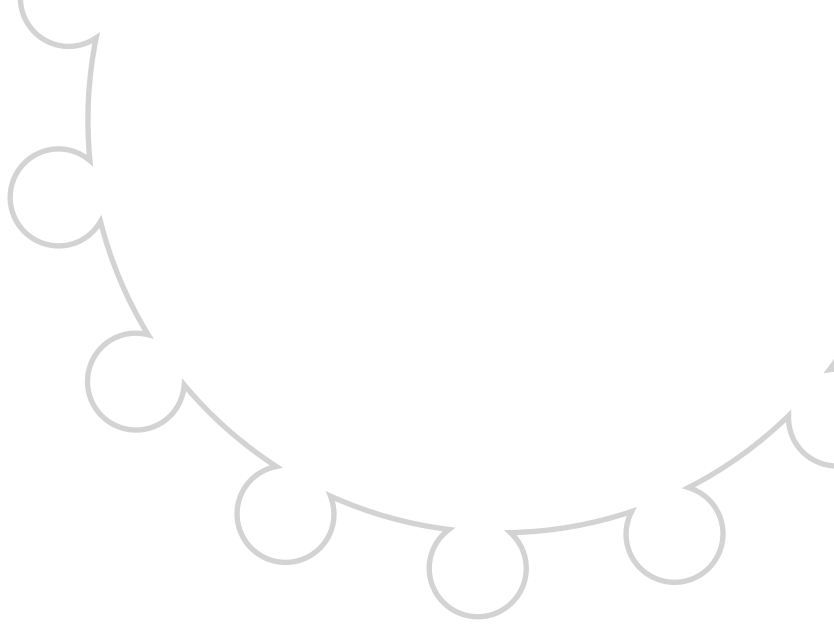

Sectors

Māori



As with so many other emergencies and crises, Māori have again showed how responsive and agile they can be in service of their people. Many iwi had little or no permanent logistics or food storage, yet were able to stand up distribution centres almost overnight, procure food and hygiene packs by leveraging relationships rather than process, and then get those supplies to where they were needed.

Māori know exactly what they are capable of – it wasn't a surprise to them – yet many others have marvelled at what they were able to do at extremely short notice. For some their efforts were hampered or slowed by the machine of bureaucracy and we can only imagine what might have been possible if that handbrake had been released. Hopefully COVID-19 signals the time at which the model of trust is flipped and Māori can now be seen by decision-makers as both valuable and logical partners in Aotearoa's quest toward prosperity for all.



While the impacts of COVID-19 pose a significant set of challenges for the economy and many of the people within it, it is not without its silver lining. It has thrust upon us the opportunity to reflect and question how we see the world. We have been shown that the supposed foundations of our economic system are incredibly fragile and based on assumptions that have weakened the social, environmental and cultural fabric of the planet. There is now a chance to flex our thinking and see old problems through a new lens. We now have the fertile soil within which to plant the seeds of our economic evolution.

The inequities that Māori faced before COVID-19 have now been amplified as many others join these groups with high and complex needs. Anecdotally, the state of the planet was much improved during the lockdown, so we must ask ourselves how we hold on to those gains while we figure out a new economic model – one that recognises that economic, environmental, social and cultural dimensions are in fact interdependent.



Business impact

The impacts of the pandemic varies depending on whether a particular business is a whānau business (SME), a shareholder collective such as a Māori trust or incorporation, or a beneficiary collective such as an iwi commercial entity. SMEs will be experiencing many of the same issues that non-Māori SMEs in similar industries are facing. With revenues dropping significantly, these businesses will be looking to the strength of their balance sheets to get them through. Obtaining lending for working capital can be difficult where they don't fit the bank criteria and don't qualify for the COVID-19 specific support programmes.

What can they do?

Crisis and constraint can be both a blocker or enabler of the creativity needed to look at business issues from another angle. Under these conditions it is worth looking at the different ways in which skills, capabilities and assets of the business might be applied. A rental car company becoming a supermarket delivery partner is one such example. These types of 'pivot' may be the difference between qualifying for bank funding (or securing investment) and failure. During tough times it can be difficult to see the wood from the trees, and seeking out independent input can help bring clarity and perspective to a problem or opportunity.

For the collectives, many have significant investments in industries that have been severely affected such as tourism, hospitality, forestry and commercial property; and a good proportion of these have managed funds. Many will also have food production within their portfolios which has fared better than most, but is not without climate related production issues in some sub-sectors. In tourism, hospitality and forestry, we have seen layoffs and in some cases, redeployment. It is too early to tell what the longer-term impact will be, but what will be worthwhile monitoring is consumer and tenant behaviour. As people consider the possibility of working from home more often, or think of whether digital channels could replace their physical stores, commercial property will be an area to watch. Is it possible that commercial property conversions might help our housing crisis?



