

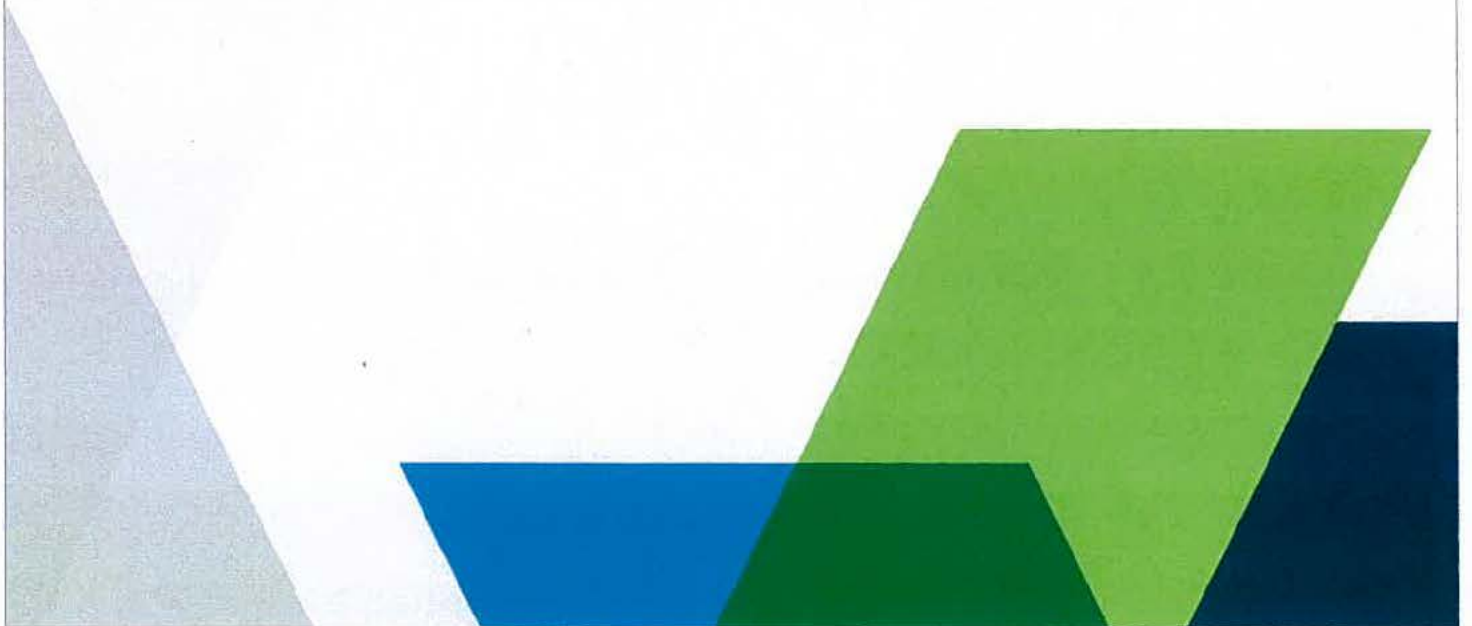


**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Procurement Plan Lite

MBIE financial contribution to a McKinsey report on the
Future of Work – Implications for Māori, prepared for the
Prime Minister's Business Advisory Council

PROACTIVELY RELEASED



Approvals

Title of Project	MBIE financial contribution to a McKinsey report on the Future of Work – Implications for Māori , prepared for the Prime Minister’s Business Advisory Council
Market Approach	Direct source
Reference No.	N/A
Description	Preparation of report on impact of future of work on Māori
Value	\$200,000

Approval of the plan

(Active)

Procurement Manager (Value < \$500K)		
Name:	Katherine Littler	
Signature:	Privacy of natural persons	Date: 14/5/19.

Business Owner Review

Business Owner		
Approval that the budget is available and to proceed to engage with the preferred supplier.		
Name:	Jarred Mair	
Position/title:	Deputy Chief Executive, Strategic Policy and Programmes Group	
Signature:	Privacy of natural persons	Date: 24/6/19.

Subject Matter Expert (Signature redacted) accurately reflects the subject matter)

Subject Matter Expert		
Approval that the plan accurately reflects the subject matter		
Name:	Kate Challis	
Position:	Principal Policy Advisor, Strategic Policy	
Signature:	Privacy of natural persons	Date: 21/6/19.

1. What MBIE is buying and why

This plan relates to the contribution to the purchase of services by McKinsey & Company (McKinsey) to prepare a report on the impact of the changing nature of work on Māori.

