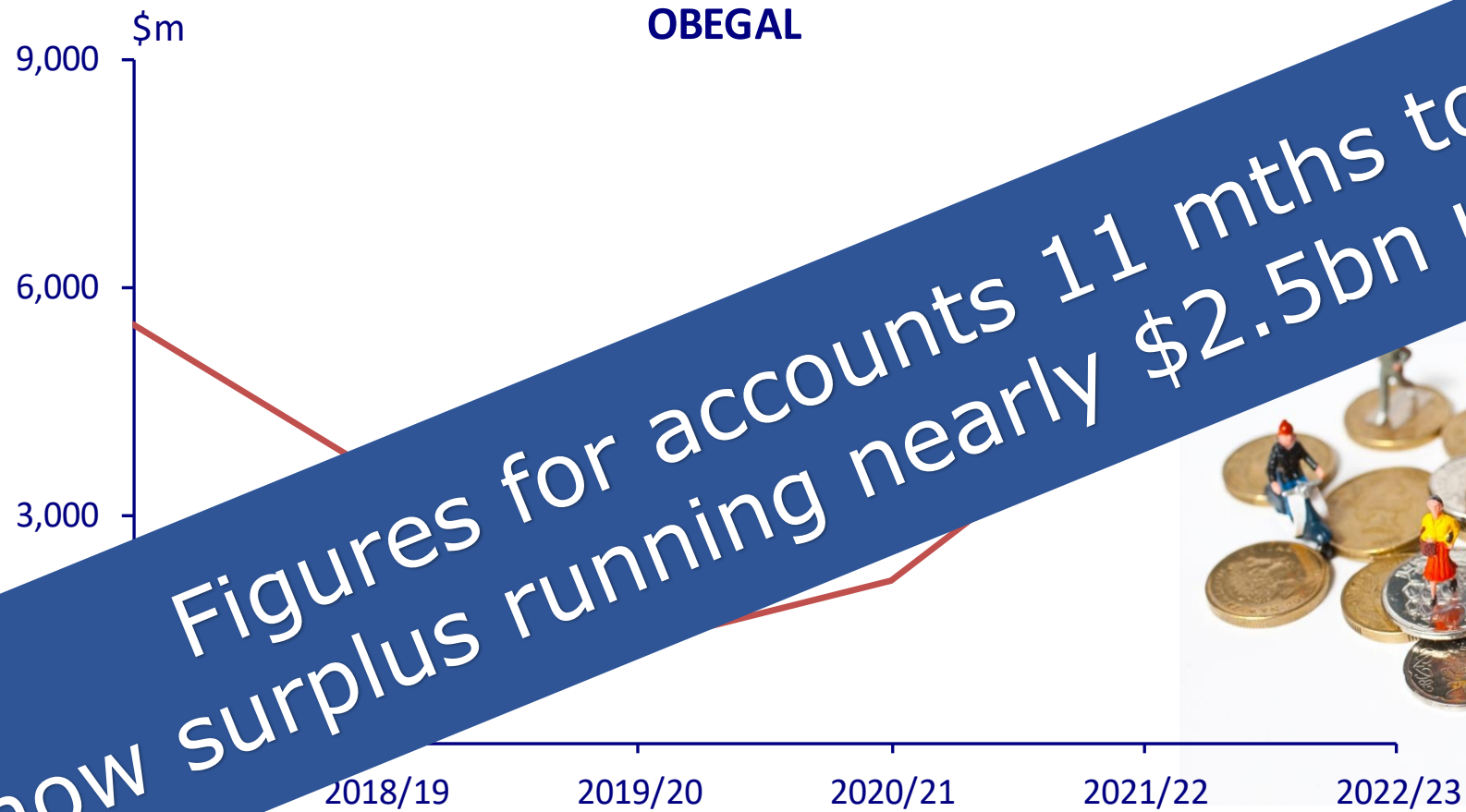
Where's the business case?

