



# METTLE

ISSUE 2020

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



**Welcome to MEttle 2020, the publication that in this extraordinary year has given us the opportunity to meet with people at the razor's edge of the challenges facing NZ Inc., to examine the frenetic changes that our leaders, organisations, communities and people have confronted – and continue to address.**

**Rarely, if ever before, has real mettle been required of so many in leadership positions, and across so many sectors of our economy. Amid the maelstrom, MinterEllisonRuddWatts is continually analysing and investigating how COVID-19 is a conduit for change, at a pace never seen before, and how top-tier thinkers have re-examined their mission to build purpose-led organisations and navigate through the unknown to the 'new abnormal'.**

**On these pages we also highlight the results from our recent directors' survey on the transformation within New Zealand organisations, how they view risk, and what they want to see from the Government over the next 12 months and beyond.**

**Like MEttle, MinterEllisonRuddWatts continues to reassess and reinvent thought processes to help move organisations forward towards a brighter and sustainable future. I hope you enjoy the lessons shared and opportunities uncovered in this issue.**

**SARAH SINCLAIR, CHAIR, MinterEllisonRuddWatts**



This time last year, the pages of METtle were draped in insights on sustainability, a topic that was on a front burner in every boardroom and C-suite around New Zealand, as rising global temperatures focused the brightest minds around the world.

Fast-forward 12 months, and you hardly need to guess the topic that has commanded all the resources, energy, creativity – and mettle – of everyone in every organisation in our country. It is true that NZ Inc. has faced and responded to change on a scale that has never been seen before. Leadership, business models, technology and people have been tested in countless ways, and are likely to be challenged for some time yet.

In this issue of METtle, we have sat down with a number of people leading change within their organisations to understand how they have reacted, strategised and driven change within their business.

We investigate the shifts that have ensued from lockdowns and other restrictions on sectors across our economic landscape, from tourism to agriculture, telecommunications, education and more. Through adversity we continue to see the power of the ‘number-8-wire’ mentality as new ideas have been born, opportunities have been grasped, and organisations forge new pathways forward.

We are, as always, grateful for the pre-eminent leaders who give us their time and insights into their worlds, particularly in such a chaotic year. The message I continue to hear is that we need to work together to capitalise on the changes in the ‘new abnormal’, and to use every opportunity to reassess how our economy and country can perform sustainably into the future.

We hope you manage to find time to ‘pause’ over the coming weeks and find something that provokes thought on these pages.

CATHY QUINN ONZM, CONSULTANT, MinterEllisonRuddWatts



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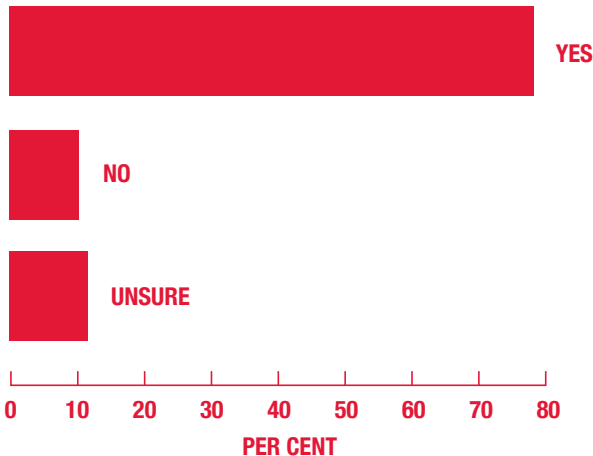


# VIEWS FROM THE COALFACE

## COVID-19 SURVEY RESULTS

MEttle asked 90 directors from leading organisations to provide their views on a range of COVID-19-related topics – how the pandemic has transformed and affected their organisation; where the risks are; how the Government needs to take action over the next 12 months; and what we can do to ensure our economy continues to survive, if not thrive.

### Has COVID-19 enabled your organisation(s) to drive more transformational change amongst staff?



#### TURBO-CHARGED CHANGE IN TECHNOLOGY AND AGILITY HAS BEEN THE EXPERIENCE TO DATE

An overwhelming 78.89% of respondents said that COVID-19 had enabled transformational change, particularly in areas around agile working and enabling people to work from home, delivering a permanent shift in working practices.

The pace of this transformation has allowed the workforce to be more open to change. Organisations are rapidly redefining messaging, shifting customer demographics and embracing e-commerce.

Although many underlying shifts were already underway, the pandemic has accelerated their effects dramatically, increasing the focus on flexibility and digital strategy.

One respondent cited: “It created a crisis that allowed a significant rebase of our cost base – that in the absence of this would have been much harder to achieve. It also moves the markets further and faster along the e-commerce spectrum, which we have had to get moving on even more urgently.”

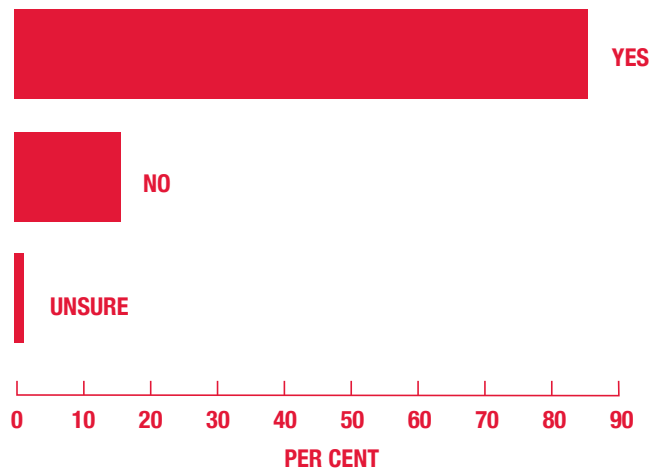
Interestingly, it also required a shift in how senior leadership and board members need to think about how they fulfil their health and safety obligations, with more staff working from home and overall a more human approach around culture and wellbeing of staff.

Also noted was the identification of leadership traits in younger staff, so leaders need to understand how to nurture that.

Trust has become more important with teams working from home, as one respondent commented: “Self-directed working – give people the resources, tell them what is expected and leave them to it.”

Many organisations have also taken the opportunity to introduce and trial new protocols around processes, shifting people into new leadership focused areas of the business and developing pricing strategies that look after their community but don't undervalue their product.

### Has the organisation(s) you govern revisited its business model since March 2020, to determine if the existing model is 'fit for purpose' within the current economy?



#### BUSINESSES ARE TAKING FITNESS TESTS

As to be expected, almost 85% of responses have revisited their business model since March 2020 to determine if they are fit for purpose in the current economy. One respondent commented that their organisation now had a greater appreciation that there is NO business as usual.

Even with minor tweaks, most respondents agreed that they needed to review their strategy, with many doing scenario planning and reforecasting. There is a predominance of cost structure assessment to develop and create leaner organisations, increasing the focus and investment on digital and enhancing the customer service strategy.

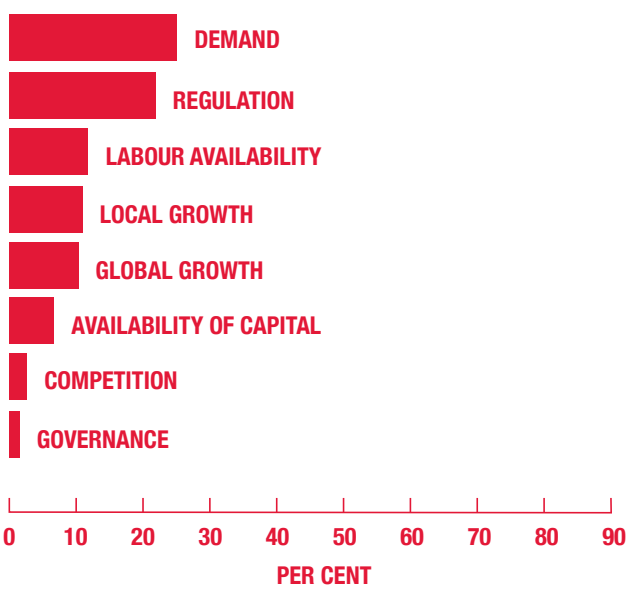
Established digital businesses noted that customer growth increased significantly during lockdowns, while other organisations are undertaking a full review of governance processes, risk and assurance, health and wellbeing, and business viability assessments.