Background

The Chair of the Prime Minister's Business Advisory Council previously commissioned a report by McKinsey on the Future of Work. The final report was formally provided to Government on 2 May 2019.

One of the findings of that report was that Māori and youth are especially vulnerable to the potential impacts of automation. New policies and bold initiatives are needed to address this and must be based on robust evidence.

The report recommended that Government commission a similar Future of Work report focusing on Māori and the impact of automation to inform targeted recommendations. It should include insights on youth unemployment, which for Māori currently sits above 20%.

This note seeks approval for MBIE to provide a financial contribution of \$200,000 for the development of such a report.

MBIE contribution to a Future of Work report focusing on Māori

McKinsey has already undertaken significant analysis on the impact of the changing nature of work. Its analysis - *A Future that Works: Harnessing automation for a more productive and skilled New Zealand* - is estimated to have cost in the order of \$1.2 million. This additional report draws on the work already undertaken, with a particular focus on the impacts on Māori.

McKinsey has already put significant effort in to collecting and analyzing the base data. Supporting further analysis of this data is the most cost efficient and effective way to build a better understanding of the impacts of the changing nature of work on focused on Māori. We understand that McKinsey will be able to prepare such a report within three to four months.

The alternative is to commission analysis afresh from an alternative provider. This would attract significant higher cost to undertake the base analysis, and require a longer period to prepare. It would not be able to take advantage of the significant analysis already undertaken.

The total cost of the project is estimated at \$350,000 plus analytical work within McKinsey, within a three to four month period. MBIE's proposed contribution exclusive of GST is \$200,000. This co-contribution represents a partnership approach between business and government to commit to better understanding the issues for Māori.

2. A tender process is not proposed

There is currently no All-of-Government, syndicated or other collaborative contract that can meet this requirement. The recommended approach to market is to direct source this expertise from McKinsey, which is not an approved provider on the All of Government Panel.

McKinsey is the preferred provider as McKinsey prepared the initial analysis that informed their report on the Future of Work – *A Future that Works: Harnessing automation for a more productive and skilled New Zealand*¹.

This subsequent report is based on the data and analytics they previously prepared, and currently hold intellectual rights over. Commissioning this work from an alternative provider would require the analytics to be prepared from the beginning, and involve duplication of work.

McKinsey are a proven international consulting firm. It conducts qualitative and quantitative analysis to inform both the private and public sectors across a range of industries. They have significant expertise in this area.

3.A Steering Group will provide oversight on the quality and timeliness of the report

A Steering Group has been established to provide oversight on the report. This group will provide oversight to the timeliness, quality and scope of the report, and general performance of the provider (McKinsey Company). Membership of the Steering Group includes members of the PM's Business Advisory Council, Māori leaders and senior representation from MBIE as follows:

- Rachel Taulelei, Chief Executive Officer, Kono
- Bailey Mackey, Chief Executive Office, Pango Productions
- Dr Eruera Tarena, Executive Director, Token ate Raki: Māori Futures Collective
- Jo Hughes, Deputy Chief Executive, Strategic Policy and Programmes, Ministry of Business, Innovation and Employment

We have also sought an exemption from procurement rule 13.3, as the contribution does not constitute a formal contract between MBIE and the supplier, and the expertise to inform the report is based on existing information developed and held by McKinsey Company.

The report is due to be provided within three to four months. This timeframe is to ensure that the Prime Minister's Business Advisory Council can consider its finding at their next meeting in July 2019, and for the Tripartite Forum on the Future of Work may consider it at their meeting in August 2019.

New intellectual property arising as a result of the contract will be the property of McKinsey, as they undertook the base analysis which will be used to inform this subsequent report.

¹ <https://api.pmbac.co.nz/wp-content/uploads/2019/05/A-Future-That-Works-PMBAC-Report.pdf>

4. Risk

Overall this procurement is low-risk and low-complexity.

Key risks to be managed

Risk	Mitigation action	Responsible
1. Delivery of report is in a timely manner	Expectations for timeliness have been set by the Prime Minister's Business Advisory Council, which advises the Prime Minister.	Kate Challis in consultation with AirNZ (Chair of the PM's Business Advisory Council) and the Prime Minister's Office
2. The quality of report is not to an acceptable standard.	Regular drafts will be provided to the Steering Group. MBIE will provide guidance as required.	Steering Group will provide oversight on the quality and content of the report.

PROACTIVELY RELEASED