Fortunately, despite these very real challenges, there are factors that will help insulate the long term impact and help Māori emerge stronger. These characteristics include Māori having:

- a long investment horizon
- a diversified portfolio
- a conservative outlook
- relatively low debt
- relative high levels of cash

While the final two bullet points may have previously characterised a balance sheet as ‘lazy’, this crisis has shown just how much this has helped to insulate Māori business at a macro level—acknowledging that there are examples of individual businesses that have been severely affected.

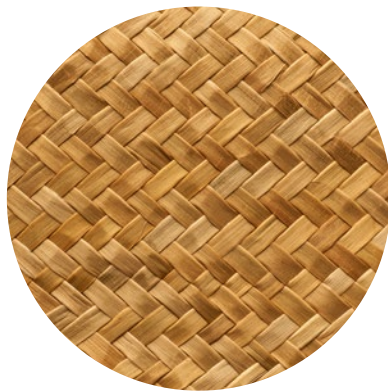
Those entities with a strong balance sheet, a clear investment strategy and focus, and the capability to manage and govern investments are now in a position to take advantage of the opportunities that will arise over the next few months. The key question is which mix of industries will provide the outcomes Māori seek beyond the required economic return.



Employment

From an employment perspective, some estimates forecast that Māori are likely to suffer 40,000 job losses between 2020 and 2022, with Māori losing their jobs at a higher rate than non-Māori across various sectors. Almost 60% of those losses are expected to occur in the urban areas of Auckland, Canterbury and Wellington.

Will we see the opposite of the urban drift of the 70's and start to see the regional drift from the cities back to their tribal areas? What impact will this have at home in the regions? How can the skills and experience of our people be put to use for the prosperity of the region? What retraining and upskilling provision might be required? The newly established New Zealand Institute of Skills and Technology (NZIST) is a rare chance for Māori to get in early and influence the skill development provision needed within their regions.



Tribal entities

Tribal entities focused on the wellbeing of their people, environment and culture are also likely to find themselves in the unenviable position where:

- The dividends they depend on from their commercial entities are reduced given the business impact
- There are lower levels of resource available from philanthropic entities and Government to partner with iwi
- The pre-COVID-19 challenges have been compounded by increased pressure in whānau households resulting from job losses, food insecurity and social distancing.

In short, there is less resource from which to address increased need requiring different approaches. It's the opportune time to consider how new thinking and perspectives can be injected to encourage self-reflection, but more importantly to come up with ways to achieve much more with much less.

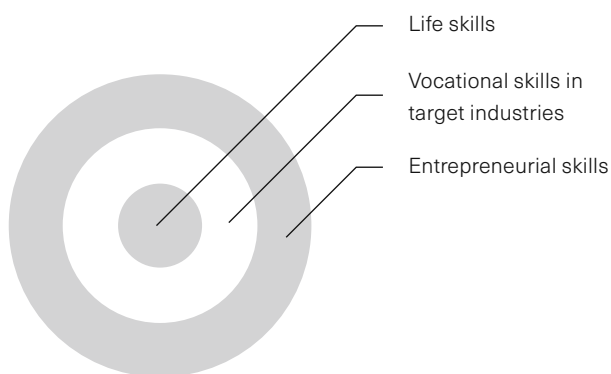


Future thinking

The Māori economic evolution should be underpinned by government investment in human capital and developing the skills that are relevant for the future of any particular region. The types of skills will differ depending on the starting point for different sub-groups within the population but could loosely be divided into life, vocational and entrepreneurial skills. While vocational and entrepreneurial skills are self-explanatory, investment in life skills is a critical pre-requisite to ensuring those most in need are well equipped to:

- Enter into and succeed in vocational/ entrepreneurial endeavours.
- Be self-sufficient, food secure and able to insulate themselves from future shocks.

Learning, development and training formats would need to evolve to meet the needs of learners and employers by integrating training and application in industry more closely.



If we can build the skills that are required, it is important that those people have meaningful and high value opportunities where they can put their talents to work. Talk of localisation is increasing as businesses weigh up supply chain security, in light of COVID-19 disruptions, and concern of geopolitical instability rises. If this is to materialise we could see a return to manufacturing and processing facilities which may be best located in the regions closest to the primary production. This raises a question of scale and viability and the extent to which localisation means government subsidies.