It's a continually changing and evolving market for many businesses, so the constant temperature check of strategy and business model is essential, says another respondent: "Re-boot strategy 2.0 to consider our options and take out further costs; ensure technology, broadband infrastructure and security are first rate; introduce more flexibility into product distribution; re-survey customers and their product and service choices."

There's also a focus on future-proofing teams for any further disruption, with emphasis on "careful isolation of the mission critical operational arms" and "understanding of where the workers employed by our field service providers live so that the impact of COVID-19 cases can be monitored."

**What do you think is the single biggest risk to your organisation?**



**APPETITE FOR RISK REMAINS UNCHANGED AS REGULATION AND DEMAND FOCUS MINDS**

Among the risks identified by respondents, the biggest was considered to be demand (27%) and regulation (25%), which is interesting with the likes of border management and further regulations potentially being implemented and introduced by the Government.

Competition (3.41%) and governance (2.27%) were identified as the lowest areas of concern.

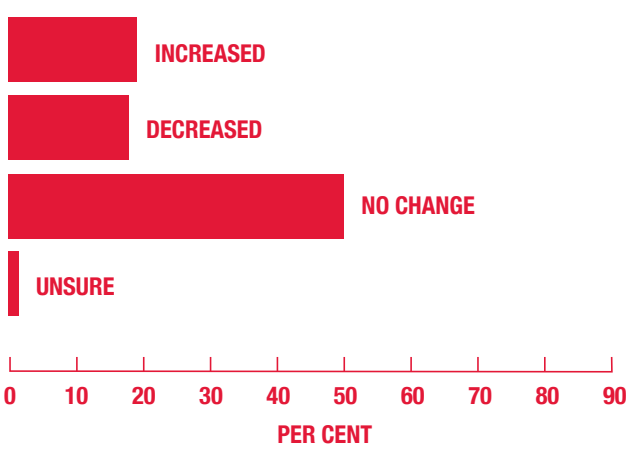
For the majority of respondents, their appetite for risk had remained unchanged (57%), with respondents who reported an increase or decrease fairly equal in number. Those indicating

that their risk appetite had changed commented on the pace that everything needs to change: "We have to do things at a faster pace that may not be perfect and have more associated risk, to ensure the organisation is fit for purpose to the ever changing environment."

Many point to credit risk as an increased concern, saying: "We have taken increased credit risk to support key customers", and describing "acceptance of greater level of customer choice and expectations, but also less financial security of customers with potentially higher debtors and provisions as a result."

There are many organisations that are reluctant to make investments or deploy capital, with some comments around "reluctance to make investments that are dependent on uncertainties in market demand"; "more caution about investment, especially offshore"; and "reduced appetite to

**Has your organisation's appetite for risk changed?**

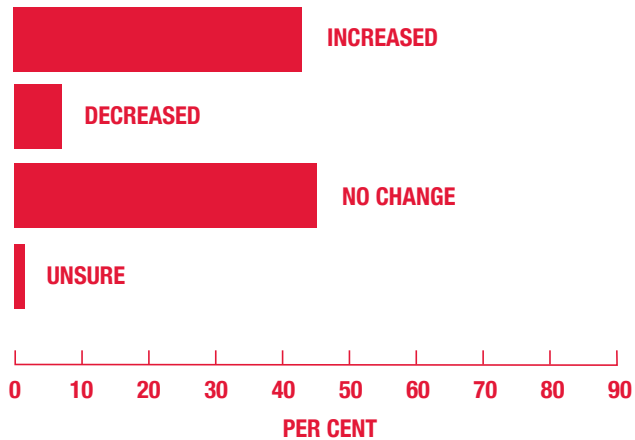


deploy capital. Where capital is deployed, lower relative risk is a prerequisite."

Risk has also been identified in the digital response of organisations: "We have more digital safety nets in place to improve working from home capability."

Another respondent commented that their risk had accelerated in recognition of greater digital movement. For digital suppliers, the risk could be the increase in demand and taking the opportunities that are coming their way: "We are making it work, and using COVID-19 to our advantage as a digital supplier."

### Thinking about environmental, social, and corporate governance, how would you describe the level of investment in these areas?



#### ON THE FENCE ABOUT ESG INVESTMENT

Environmental, social and corporate governance (ESG) investment is a topic of some hesitation among respondents in the present climate. Although 45% of respondents said their investment in these areas would increase, a further 45% said there would be no change, perhaps indicating nationwide priorities amid the need to respond to the pandemic, and the ongoing commitment to creating sustainable business.

#### WHAT CAN THE GOVERNMENT DO TO STIMULATE THE ECONOMY IN THE NEXT 12 MONTHS?

This key question on the survey drew a swarm of answers across a range of areas that we have grouped into some key trends.

##### Infrastructure investment

“Invest in core infrastructure and social housing. Both have suffered from under-investment in the past.”

##### Training and education

Encouraging a long-term view for government investment in training and education, one respondent said that focusing on re-training people would be essential, especially for people who had been made redundant and needed to upskill. Another commented: “Supporting investment into job-producing opportunities at a local level will in turn support spending in the economy.”

There was also encouragement to carefully open up education facilities to fee-paying international students within isolation rules to live and study here.

#### The balance between elimination and a functioning economy

Many of the respondents are hoping to find a halfway point for the economy so it can begin to open up while remaining stringent at the border to minimise the exposure of COVID-19. Among the comments were: “Provide more balance between elimination and enabling business to function in a healthy framework that has more exposure to COVID-19 but at lower cost to the country.” Some suggestions on how to do this included “execute well on the containment strategy, manage any further outbreaks – that will give business and people confidence.”

A total elimination strategy seems to be unlikely and unfavoured. One respondent commented that we have to “accept we have to live with COVID-19 and create a plan that facilitates that, so we can get the economy going.” and “It needs to stop the zero COVID-19 in New Zealand aim, accept there will be the odd breach and case, and get really good at suppression, tracing and cluster management.”

**“Accept we have to live with COVID-19 and create a plan so we can get the economy going.”**

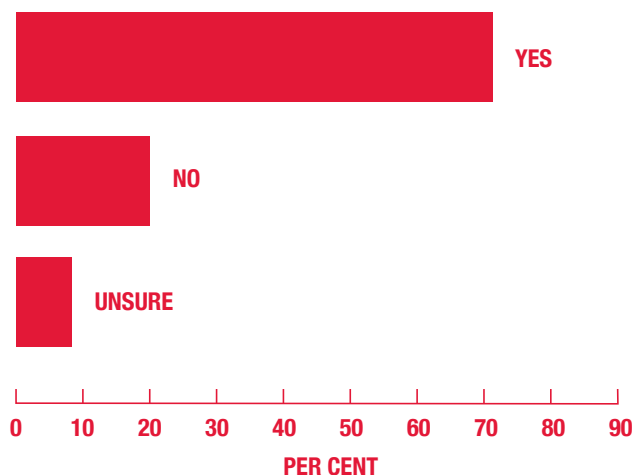
Another comment concerned the need to reduce regulations and compliance that are pointless, saying: “Come up with visionary plans and leadership for growth – raising a tax bracket does not create jobs and growth, but raising jobs and growth will create more tax!”

##### Providing certainty for businesses

One respondent summed up what businesses need from the Government by saying that it can’t operate in an environment where the country goes from one level to another due to a few cases of COVID-19, the need for a fast acting, tech-enabled tracing system is needed: “21st century technology needs to be used to enable businesses and the economy to work through outbreaks by closing them down within minutes, not days. Currently we are aiming to contact 80% of known contacts within 2-4 days. The contact tracing needs to contact all possible contacts within hours, get them to isolate and be tested.”

**“Contact tracing needs to contact all possible contacts within hours, get them to isolate and be tested.”**

**Do you support the Government relaxing current border restrictions subject to testing, managed isolation etc?**



#### RELAX BORDER RESTRICTIONS

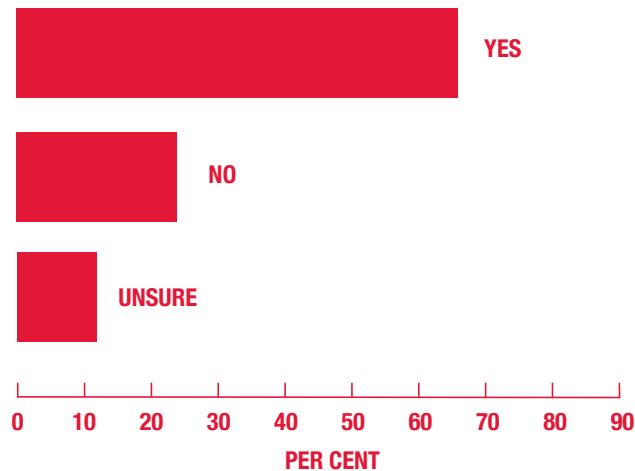
Most respondents (71%) supported relaxing current border restrictions subject to testing and managed isolation, and although the majority of respondents were of the mindset that New Zealand cannot afford an elimination strategy in a COVID-19 world, the need for caution still remains, urging for tight controls to reduce the risk.