Affordability

Best bang  
for bucks



e.g. strong Government surplus

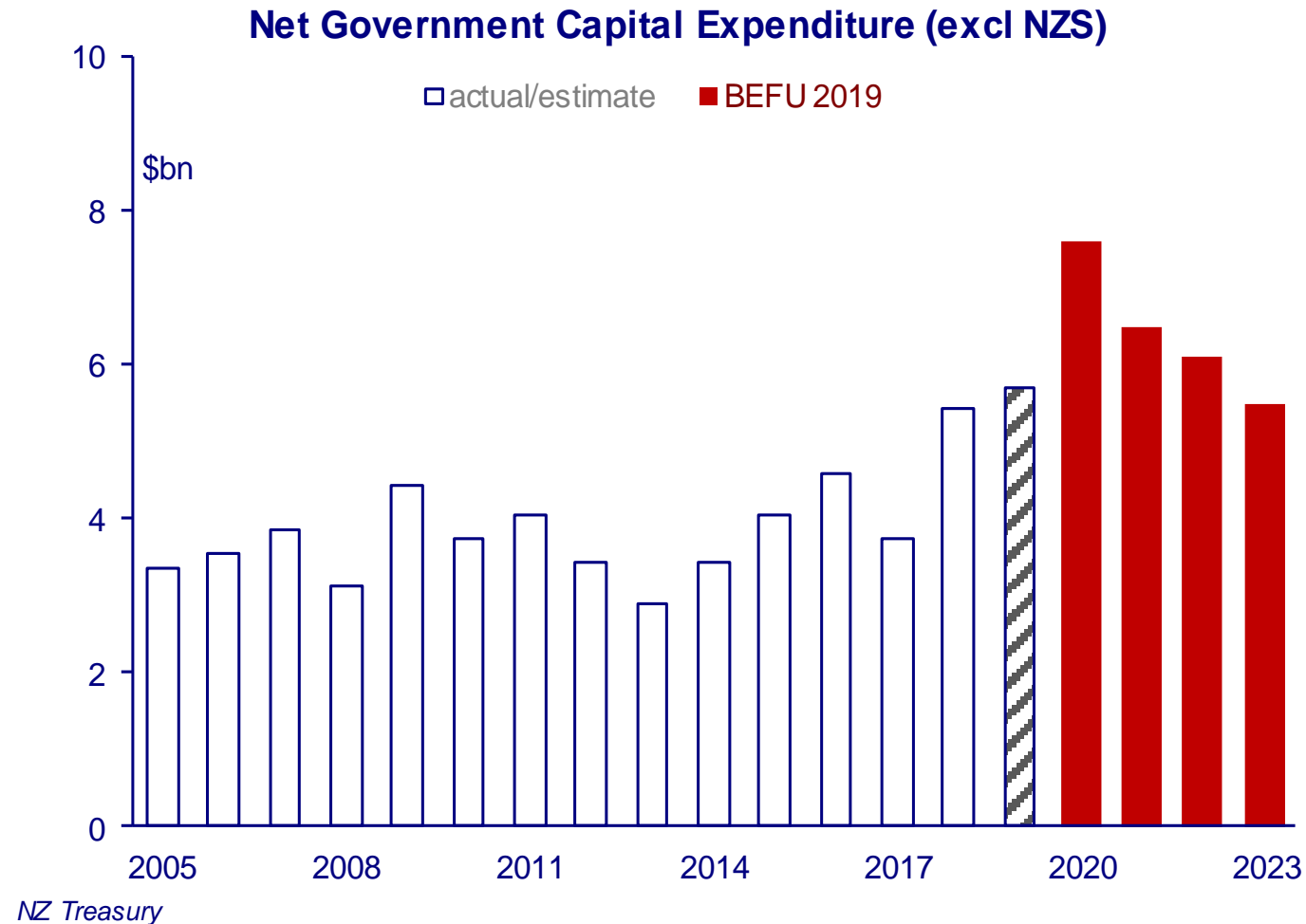


Figures for accounts 11 mths to May  
show surplus running nearly \$2.5bn up on Budget