Beyond primary production and related industries (including the associated science, research and commercialisation) are opportunities to retool people with skills for fast growing industries such as technology. As the rate of digitisation increases there will be business and employment opportunities that have higher levels of remuneration that can easily be based in the regions. In another area, the social inequities around the world are a pandemic in themselves and Māori could lead the world in developing the responses drawing on indigenous knowledge and practice. A Māori led government enabled research, intellectual property development and commercialisation approach may mean that the export of intellectual property aimed at reducing social inequity could become one of the country's leading exports with positive social, economic and environmental impact.

It is sensible for the Government and Māori to deepen the nature of their relationship as they work together to uplift the prospects of Aotearoa. At a regional level there are councils taking care of transport and environment, territorial authorities with responsibility for infrastructure and Māori caring for people and the environment. A relationship where Māori and the Government can co-determine the shape of the evolution before us will mean that the partnership intended under Te Tiriti o Waitangi can be realised for the benefit of the whole country. A tangible example that might signal a shift in this relationship includes the sharing of data with iwi to help them be even more responsive to the needs of their membership.

To that end, it may be helpful to consider that the role for Maori is helping build the 'fence at the top of the cliff' with a prevention, care and development agenda while the Government focus on treatment of the issues that have accumulated across successive governments. This is not to say these are exclusive zones – more that there is clarity on who takes the lead.

The challenge for Maori will be how to optimise the way in which we organise our people, resources and technology across iwi and organisational boundaries to get the best collective social, economic and environmental outcomes. Without the luxury of unlimited capability, capacity and resource, combined with the need to front on so many political, economic, social and environmental kaupapa with external parties, minimising duplication of effort will be necessary, although not easy.

We are seeing more and more collective undertakings and over time the lessons from these will inform future practice. Balancing individual constituent interests with those of the broader collective will be an ongoing, yet not unsurmountable challenge.

For some kaupapa, a decentralised iwi-centric approach might be required and for others a centralised infrastructure may serve particular kaupapa more effectively.

What is clear is that successive government interventions have failed to halt the growth of social inequity. Millions, maybe billions of dollars have been spent over the decades yet the problem continues to grow. Perhaps it's time to allow alternative perspectives to drive the solutions enabled by government supported with certain and sustained resourcing.





New partnerships

COVID-19 has highlighted the extent to which technology, and your information and data infrastructure, can help or hinder your organisation's ability to react, respond and transition in times of crisis. Any decisions that draw from an entity's information base needs to be as real-time and accurate as possible.

Organisations everywhere will no doubt have completed, or are in the middle of reviewing their strategies before making any decisions that impact their long-term outlook. With so much uncertainty, it is now even more important to consider how differing scenarios would impact the ability of the organisation to achieve its goals. Traditional strategy exercises can be quite involved and time intensive, but time is not a luxury we currently have. Therefore, focusing attention on changes in assumptions and their impact is the best use of limited time.

Where the operating model was already well aligned to the strategy and there are not any significant shifts or changes to the strategy, there is still room to look at opportunities to improve efficiency by examining where there is waste and unnecessary process in the system. In some cases, the concentration of decision-making rights can lead to delays caused by bottlenecks. Further distributing these rights with appropriate controls can help maintain momentum and responsiveness.

Such review and examination of the operating model also provides space to consider the nature and characteristics of the workforce needed to deliver on the portfolio of expectations. The default is often a permanent workforce supplemented by contractors but there is a growing international trend toward lower proportions of permanent workers and higher use of freelancers and contractors. This enables a circulation of personnel along with different experiences, tips and tricks to be shared. It has to be acknowledged that this won't suit every, entity but could be a useful example for cross entity collaboration provided that the technology, data and information platforms are set up well.

Pre-COVID-19 many Māori entities were finding shortages in the talent market to fill positions and so different ways of working will likely be needed to secure the skills required. One option where an individual may work for multiple entities might be worth pondering.

In dynamic times such as these, there are many possibilities including one where the iwi/ Māori led, government enabled approaches are genuinely considered. If that were to be true, how should operating models be set up to flex between partnership efforts with government, collective efforts with other partners (including with philanthropics and other iwi) and within and individual iwi's eco-system with hapu, marae, whānau businesses and other providers.



COVID-19 has provided an opportunity to think about the importance of Māori in shaping the evolution to a new economic model – one that promotes balance between humans and planet along with equity among citizens. This calls for everyone to play their part:

- For the Government to trust that iwi are the logical partner to improve outcomes for their own people and to seal that trust with commitment to resourcing and sharing of information
- For Māori to optimise the way in which they collectively use their people and resource across and beyond tribal boundaries to affect the desired outcomes while minimising duplication and waste
- For iwi to evolve from some of the current bureaucratic operating models and transition to agile and flexible models that are tribal member centric, digitally driven, data enabled and automation focused so they can do more with potentially less.



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