**“We can let more people in but ONLY if we have fail-safe systems and processes to keep risk of an outbreak to an absolute minimum.”**

One respondent commented: “The effects of a significant outbreak would be catastrophic and out of control and wreak a lot of harm on vulnerable people and the economy. We can perhaps let more people in but ONLY if we have fail-safe systems and processes to keep risk of an outbreak to an absolute minimum.”

This was not by any means the only opinion on the topic. One respondent commented that we “must be able to bring in skilled migrants” and another said that “we could allow foreign students in if the costs of isolation and management could be met on a user-pays basis.”

**Should the private sector be able to provide managed isolation subject to meeting government requirements regarding security and testing?**



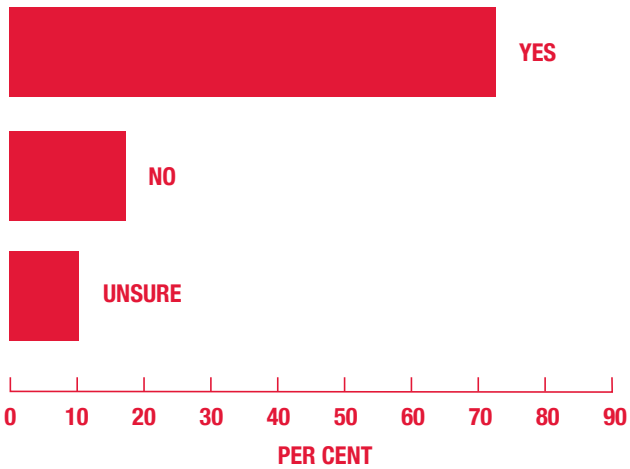
#### MANAGING ISOLATION PRIVATELY IS POPULAR

The majority of respondents (61%) supported managed isolation being provided by the private sector, subject to meeting government requirements regarding security and testing: “Absolutely. There is nothing secret about how to run these types of facilities so long as there are consequences for getting it wrong.” and “so long as these facilities have rigorous oversight and transparent quality assurance practices in place.”

However, again this is with a word of caution: “I am not persuaded that the private sector is necessarily capable of this and doubt it is appropriate to give it the mandate of force that would be required.” and “But learn from Victoria!”

One respondent offered a solution for relaxing borders and managing isolation for international students: “Universities should definitely be permitted to manage isolation facilities for foreign students.”

**Do you think the Government should move to managing COVID-19 outbreaks differently across New Zealand, recognising the different risk levels in different parts of the country?**



**MANAGE COVID-19 OUTBREAKS DIFFERENTLY ACROSS NEW ZEALAND – POPULAR BUT NOT UNIVERSAL**

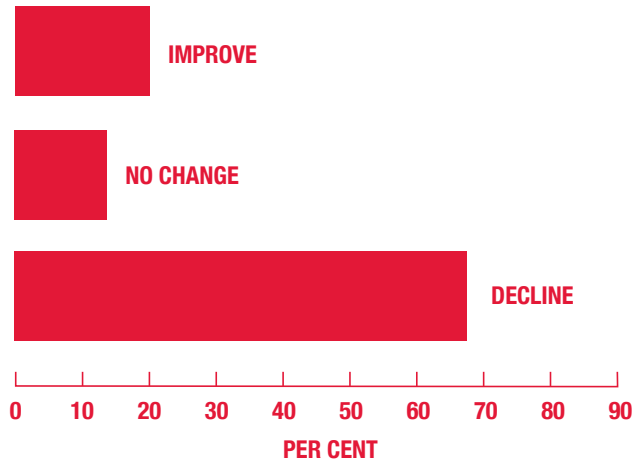
A clear majority (73%) of respondents agreed that the Government should move to managing the outbreaks differently across New Zealand, recognising the different risk levels in different parts of the country.

**“We should move away from lockdowns as a tool and make sure contact tracing and testing are world-class.”**

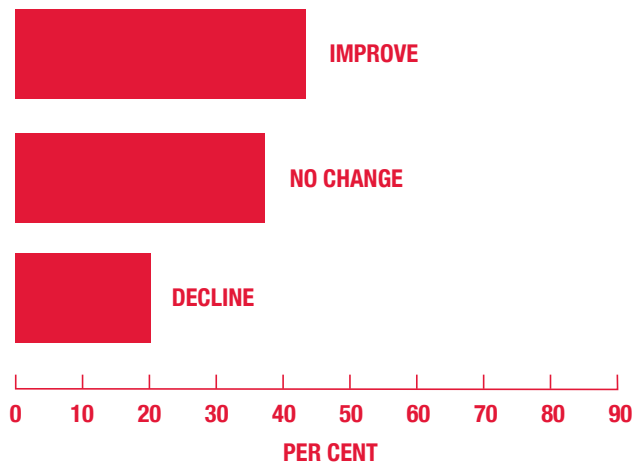
“We should move away from lockdowns as a tool and make sure contact tracing and testing are world-class.”

Though there is a majority of support, many of the comments from the respondents were that on paper it made sense, but in reality there are drawbacks: “Theoretically it makes sense for different regions to be treated differently but it gives rise to problems. Some places (namely Auckland) will become less desirable to live in if they are always subject to more onerous restrictions. It will inevitably create confusion and division within the population. If everyone pays the same price for an outbreak, then that is arguably the most effective means of putting the right kind of pressure on the Government to take its border control more seriously.”

**How do you expect New Zealand's economy to perform in the next 12 months?**



**How do you expect your organisation to perform in the next 12 months?**




**GLIMMERS OF LIGHT IN GLOOMY CRYSTAL BALLS**

It came as no surprise that respondents are expecting New Zealand's economic performance to decline over the coming 12 months. However, despite this overall sense of gloom, they appear more positive about their own organisation's prospective performance, with around 80% predicting an increase or no change in performance. <sup>14</sup>








# A LEADERSHIP VIEW

**SURVEY COMMENTARY FROM BARBARA CHAPMAN,  
SCOTT ST JOHN AND MATT WHINERAY**



Back in May 2020, MinterEllisonRuddWatts held a Corporate Governance Symposium that included a panel debate featuring highly regarded governors Barbara Chapman, Scott St John and Matt Whineray.

Following our survey of 90 directors on a range of COVID-19-related topics, we asked our panellists for their thoughts on the overall questions of impact, risk and opportunity that had arisen from the pandemic.



#### **BARBARA CHAPMAN: TRUST UNDERPINNING ACTION**

Barbara Chapman commented that the silver lining to a difficult 2020 had been seeing the quick and decisive actions taken at multiple levels within businesses to look after people, customers – and, through them, the health and viability of the businesses themselves.

Adding that she feels this trust has paid off and will continue to do so as businesses reset for the years ahead, she also commented on the pace that people's priorities needed to change. "Suddenly everyone's 'pet projects' just weren't that important after all, and those things that truly did matter were executed at pace."

She concludes with some advice.

"Let's not waste this crisis. Let's bring these lessons forward into 2021 and build leaner business models that can operate with resilience and speed."

**"Let's not waste this crisis. Let's bring these lessons forward into 2021 and build leaner business models that can operate with resilience and speed."**

Barbara Chapman





**SCOTT ST JOHN: INVEST MORE IN THE BORDERS**

“The companies I am involved with, aside from the university, are not so much revisiting their business models as building them. The human capital leg of the business model is growing meaningfully, seeing more attention than the bricks and mortar leg. COVID-19 has in part provided a sharper view of who has the ability to grow and a greater appreciation of that characteristic in staff.”

Turning his focus to the border, taking a broader biosecurity and business perspective, he adds:

“Covid exposed the frailty of the border. We have recently seen myrtle rust, kauri dieback, PSA, mycoplasma bovis, and more. I would be inclined to invest more in the border in all its forms. That might lead you to a point where you can have the discussion about private entities being involved in managed isolation, and ultimately that may bring the broader audience with you.”



