The ANZAC Spirit

- Kevin Morris
There can be no doubt that the relationship between Australia and New Zealand is essentially a people relationship. It is of course grounded in the spirit of Gallipoli and what we did together there and in subsequent campaigns, most recently in Timor, Afghanistan and other parts of the world. It is reflected in the CER initiative, which people have described as the most diverse and successful Free Trade Agreement that has been developed in the world. You can also see it in the work that we’re doing around the development of a single economic market, and there’s an extraordinarily successful programme developing in the integration and harmonisation of the securities and customs areas. There’s lots of work being done to bring this single economic agenda to life. To reach the potential of CER, and to make sure that the relationships between the people of our two countries remain vital and relevant.

This is an edited and adapted version of that speech.

John Allen has been chief executive of the New Zealand Post Group since 2003, and has led the organisation’s diversification which has seen the establishment of Kiwibank, Express Couriers and Datamail. Prior to joining New Zealand Post in 1996, he was a partner with the law firm of Rudd Watts and Stone. He recently spoke at the University of Auckland Business School’s Dean’s Speaker Series as a Co-Chair of the Australia New Zealand Leadership Forum, and his speech was entitled “Keeping the ANZAC spirit alive: the future of the Trans-Tasman trading relationship.”

The ANZAC spirit
However it’s not all good news. The reality is that despite the investment that we have made in our trade infrastructure, and the great work that New Zealand Trade and Enterprise (NZTE), the Ministry of Foreign Affairs and Trade (MFAT) and politicians have done over many years to enable us to trade, New Zealanders and our businesses have been extraordinarily timid in putting their feet into the Australian market. It’s interesting that between 1994 and 2006, the compound annual growth rate of exports between New Zealand and Australia grew by 4.2 percent. That was no higher – it was exactly the same actually – as the growth rate for our exports to the rest of the world.

So despite all of that investment we simply did not see New Zealanders taking the initiative and investing and exporting into Australia. And the question has to be asked, why is that? And I want to just think about three reasons that are debatable and slightly provocative, but nonetheless I think they are the strategic issues that New Zealand business needs to think about.

The first one is of course that we are deeply risk averse. Now I know that will come as a deep shock to many of you, because you’ve done bungy and therefore you are by nature a risk taker. But frankly in my experience, New Zealand businesses – and particularly New Zealand board rooms – are extraordinarily risk averse when it comes to investment in Australia. Raise an Australian opportunity and immediately you hear about AAPT, you hear about some of the challenges that The Warehouse had with their market entry into Australia. We think of the Ansett story and Air New Zealand. We hear those stories time and time again, but it’s critically important in my mind that we get past that history and get with the current programme.

We need to start telling new stories about companies like Kordia, Ezi-Buy, Datacom, Freightways, and Mainfreight that are investing and succeeding in the Australian market. We need our directors to shake off the legacy of the past and allow their businesses to learn from those mistakes and to grow. Our risk averseness is constraining our ability to take advantage of the infrastructure which has been created for us.

The second thing is in my view complacency. What I mean by complacency when I talk about New Zealand business, is that for many New Zealand businesses, particularly small New Zealand businesses, they’re quite happy with the growth opportunities that can be generated within the domestic economy. For many leaders of small businesses in this country, exporting is seen as hard – and of course it can be. The lure of the BMW, and the yacht is real in terms of the work/life balance that people want to achieve for themselves. There’s heaps of research that shows that in New Zealand achieving work/life balance is a significant driver of many of our small business leaders.
This particular issue has a much deeper and more concerning element, which is New Zealand’s ambivalent attitude to growth. We do not see growth in many instances, as an enabler of our children’s future, as the driver of personal or business opportunities. Rather, we see it as impacting our environment, contributing to congestion or pressure on our infrastructure. We see it in some way as inconsistent with how we might develop a sustainable future for this country. And in my mind unless we get over that and understand that growth is an imperative for the future success of this country, then we are not going to deliver on the potential that has been created by the relationship we have with Australia.

The third issue, and I think actually this is the biggest one of all, is that I don’t think we see the opportunity. Now that seems an extraordinary statement to make, because it’s just 1300 miles away. They have 20 million people, with a GDP of more than 700 billion. There are people here with far more expertise, but it’s a bigger country with a lot more people. And on the face of it you would think that would galvanise significant opportunities.

But in my mind for us to take advantage of those opportunities, that requires New Zealanders to do something we’re not really good at, which is taking a strategic or long-term view. Far too often we think only in the short-term, and we’re polarised by responding to immediate issues. We’re not prepared to compromise on some things to deliver a long-term sustainable benefit to this country.

Of course every time we say this, people start getting deeply unsettled about the idea of selling out to Australia and losing our sovereignty, and our identity as individuals and as a country. Of course that’s absolutely wrong, but David Lange once characterised our small country strategic position very effectively by saying that we are “a dagger aimed at the heart of Antarctica”. That’s very apt. We’re remote, we’re small, and we’re not particularly strategically important. As a country of that kind we need to build partnerships.

We need to understand the value that we are offering as a partner. That’s quite a controversial proposition, because New Zealanders might say, “We know the value we add, we’re Anzacs. We were in Gallipoli. We fought side by side and we are continuing to fight today”. In my view, that proposition is simply not enough. We can’t rest on our laurels. Some people think the idea of a single economic market is to drive out the differences of the two countries and bring them together. To those people I would say the value proposition for New Zealand is as much about the differences between the two countries as it is in the similarities.