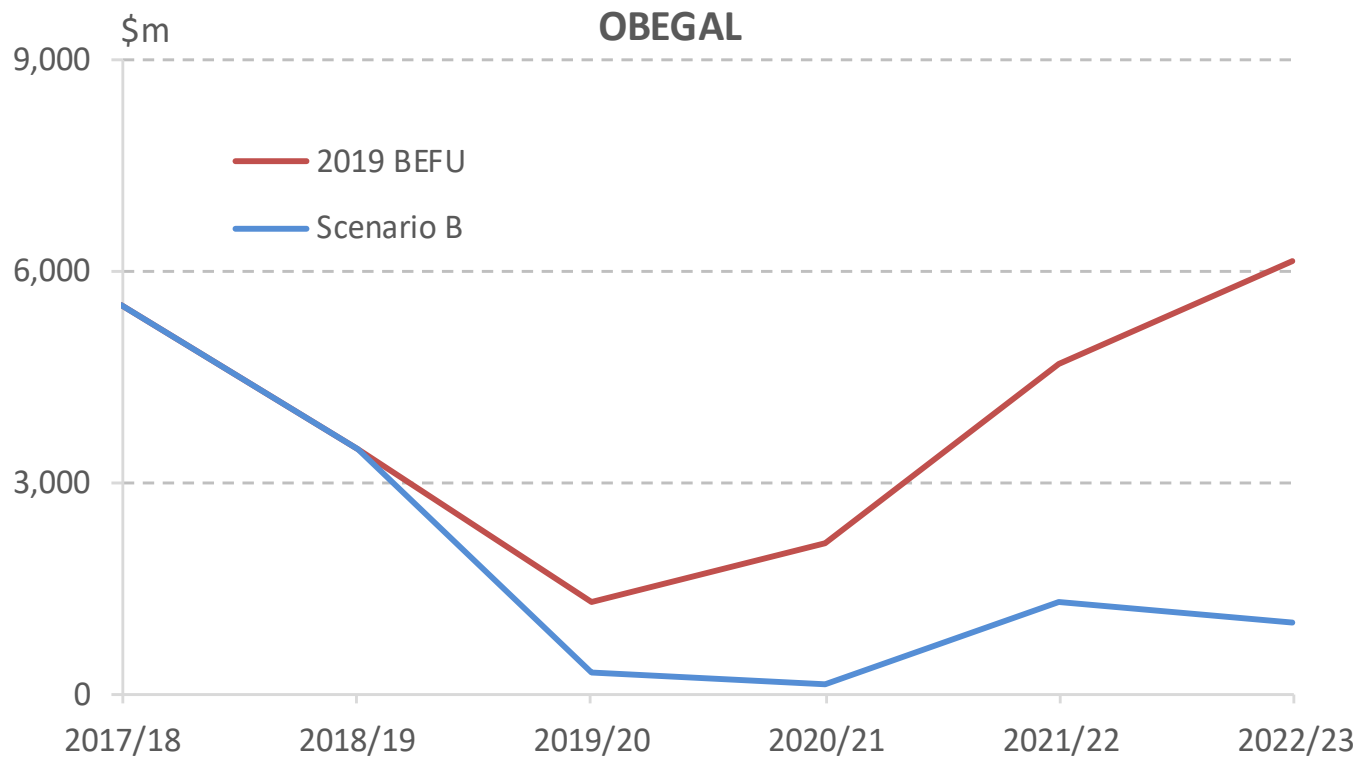
Budget Economic and Fiscal Update

# Budgeted Government capital spend





# Using the rainy day surplus



2019 Budget Economic and Fiscal Update

- Another \$1bn avail this year and next
- Another 1.5bn avail in the following 2 yrs
- Surplus remains

# The model – objectives

- should be consistent with set of values
  - manaakitanga
  - whanaungatanga
  - kaitiakitanga
  - productive, sustainable, inclusive
- also ask: who is not in the room?



# Development and growth

- not inter-changeable

- growth indicates **more**

- development indicates

- **Don't assume** (like many economists)  
that more is better




# The model

## a clearer statement (and ownership) of objectives

### Local Government (Community Well-being) Amendment Act 2019

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**6 Section 10 amended (Purpose of local government)**

(1) Replace [section 10\(1\)\(b\)](#) with:

(b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

(2) Repeal [section 10\(2\)](#).



**Papatūānuku**



Give no **tolerance**.  
Give no **laughs**.  
Give no **likes**.  
Give no **attention**.  
Give no **welcome**.  
Give no **respect**.  
Give no **agreement**.  
Give no **support**.  
Give no **encouragement**.  
Give no **power**.  
Give no **home**.

**Give**  
**n**  **othing**  
**to racism**

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