**MATT WHINERAY: ESG FACTORS COMING TO THE FORE**

Matt Whineray also agrees that COVID-19 resulted in an experiment that would never have been run voluntarily, but has resulted in great resilience and adaptability across businesses and employees.

From his investor’s perspective, he touches on the refocus on sustainability.

“We have seen greater interest in the sustainability side of ESG – often in the shadow of environment and governance factors. There’s also an increased focus on how companies treat employees, how they make decisions around issues that aren’t black and white like the wage subsidy, and some are quicker studies than others.”

He also asks if survey responses are aligned with wider national sentiment, especially around borders.

“The survey shows a level of risk appetite not shared by the country, as most recently indicated perhaps in the election result. There is a level of contradiction in the responses. On one hand respondents want relaxed borders, which must bring with it a greater risk of outbreaks, yet on the other they demand certainty from the Government, saying lurching between levels will not work long term.

“The Government apparently has to provide this certainty while responding to a crisis unlike any we’ve seen in modern times, while being urged to introduce more risk into the system. Additional risk isn’t costless, so who is going to bear this cost?” <sup>M</sup>

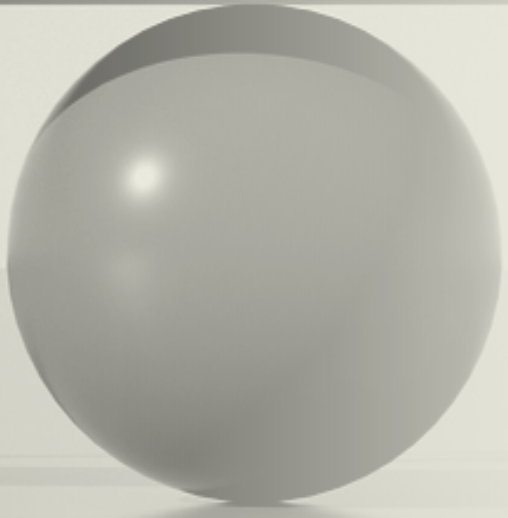




# TOURISM SECTOR OFF THE MAP

**UNTIL RECENTLY, TOURISM WAS NEW ZEALAND'S  
BIGGEST EXPORT INDUSTRY, DIRECTLY CONTRIBUTING 5.8%  
OF THE COUNTRY'S GDP. HOWEVER, THANKS TO COVID-19,  
IT IS A SECTOR THAT HAS BEEN IN DISTRESS FOR  
A LARGE PORTION OF THIS YEAR.**

MEttle spoke to Rob Campbell, Chair of SkyCity and Tourism Holdings, and Air New Zealand Chief Executive, Greg Foran, about the challenges of leading in the current environment, the opportunities they see emerging, and how they are looking towards recovery.



In late March, the impact of Covid on tourism was immediate and far-reaching. The industry, like so many others, needed to deal with emergency issues, dramatic revenue loss, ongoing uncertainty, and make urgent adjustments to debt and equity arrangements.

Greg Foran officially joined Air New Zealand as Chief Executive on 3 February, having not worked in the airline sector before. But the afternoon before, he says they made the decision to suspend flying into and out of Shanghai due to the coronavirus outbreak.

“The timing of my arrival meant that I didn’t really have a concept of what the airline was like in a normal operating environment,” he says.

“Initially this worried me; I was dealing with a huge crisis, and usually you like to have experience to call upon in those circumstances. However, the longer it went on, the more I began to realise that having not experienced the previous pandemics the airline had responded to like 9/11, SARS or bird flu, meant I didn’t automatically revert to what we had done then. This was helpful as time went on, as of course we know that it has not been like any of those events.”

Foran comments that the big difference between Covid and other types of crises is the length and depth of it. We don’t really know when it will end, or what it will look like when it does.

“Usually in a crisis like a fire or a hurricane there is a start and a finish, and then you may be dealing with different circumstances once it ends. But this has been totally different. We really don’t know, even today, when international passenger flying will start up properly again, what that will look like and what the demand is going to be like.”

Rob Campbell says this highlights that businesses in the sector needed to consider – or to fundamentally re-consider – what their 12-month forward-looking model looks like to survive, as well as the longer-term business models they need to prosper.

“My first thought is that for any tourism business, Covid is not over, not even once we get a vaccine. There are going to be challenges in terms of tourism numbers globally for some years, and who knows for how long.

“In this context, nine months after our first lockdown, the majority of tourism businesses have either found a business model that they can work with, almost always a smaller more restrictive model, or they are really struggling to find a model that will work long-term.

“SkyCity as an example has models that work for our largely domestic gaming and hospitality business, at a smaller level than pre-Covid. But some components are still in doubt, such as those that depend on overseas tourism. If you do not have a market you do not have a business.”

Putting on his Tourism Holdings hat, Campbell says that some parts of the campervan sector do work on domestic-only models.

“The USA seems to work on a smaller level than it was. We are also increasingly confident that an Australia-only domestic model will work at a smaller level. However, our New Zealand campervan business is having a larger struggle and the team is working hard on new models. And Waitomo businesses are significantly dependent on international visitors. The impact is widespread and deep.”

#### **ACCEPT, SURVIVE, ADAPT, MAKE DECISIONS**

There are many stages to go through when you are faced with a crisis, says Foran, depending on the nature, depth and severity of it.

“Generally, the first thing to do is accept the conditions that you’ve got; there’s no point in denying them. If you accept the conditions, you then need to do some things in the short-term to survive, without losing hope that at some point they will get better. The future may not be the same as it was, but it will be better than the current conditions. It is really this mindset I use to get through this.

“It’s getting that balance right; I have to accept the conditions to make decisions, but I do know in a point in time it will come right. I just can’t tell you when.”

His view of how Covid will change tourism more generally is that when we look back in a decade or two and reflect on things that have happened, we will realise that Covid may have been the genesis of change, and that it accelerated things that might have taken 50 years, so they took 10 years instead.

“We are now dealing with a new abnormal, and how exactly it will play out nobody knows. I do know that having a flexible approach and being able to move and adapt is going to be critical.”



**“The first thing to do is accept the conditions that you’ve got; there’s no point in denying them. If you accept them, you then need to do some things in the short-term to survive them, without losing hope that they will get better.”**

Greg Foran, Air New Zealand



**“New Zealand is a very desirable tourism destination: we should be building a business around that. With the perception that New Zealand is safe, it becomes imperative that we stay safe.”**

**Rob Campbell, SkyCity and Tourism Holdings**

### WHERE TO NEXT IN THE 'NEW ABNORMAL'?

Even in the new Covid reality it is hard to envisage a world with no global tourism. Both Campbell and Foran agree that in all likelihood the desire to travel will increase, but so will the transactional costs involved such as getting vaccines and approving them, tougher borders controls, and increased impediments to travel.

To meet these challenges, Foran says that Air New Zealand has built a series of 12 operational scenarios – from the very best that could happen to the very worst – to develop sensitivities around them to try to help with the range of possibilities.

“The reality is that Covid has not spread itself evenly across countries or industries. No one expected the price of houses to jump, the spike in boat sales, and we expected unemployment to be high. It’s true to say that some industries and parts of the country are booming. But at the same time there are also industries and people that are really suffering. In New Zealand, overall, it is better than many of us expected. Therefore, many people don’t see a requirement to suddenly open borders to deal with the financial impact of Covid.”

In terms of scenario planning within the airline sector, always wary of applying generalities to the situation, he imagines that there will be more planes than demand for flights for a period of years, and where there is high competition on routes, prices may reflect this as airlines try to maximise the use of their aircraft.

“We could for example, in the instance of a trans-Tasman bubble, see overseas carriers who don’t have a significant domestic market, reposition their aircraft to work on the Tasman.”

Both Foran and Campbell agree that people want to travel somewhere safe.

“New Zealand is a very desirable tourism destination: we should be building a business around that. With the perception that New Zealand is safe, it becomes imperative that we stay safe. The more positive you are about tourism in New Zealand the more you want really safe borders and controls and safe reactions to any diseases – Covid and others. Longer term, you want the perception of safety to last and be real,” says Campbell.

### SAFE AND 100% PURE?

It’s not just safety that is a driver of in-bound New Zealand tourism, of course. New Zealand’s international reputation as a clean and green place to visit needs a spring clean in an era of Greta, The Paris Accord, and a Carbon Zero 2050 future for

our country.

Campbell says that the safe and sustainable brand makes New Zealand hugely desirable overseas. This means, he says, that the domestic tourism sector needs to increasingly grasp its potential to be sustainable on a planetary basis; even regenerative.