The fact that we are a Kyoto signatory and Australia is not creates real opportunity for us to work together to think creatively about the post-Kyoto environment, and it gives us real opportunity to sell that creativity on the world stage. It is the fact that New Zealand is not as closely aligned with the United States that gives us real opportunity to add value to Australia in the way we work with them in the Pacific and other parts of the world. We’re also a small country and our manufacturers are very good at short run economics, which gives us real competitive advantage when it comes to some of the required components. The reality is that this country has real value to Australia driven out of difference. And if we were to simply become Australian, if we were simply to adopt what we see as being an Australian persona, an Australian swagger, an Australian twang, and lose our New Zealandness – surprisingly to many – we would actually dissipate much of the value that we can offer to Australia.

So given those risks, and they’re slightly controversial, and I have no doubt there will be some debate about my propositions that we’re complacent, we’re not far-reaching, we’re not strategic and we’re risk averse. Nonetheless, the question becomes how on earth do you unlock the potential of this relationship? The first is we have to invest time and money in the relationship. NZTE do a fantastic job, and the most recent prime ministerial business mission to the Australian states was a fantastic example of what can be done with the alignment of politicians and business people. But we do it too infrequently.

I’ve only been part of the Australia-New Zealand Forum for one year, but one of the things that really struck me was the lack of research on the relationship between Australia and New Zealand—despite the fact that we all say time and time again that the relationship with Australia is the most important relationship that New Zealand has. We commissioned the New Zealand Institute and involved the Lowy Institute, an Australian think tank, to do some work around the characteristics of the relationship: how the partners were feeling about each other; what the opportunities might be for us to work together beyond the bi-lateral trade to do more together.

We’re simply not investing the time, nor are we investing the money in that relationship. In my view we need to understand those opportunities much more precisely than we have as we move forward. The second thing we need to do is make heroes of the businesses who are exporting. We need to make heroes of the businesses who are actually engaging in Australia. Whether it’s in the smart manufacturing space or in the food space, where we have creative people like Fisher Meats in Dunedin, a family-owned company who are reinventing themselves to deliver a whole lot of new value-added products into the Australian business market. We
need to see those businesses profiled. We need to be making heroes of them. They’re taking huge risks, and they won’t all succeed. But New Zealanders should know about them, and they should know what they are delivering for this country.

Third, we need to recognise that there is really strong public support for building the relationship with Australia. I think this is critically important, because so much of this requires political leadership and political engagement. The reality is that there is a constituency, and a majority, and a clear majority of New Zealanders who want to see the relationship with Australia built, deepened and widened.

And I don’t just say that on the basis of my having asked a few people, but based on the Forum research I mentioned previously. It asked New Zealanders and Australians to talk about how they saw the other country on a 5 point scale, with one being unbelievably fantastic. New Zealanders overwhelmingly characterised Australia as a 1 or a 2. Similarly, 71% of Australians characterised New Zealand as a 1 or a 2. In terms of their views of whether they saw the countries getting more similar or further apart, and this will surprise many of you, most people saw us either staying much the same over time or becoming more similar.

The reality is that New Zealanders are positive about the Australian relationship, they are positive about Australia. We need to help the politicians see and understand that. Even more importantly, 63 percent of New Zealanders and 85 percent of Australians said that our relationship was characterised as a partnership, rather than as a competitive relationship. Now that is really interesting, because again most of what you’re seeing in the media at the moment suggests that most New Zealanders would think that Australians are trying to take everything away from us. The reality is New Zealanders are bigger than that, they can understand the opportunity more clearly than that.

I thought that I would just close with some observations about the future. I don’t have a crystal ball, and I’m certainly not a politician. However, the New Zealand and Australia relationship will get closer rather than further apart, and we will deal with the common currency issue. I think the likelihood is that at some point the currency will be common, but I can’t put a timeline on that. The reality is that small economies and small currencies are going to get extremely difficult to sustain in the globalising world. And that issue, rather than any of the other debate that I’ve heard, is likely to characterise any change. Now, the big question: Will we become a state? I thought about answering that, but instead what I thought I would do is offer 2 different perspectives, and you can be the judge.

I want to read to you a quote from a person who was speaking about the wonders of the states of Australia and the sister country of New Zealand:

“Is there a man living in any part of Australasia who will say that it would be an advantage of the whole that we should remain disunited, with our animosities, border, customs, and all the friction which our border, customs tend to produce until the end of time. I do not believe there is a sane man in the whole population of Australasia who would say such a daringly absurd thing. If this is admitted, the question’s reduced to very narrow limits, and it follows that at some time or other we must unite as one great Australasian people.”

That was Sir Harry Parkes. He was the father of the Australian Federation speaking in 1890 at the Federation dinner in Melbourne. The other that I thought I would close with is a poem by Kevin Ireland, one of New Zealand’s great poets. It’s part of his Anzac anthology, which I thought was a sort of fitting. It’s called “Definitions of Ourselves”:

The New Zealand flag
bumps the same cross through the sky
as Australia’s.
We share the same language,
prescriptions, ambitions - a common aggressive respect for success,
and an odd contradictory incentive to failure - so the world takes no notice of oceans of distance,
but lumps us together
and rejects our insistence on a vast crumb of difference.
We slang the Australian sandpaper accent, they twit our dumb diffidence.
We denounce them as brassy,
they expose our poor class –
the unregenerate prude we affect -
we think them degenerate.
Such terms are a crazy contagion which we pass through schoolroom and home.
So how toxic, how faulty I feel still to find that old bias, that mad and incurable smirk in the mind,
which itches to say, we are the Greeks to Australia’s Rome.

I think it highly unlikely that we will end up as a state of Australia. The reason for that, as I have said, is that I think in fact we are of more value to them differentiated, and different, and celebrating those differences.