“The more positive you are about tourism, the more you want to be careful about where you take tourists and what kind of things they do. I think the tourism industry, properly conceived, is a very pro-sustainability and ecology-minded business. It may not always have been that, but it seems to me it is now and will increasingly be the case.

“What worries me is that we don’t have a particularly good integration of our environment, conservation work and the tourism industry. We need to stop thinking about too many tourists hurting our conservation and start thinking about what ways they could help improve it. The way we interact with tourism and the environment needs a rethink. We need to see it as a partnership, not just how do I tax them or charge more.”

Foran backs this up by agreeing that climate change is absolutely a ‘wicked problem’.

“To solve it will require a combination of everyone playing their part, and for those who don’t want to play their part it requires regulation. We can influence what we can control, so from my perspective we should get on and do that, but it will require a degree of regulation to make meaningful widespread change.”

With airlines contributing 5% of global emissions, he points out that Air New Zealand’s new fleet means the airline will contribute less to emissions, saying that they are looking at changing ground equipment to electric not diesel, and more.

“A big change for us would be sustainable aviation fuel and then potentially moving to electric aircraft. Obviously, these involve some lead time, for example sustainable aviation fuel may be about 10 years away, but it makes a lot of sense. You have to face up to the fact it will cost more to produce, but across the entire supply chain there will be a cost reduction if you take waste materials and produce the fuel. It puts less on carbon emissions and delivers a better solution for the world. And it will help to build the impression of New Zealand as an attractive place.”

### WHAT KIND OF TOURISTS DO WE WANT?

When considering opportunities to shape the tourism industry into the future, Campbell says that in New Zealand the sort of tourists we see, the messaging used to attract them and the culture that greets them are more aimed at the younger tourist

or the middle-income tourist, as opposed to the ultra-rich. However, he adds that there are those in government who view the ideal tourist as someone who flies in on a private jet, gets whisked into SkyCity, taken to a high roller room, spends a lot of money, pays a lot of gaming tax and GST, and then flies off.

“There’s little burden on our environment or the taxpayer in this situation, and the tourist makes a huge contribution to New Zealand through taxes.”

Not denying that from a SkyCity point of view that this is also an attractive type of tourist, he does say that although bringing in wealthy tourists with limited demands on our ecology is fine and a propensity to pay is a good thing, it doesn’t help large parts of regional New Zealand.

“It’s a very limited spread of money. Only targeting the ultra-rich will lead us down the wrong track. If you’re a small tourist business on the West Coast, it’s a very discouraging message. Tourists do generate GST income, very often way above any demand they create on government services.

“Although I’m on both sides of this argument to some extent, when it comes to the likes of bed taxes, it depends on what your priorities are. If you are a government that wants better employment levels, better paid jobs, better environment, and better equality, wouldn’t you be promoting a much more distributed form of tourism, as opposed to just rich people having luxury lodge experiences?

“I think we need to be analysing what works for New Zealand – we can’t have big bang easy answers. This is an opportunity and we need to do it right.”

#### **TURNING COMPETITION INTO A NEW WAY FORWARD**

Campbell urges a rethink to ensure that the community, tourism and economy benefit from more cooperation.

“If we take Kiwi Experience for example, we have had a lot of people competing around how to do bus tours around New Zealand for backpackers. The outcome has been that no one has made money on it and there’s less investment in the end of trip facilities. The same thing is probably true of campervans too. There are many businesses playing in the space, but not a lot of coordination. If you then look at some campground facilities that are not delivering great experiences, people just won’t stay there. I believe there needs to be greater cooperation and partnership activities.”

He muses on the Milford Sound as an example, describing it as “a pristine place with multiple companies running transport in

and out with not a great outcome for the environment, industry and tourist at the end of the day”. Believing that we need to envisage a future in these places where there’s cooperation with businesses and iwi, with limits on who can go in and out and under what conditions, together we can build up the facilities to make it a better experience for all concerned.

“You can then charge a premium for the customer, and you’re not competing against each other. You would get better investment in tourism if people knew there was a degree of certainty. Operators could make a profit and pay people a decent wage, invest in their facilities and get better social and environmental outcomes.”

This concept could apply in a lot of locations throughout New Zealand and really provide a selling point to experience these destinations.

“It’s not that competition doesn’t work,” he adds, “but so does cooperation and partnership. It goes back to how to get conservation and environment embedded with tourism rather than fighting with it. All of this requires a level of coordination but the theoretical model that competition produces the right outcome is demonstratively not right in this business. Overall, this would work in a county of New Zealand’s size and characteristics that we are selling overseas. Not only would it enhance these characteristics, but it could be regenerative.”

“How about saying to backpackers ‘we’ve got great facilities for you, but actually we would like you to do a bit of conservation work as part of being here’? Currently, a lone tourism operator wouldn’t be able to make a deal out of that, but the industry could. I have observed iwi groups and smaller operators in regional towns trying to create those experiences.

“What I suggest is that it should be part of the New Zealand experience, but we need the industry and government to do it together. The Government needs to support this, otherwise it won’t happen. It requires someone to be bold and try something different. It’s vital we give things a try.”

#### **FLYING FORWARD WITH SUPPORT**

Foran concludes by saying how encouraged he has been by the support Air New Zealand has received from its five core stakeholder groups, all of which have contributed to what he describes as ‘the war effort’.

“We regard our purpose as connecting New Zealanders with each other and the rest of the world. While we can’t do the




second one right now, we can certainly do the first. It's possible thanks to our stakeholders including our customers, our staff – of which we have had to make almost 40% redundant – our suppliers, landlords, communities, regions, shareholders and the Government.”

He comments that it's the hard truth that some bits of the industry built on previous flows of tourism may not survive as economies change.

**“I see an opportunity to ensure we rebuild tourism on lasting principles, not short-term gains for current players. And as a current player that is a painful thing to say, but I still think it is true.”**

Greg Foran, Air New Zealand

“Despite this, I see an opportunity to ensure we rebuild tourism on lasting principles, not short-term gains for current players. And as a current player that is a painful thing to say, but I still think it is true.

“Despite us taking a really hard hit, most people want us to succeed, so my message is one of gratitude and thanks. We couldn't do this without everyone leaning in.” 



# NEW HORIZONS NEW ECONOMY

**2020 HAS TESTED THE RESILIENCE OF GOVERNMENTS,  
ORGANISATIONS, LEADERS AND PEOPLE LIKE NEVER BEFORE.  
HOWEVER, IT HAS ALSO PROVIDED SIGNIFICANT OPPORTUNITIES  
TO REIMAGINE THE FUTURE, AND TO ACCELERATE SUCCESS AND  
FAST-TRACK BUSINESS OPTIMISATION THROUGH HARNESSING  
UNDERLYING TRENDS.**

MEttle spoke to three people who are leading change in their organisations – Xero CEO Steve Vamos, Fonterra Chairman Peter McBride, and Spark New Zealand Chair Justine Smyth – about the lessons they have taken from 2020, focal points in the road ahead, and things we all need to be wary of in the immediate future.

### TECHNOLOGY IS DRIVING PIVOTABILITY FOR 'LIFELINE UTILITIES'

Technology has become essential to keep organisations running as they tackle lockdowns, social distancing, changing work behaviours and more. As a result, technology ideas and innovations that potentially would have taken months or years to implement in the past have bolted to the forefront of action practically overnight.

Steve Vamos says that from Xero's aggregated and anonymised data of more than 300,000 small business it became apparent that those using more software applications prior to the pandemic were able to pivot much faster to offer online services and were far more resilient.

"With small businesses being disproportionately affected by the pandemic, Xero was fortunate to be able to provide guidance, insight and support where needed. Our teams rallied around our customers, quickly mobilising 24/7 customer assistance, and detailed localised content on how to access government support; creating new online education on topics like access to loans and working remotely."

Customer support became the number one focus for many service orientated organisations, he adds.

"Small business makes a very significant contribution to GDP, jobs and recovery through this recession. At Xero, we have a responsibility to do what we can to help them, so we provided new features for managing business performance and cash flow."

Xero product teams therefore reprioritised work to focus on launching new solutions that helped partners respond quickly to the changes related to accessing wage subsidies, leave entitlements, payroll requirements, in the countries where Xero operates.

Justine Smyth, Chair of Spark New Zealand says that this sort of activity was on the front burner in her organisation as well.

"Spark is a lifeline utility, which means it needs to operate and provide essential services in crisis situations, which includes all COVID-19 alert levels. This is a responsibility the board and management take very seriously, and we have a lot of experience responding to rapidly evolving situations."

She adds that one of the things she is most proud of this year is how quickly the company moved to support customers by removing broadband data caps to help people working and learning from home, and to put in place financial hardship support measures.

"For our larger enterprise customers, we supported them to rapidly transition to secure, remote working – in some cases standing up call centres or undertaking digital transformation projects that would normally take many months in a number of weeks."

From a primary industry perspective, global demand for New Zealand dairy over the last 18 months has held strong, and the industry remains incredibly important to New Zealand's economy. That said, says Fonterra's new Chairman, Peter McBride, it can't take its foot off the accelerator. He says that to meet changing consumer expectations, the industry needs to focus on technology and innovation.

"The ability to quickly adapt to market changes is critical to managing a crisis like COVID-19 that has multiple waves of outbreaks, in different markets. and at different times. Our scale, people and systems has meant we can respond by altering our product mix, on an almost daily basis, and put our farmers' milk into the products and places where it is most valued.

"For example, people weren't able to eat out of home during the various lockdowns, so demand initially shifted from foodservice products into the type of consumer products you buy from the supermarket.

"The shift to technology-based shopping was well underway pre-Covid, especially in Asia, but we've seen an acceleration of that trend in response to the crisis and we need to respond to that."

### MORE THAN EVER, IT'S STILL ABOUT PEOPLE

How do you lead when you're not in the office helping to build culture and wellbeing, instead dealing with a stressful and continually changing environment?

Steve Vamos comments that success in any industry – especially ones that move as fast as the tech sector – demands leaders remain open to what others are saying and experiencing.

"You have to stay connected, and you have to care about others. If I've learned anything over my 40 years in the tech industry, it's that the more technology is introduced and adopted, the more the human element matters.

"For us, it all starts with trust, and building an environment where every individual knows they have a voice, that they are safe, and that they have the freedom to express their ideas."



**“If I’ve learned anything over my 40 years in the tech industry, it’s that the more technology is introduced and adopted, the more the human element matters.”**

Steve Vamos, Xero

His advice is all about transparency.

“It’s now even more important for leaders to be transparent and share all issues and changes that may impact the company: the good, the bad and the ugly. This open approach helps overcome the fear associated with change. Digital disruption and technology change is a human journey that progresses as a function of how people involved are willing to embrace that change.”

Spark moved early to protect its people including critical services teams such as their Network Operations Centres, Justine Smyth adds.

“As a technology business Spark was also able to adapt to new ways of working at pace. Our people were already using a lot of online collaboration tools, which helped, but the agile backbone of the business was invaluable here – it meant people were able to embrace the change and pivoted quickly.”

#### **OBSESS ABOUT THE CUSTOMER, GRASP OPPORTUNITIES AND TURN THEM INTO WINS**

Out of the darkest times come opportunities and an ability to fast track and build on an organisation’s strengths, says Peter McBride, highlighting that the perception of New Zealand is positive and the Government’s handling of Covid has delivered something of a halo effect to New Zealand exporters in general.

This is echoed by Steve Vamos, who comments that one of the main learning opportunities would be for organisations to expand their reach and depth of engagement with customers by taking advantage of digital technologies.

“It’s well known that efforts are being made to boost productivity in New Zealand for greater innovation and to close the wage gap. We believe that widespread technology adoption will help boost efficiencies, increase spend and drive innovation.”

Vamos says that in 2019 Xero commissioned NZIER to conduct research and undertake economic modelling exploring the potential for cloud-based business technology uptake to improve national economic productivity. While the report was commissioned in a pre-Covid world, the essence of its findings are more relevant than ever. Modelled on ‘normal’ economic conditions, it found that a 20% uptake in cloud-based technology could increase GDP by between 1.2-2.1%, adding up to \$6.2 billion to the New Zealand economy annually.

He therefore suggests that leaders should obsess about their change journey and the human element of it.

“Change is hard because it is human. Unless you double down on the things that need to change for your organisation to adapt or be more successful, and the people aspects of making that change, you will struggle to create the future you want.”

For that reason, he encourages a genuine commitment to advancing the connection between the wellbeing of people, at every level of your organisation, and the overall health of your business.

**“Now more than ever leaders must believe, understand, and act on the essential connection between the health of our people, the health of any individual businesses, and the overall health of our economy.”**

Steve Vamos, Xero

“Now, more than ever, leaders must believe, understand, and act on the essential connection between the health of our people, the health of any individual businesses, and the overall health of our economy.”

Spark was already focused on digital enhancement through their purpose to Help all of New Zealand win big in a digital world. However as Covid hit it became abruptly apparent for most businesses that digitisation in some form would be required for businesses to survive, let alone thrive in a Covid world and so this purpose couldn’t be more relevant.

To help capitalise on this, Spark’s new three year strategy sets a clear path forward by focusing on a set of core capabilities within the organisation that will further expand the company’s competitive advantage.

Justine Smyth highlights that this is all about creating simple, intuitive customer experiences that ‘just work’ and generating deep customer insights through more sophisticated use of data, AI and machine learning.

“Spark continues to sustain our network investment, including rolling out 5G and Internet of Things nationwide over the next three years and we see that with the increased capacity and faster speeds that this will enable for our customers it will play a major role in our growth ambition. Lastly, it’s still about people and developing our team delivering adaptive leadership and building a growth mindset in all of our team.”



**“We have a big resource hole this year with a lack of regional seasonal employees, including no backpackers coming in. The sector needs more flexibility around this.”**

**Peter McBride, Fonterra**

She adds that Spark remains very focussed on its agile journey and building a diverse and inclusive culture. Its ambition is to achieve, by FY 2023, top-decile agile maturity and 40:40:20 (40% of both women and men and remaining 20% being of any gender) across every level of seniority.

Lastly, she adds that she sees a big opportunity to play a very meaningful role in helping New Zealand to close the digital divide.

“There are currently around 200,000 homes without an internet connection. Although for some this is by choice, for most this is due to a lack of access or affordability. We currently have 10,000 Kiwi homes connected via Skinny Jump, our not-for-profit broadband service, and we want to boost this to 35,000 by FY23.”

#### **WHAT'S HOLDING US BACK AND WHAT CAN WE LEARN?**

Peter McBride says 2020 has put the spotlight on some of the issues our primary industries have been grappling with for years, finding skilled seasonal labour being a good example.

“New Zealand’s farmers and growers have been struggling to find skilled labour for some time now and the border closures mean, in some instances, this year the work isn’t going to get done. In my experience across dairy and horticulture, the answer isn’t as simple as paying more to get more people.”

Echoing recent media focus on this topic, Peter McBride says that seasonal work will feel the lack of regional seasonal employees ‘desperately’, even though there is rising unemployment in New Zealand.

“We have a big resource hole this year with a lack of regional seasonal employees, including no backpackers coming in. The sector needs more flexibility around this. One of our biggest constraints on dairy farms is that it is getting harder to entice New Zealanders to do that type of work, and then there are more issues in relation to compliance and health and safety.”

Highlighting that, as a trading nation, New Zealand may risk isolating itself too much in response to Covid, Peter McBride says there’s a possibility of becoming disengaged from our global markets and, at some point, we need to adapt.

“Even with a number of vaccines now becoming available, I think we have to learn to live with the virus to some extent. The big question really is how do we re-engage with the rest of the world? We can’t survive online completely – we need the face-to-face discussions with people.”

Justine Smyth comments that in Spark’s full year update to the market they outlined the COVID-19 impacts Spark had experienced, including the loss of international roaming revenues and an increase in bad debt provisioning as a result of the economic impact of the pandemic on their customers.

“We saw some benefits from increased demand for collaboration products to support remote working. Overall COVID-19 had a total negative EBITDAI impact of approximately \$25 million in FY20 and we are estimating a \$75 million impact in FY21 – although we will be working very hard to recover this gap.”

However, she adds that she is positive about Spark’s potential and the opportunities available to the company in the coming year.

“We have just announced a new strategy to the market covering the next three years, and we have a very strong team in place to lead that work and a strong foundation to build from.

“The last 12 months have provided us all with huge opportunities for learning. We have been reminded how critical it is to be able to adapt at speed, so you can act quickly and decisively, even in uncertain times. These times have also reinforced how different people will react in different ways to change and ambiguity.

“As a Chair it is important to be mindful of this, to remain open, and to be conscious of and considerate of this diversity. In difficult times team dynamics also become more acute – so you need to be able to observe in real time how things

are working. What I have observed that high functioning teams generally continue to function well in a crisis but a team with challenges will be exposed in this kind of environment.”

## PRODUCTIVITY TRANSFORMATION REQUIRED

Justine Smyth reflects that Covid has accelerated the need for major transformation and innovation within New Zealand.

“We have all known for a long time that New Zealand has one of the lowest rates of productivity in the world, and this is going to continue to be a drag on the economy until we face it with real solutions. And we can’t afford that at a time like this when we need to rebuild.

“For Spark, supporting digital transformation within Kiwi businesses is a big focus, but we believe there should be a bigger focus within Government on supporting smaller businesses into e-commerce, where cost is a barrier, given the increasing need for businesses to be online to operate.

“Building the digital skills of the future should also be a bigger focus, to equip New Zealanders to take advantage of the opportunities that will become available from technology evolution in the years to come. I do believe that innovation will be a key enabler and define success for a number of companies.”


Taking up the baton of change, Steve Vamos reflects that the one threat he would identify is reluctance – if not real fear – about making the changes to adapt and prepare for a recovery that is going to be hard to predict.

“To overcome this threat, the answer lies in each of us being open to change and having the right mindset. Putting that into practice is exemplified by making efforts to connect, share, and learn from as many people both inside and outside your organisation as possible.”

Offering a final word, Peter McBride’s advice is to stay positive.

“You’ve got to fight; some businesses are on the rack and it’s tough, so resilience is really important. I think people look at the value of leadership. It’s not just about your skills but it’s about your character.”





**“The last 12 months have provided us all with huge opportunities for learning. We have been reminded how critical it is to adapt at speed, and act quickly and decisively, even in uncertain times.”**

Justine Smyth, Spark





# TRANSFORMING OPPORTUNITIES BY WORKING TOGETHER

**PROFESSOR DAWN FRESHWATER, VICE CHANCELLOR,  
UNIVERSITY OF AUCKLAND**

Starting a position at a world-class university in a new country two days prior to the nation going into alert level 4 lockdown isn't for the faint hearted. This was the reality for Professor Dawn Freshwater when she arrived in New Zealand in March 2020, appointed as the first female Vice Chancellor of the University of Auckland.

Her transformational attitude and mindset have helped her to develop and implement a recovery plan, as well as to understand the challenges that the education sector, Government and businesses are facing, asking all the while how we can work together to leverage New Zealand's competitive advantage.

Born in the UK and leaving school at 15, Dawn originally trained as a nurse, becoming the first member of her family to attend university.

“I was very committed to education,” she says. “I see it as a transformational opportunity for people to have choices and opportunities in life that they perhaps wouldn’t have had.”

Dawn then did her doctoral research in Human Relations in Education, for which she received her PhD from the University of Nottingham in 1998. She joined the world-class University of Leeds in 2006 as Head of School, where her research concentrated on forensic psychology, youth mental health, and the efficacy of psychological therapies. In 2011, she was appointed Pro-Vice Chancellor of the university.

In 2014 she moved across the world, joining the University of Western Australia as Senior Deputy Vice Chancellor. This was a big decision, she says, as she thought she wouldn’t be making another substantial change for the remainder of her career.

Nearly three years later, Dawn became the Vice Chancellor, after leading the largest transformation of the university in its long history.

“In roles like mine,” she says, “I think people often view us as having made career choices and having a plan but in actual fact it’s never quite as straightforward as that.”

Through the extensive University networks, Dawn knew the previous Vice Chancellor of the University of Auckland, and she was aware of the university’s emphasis and status within the Asia Pacific region. However, when she was later approached by the university, she didn’t have any intention to move.

“I was very happy in Western Australia, so this wasn’t a career move in that sense. I was already part of the networks for world universities in the top 100. It’s interesting how you never quite know what’s going to come your way and how new opportunities may divert you from the path you thought you were on.”

The new role provided an opportunity to move to New Zealand and make a difference with a university that was committed to equity and inclusion, sustainability and addressing real world problems through its community orientation.

“I could see that there was a fantastic trajectory with the university’s emphasis on sustainability and the region being so geo-politically hot. This was very enticing especially as a leader being able to make a difference as part of the university and watch the impact ripple out into the community. This was also a career move that has enabled me to achieve what’s at the heart of who I am, which is about service.”

And so, in 2019, Dawn became the first woman to be appointed Vice Chancellor for the University of Auckland, taking up the position in March 2020, just as the COVID-19 alert level 4 lockdown hit New Zealand.

#### PLANNING SIGNIFICANT TRANSFORMATIONAL CHANGE

In the last decade of Dawn’s career, she has managed significant change in institutions and driven continuous improvement. However, even she hadn’t envisaged there would be such significant change in the institution as what happened the moment she arrived.

“I left the University of Western Australia on Friday, it had been putting in its own COVID-19 plan, and arrived in New Zealand on the Sunday, where a COVID-19 plan was already starting to be put in place. Within two days I was off-campus in lockdown level 4 alongside the rest of New Zealand.”

This required some significant personal and professional adjustment, she says.

“Firstly, adjustment at an individual and community level around what it means to be living with a pandemic. This has been a significant challenge for students, staff, our research and research productivity, our engagement with our alumni and our international collaborators.”

The second element regards addressing the socio-economic impact of COVID-19, she adds.

**“It’s not just protecting public health, it’s about the adjustment to our liberty and to our understanding of what’s acceptable, the management of our anxieties, the way we think about ourselves and our identity as people.”**

Dawn Freshwater, University of Auckland

“Many strong metrics help the University of Auckland stand out in New Zealand and around the world. One of these is our international reach, which is partially achieved through being an open and welcoming university to international students at all levels, particularly the post-graduate level. We also work to have an international staff cohort that is representative and reflects the desire to be internationally reputed, as well as globally innovative. So, the restrictions have created a significant impact.



**“Education is a transformational opportunity for people to have choices and opportunities in life that they perhaps wouldn’t have had.”**

**Dawn Freshwater, University of Auckland**

“Both of these are not dissimilar to what the government is having to address. It’s not just protecting public health, it’s about the adjustment to our liberty and to our understanding of what’s acceptable, the management of our anxieties, the way we think about ourselves and our identity as people, as well as how we think about the economy going forward. And that’s exactly what I’m having to deal with as a leader within the university.”

#### **LEVERAGING OUR INTERNATIONAL VALUE**

Dawn acknowledges that the government and education sector need to do a better job of articulating and increasing understanding of the value that international students and staff bring to the nation.

“It’s very easy to focus on the importance of the economy, international students add value from a tourism point of view and the supporting services in our economy. What I think people forget about is how our own students benefit enormously from having international students and staff on campus. This group provide them with an international experience simply through their day-to-day interactions, helping our students to understand and learn different ways of thinking, how to approach problem solving and how different cultures work. This international mix creates an important opportunity for discussion and innovation.”

Rather than the perception of international students taking jobs away from people within New Zealand, it’s often the direct opposite as they generate jobs.

“This mindset needs to switch nationally. Skilled migrants coming here are just as important as having our students on the ground. There is no doubt that the international post-graduate students help New Zealand drive innovation and without them we are worse off in terms of being an innovative nation. Plus, universities, including the University of Auckland, will struggle to maintain the surplus which is reinvested and further benefits the community.”

Many countries are focused on attracting the international student base again, the UK has begun chartering several flights to bring in hundreds of international students and Australia is doing the same. Over the last decade New Zealand universities and government worked extremely hard to make New Zealand the destination of choice for international students against heavy competition.

“We now risk international students choosing other options. To have secured a proportion of the market and then to lose it when New Zealand is stable and secure would be tragic. We need to use the opportunity to leverage these options right now while we have international students beating a path to our door.

“This risk extends to not only losing the opportunities driven over the last decade for international students, but the partnerships created with South-East Asia, the Pacific and with other parts of the globe through student exchange and importantly innovation, collaboration and thinking about how we work together to solve some of the world’s grand challenges.”

“We’re working with the government and believe we can welcome international students and manage them through our systems in a way that would protect and maintain the health and safety of all our students, staff and communities. We’re hopeful we’ll be able to begin doing this later in the year.”

#### DELIVERING CHANGE

Although the University of Auckland was already investigating different ways to support mature students in the workplace to upskill and reskill for the future of work, Freshwater says that this process has simply been accelerated as a result of COVID-19 and the pandemic.

“Many mature students don’t want to leave the security of employment, so we need to provide an alternative way to upskill and the opportunity to do this in chunks. Often they want small stackable credentials that will take them to the point of developing the competency they require and not to do that all in one go.”

The University of Auckland began offering this option through Auckland Online, she adds.

“We’re now offering some masters programmes through Auckland Online. We’ve positioned this as an escalator that students can get on and off at different points in their career, and it’s an excellent opportunity for post graduate students.

“We also want to work closer with business and industry to offer continued professional development in the workplace. Our central city location means we are really well positioned to deliver our programmes virtually or face-to-face.”

Freshwater comments that the university is seeing an influx of domestic students who are now unable to take a gap year and want to attend university, plus an increase in numbers of mature students wanting to undertake a masters.


“For our domestic students we really need to think about the way we draw from the different areas of the community.”

Over a number of years, the university has implemented very good intentions to be able to diversify the undergraduate cohort, particularly within the Māori and Pacific community. This provides another opportunity area where the University of Auckland will increase their school engagement strategy and help students consider and investigate future careers.

“All of that means we start to think more broadly about who we are as a university, the service we provide and our role in the community. I think this is an important part of the new strategy which is not really a response to Covid, but the pandemic informs this strategy as one of the big challenges to overcome. We are no longer preparing people for jobs; we’re preparing people with skill sets that are transferable to multiple jobs.”

**“We are no longer preparing people for jobs; we’re preparing people with skill sets that are transferable to multiple jobs.”**

Dawn Freshwater, University of Auckland

“I set a challenge to the country’s leaders, how can New Zealand organisations work more effectively and in a more integrated way to ensure that we are really driving the imagination, innovation and outcomes which the nation deserves in the future.” 

# LEADER PROFILE

**DR CARALEE MCLIESH, CHIEF EXECUTIVE  
AND SECRETARY, NEW ZEALAND TREASURY**

MEttle sat down with Dr Caralee McLiesh to learn about the path that led her to her current role, and to understand how she views the challenges New Zealand faces.





Dr Caralee McLiesh joined the Treasury as Chief Executive and Secretary to the Treasury in September 2019. With a CV that includes senior roles at the World Bank, the International Red Cross, Boston Consulting Group and the New South Wales Treasury, Dr McLiesh was most recently the Managing Director at Technical and Further Education in New South Wales, where she led a transformation programme to a more modern, competitive and sustainable organisation.

Her involvement in the development of Australia's first Social Impact Bond for families at risk earned her the Public Service Medal of Australia in 2017 for outstanding public service to social impact investment policy and reform.

**METTLE:** You are the first woman to ever be appointed as Secretary to the NZ Treasury; quite a momentous achievement. How does that feel?

**DR CARALEE McLIESH:** It is a real honour to be in the role. A part of me wishes it wasn't noteworthy – it would be nice if it were normal to have a diverse range of Treasury leaders, and I hope I'll be known more for good work than being female! But I am committed to diversity and inclusion, and it is meaningful to me when I see an improvement in diversity. I think we need leadership that reflects our diverse community, and so it is great to feel one small part of that change.

**METTLE:** How did you come to this role as Secretary of Treasury, and what appealed to you about it?

**DR CARALEE McLIESH:** If you had asked me at the start of my career, I would not have guessed I would be here.

**“We have an opportunity to continue providing fiscal stimulus in a way that also addresses some of the longstanding challenges New Zealand faces, like productivity, sustainability and equity.”**

**Dr Caralee McLiesh, NZ Treasury**

I started out as a management consultant in Australia, but very quickly became interested in working with clients on public policy. The work was just as intellectually challenging as for commercial clients, if not more so given the complexity of incentives and objectives at play. And it felt rewarding to contribute to policies that helped people.

That interest took me to a role with the International Red Cross, then the World Bank, before the Treasury in New South Wales.

I think there is no better place than the Treasury for someone like me, with an interest in economics and public policy. There is an incredible depth and breadth to our work; we are at the centre of advising government, and we have a chance to make a real difference to the community. So, the Secretary of Treasury is a dream role for me and being in New Zealand only made it more attractive.

**METTLE:** Have there been there any particular role models in your career or life to date?

**DR CARALEE McLIESH:** I try to learn about different strengths from different people, rather than to follow any particular role model. I can honestly say that every boss I have had I have enjoyed working with, and they have had a big influence on me, as different as they've been. One taught me about being selective in taking on tasks and cutting losses, another was a model in integrity that I try to emulate.

Increasingly I also get inspiration from some of the young people I work with. I'm constantly impressed by their talent, confidence and balance. We have 'randomised coffee trials' at the Treasury, and my most recent one sparked me to focus on wellbeing at work more.

**METTLE:** What do you see as the keys to your success professionally, and how do you keep yourself grounded?

**DR CARALEE McLIESH:** A lot of hard effort, working with great people, the support of my family, curiosity and a healthy dose of optimism have driven me forward. My family is the



centre of my world and keeps me well grounded. There is nothing like coming home to a debate about whose turn it is to clean up the cat sick to put your big day with Ministers in perspective!

**METTLE:** What are your impressions of New Zealand and New Zealanders?

**DR CARALEE McLIESH:** The whole family was keen to move to New Zealand for its stunning natural beauty, friendly communities and quality of life. Wellington is a great city, with all amenities but super-easy to get around – although the weather is taking a little getting used to!

The government arrangements here are quite different to Australia. In particular, having a unicameral parliament and no states makes for some faster government processes. The system is highly devolved, although the close relationships, collegiality and can-do culture means that we can get business done efficiently.

The transparency is also remarkable and a real strength of our system here, although it can be a little confronting at times!

**METTLE:** The Treasury is one of New Zealand's key public institutions, and you arrived at a key time for the Treasury and the country. You have been at the forefront of the Treasury team advising the Government on COVID; what can you tell us about that, and how do you see NZ emerging from this crisis?

**DR CARALEE McLIESH:** It was clear early on in the pandemic that a swift and strong response was needed, on a scale that we hadn't experienced. Like for many others, it was an incredibly intense time at the Treasury, collaborating with partners in and outside government on the response in the face of great uncertainty.

We pivoted rapidly to 80% of our team working on COVID-19 related issues, with 97% of the team working from home, daily Cabinet meetings and many very long hours. I think it was some of the toughest but also most meaningful work we'll do, and I am proud of the team for their great work.

The way in which people united around a common purpose, the speed and agility of decision making was tremendous. NZ went into the crisis with strong balance sheet and solid economy, and we are now well placed to emerge, although there is still a big task ahead in both controlling the virus and accelerating recovery.

**METTLE:** What should our readers expect to see from a Treasury led by you?

**DR CARALEE McLIESH:** Every leader wants to leave an organisation better than they came, and I am no exception. Treasury is already a strong agency, and I'd like us to lift our performance even further, delivering excellence in the quality of our advice as well as how we operate as an organisation.

For more than a decade, Treasury has invested in its Living Standards Framework (LSF), which encourages us to look beyond traditional economic measures to human, social and environmental capital and wellbeing outcomes. I see the LSF as a core part of rigorous, high quality economic advice and I will work to further develop and embed it.

I am also keen for Treasury to engage across the public sector, with Māori, business, academia, and other stakeholders to ensure we are drawing on the best ideas and expertise in our work. And like any organisation, we need to continuously build our capabilities, systems and processes to support our team to succeed.

**METTLE:** What are your key priorities in the next 12 months?

**DR CARALEE McLIESH:** Our top priority is advising government on a fast economic recovery from the pandemic. To date New Zealand has had a successful public health response, and that has been central to an effective economic response. Programmes like the wage subsidy, small business cashflow scheme and tax support have helped keep workers in jobs and businesses running.

We now have an opportunity to continue providing fiscal stimulus in a way that also addresses some of the longstanding challenges New Zealand faces, like productivity, sustainability and equity.

Treasury will continue to deliver our core products as we did throughout the pandemic, like the Budget and financial statements, and drive improvements in the public finance system. We will also lean in with an economic and financial lens on some of the big challenges, including housing, climate change, health reform and infrastructure.

**METTLE:** If there was one message you wanted to give our readers, what would it be?

**DR CARALEE McLIESH:** 2020 has been a big year, and most people are ready to see the back of it. So, all I would say is have a wonderful Christmas and relaxing break with loved ones. 🎄

