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# TALENTNZ

A COUNTRY WHERE TALENT WANTS TO LIVE



MCGUINNESS INSTITUTE

# SIR PAUL'S ADDRESS AT STRATEGY NZ, MARCH 2011

Below is the second-to-last slide from his 2011 presentation. It outlines his initial thoughts as to the way forward.

## Strategies for economic growth via the knowledge economy

100 companies, 100 inspired entrepreneurs

Whole-of-government commitment to strategy: 'A country where talent wants to live'

### Commitment to Education

- ☒ Tell stories of the job opportunities to New Zealand kids at home (Get kids and teachers visiting the smart businesses)
- ☒ Significantly boost science and mathematics education in schools
- ☒ Build school programmes in entrepreneurship
- ☒ Boost university engineering and science capability
- ☒ Refine PBRF to reward commercialisation work

### Commitment to R & D

- ☒ Boost science and engineering research from 0.52% GDP to 0.7% GDP (a mere \$300 million)
- ☒ Enhance R & D credits to the knowledge sector
- ☒ Compel CRIs to give IP share of benefit to employees and allow employee spinout
- ☒ Help establish incubators, business/engineering/science synergy

### Commitment to Branding

- ☒ Understand the value of the conservation estate, liveable cities, quality of life
- ☒ Identify and 'call out' phoney environmentalism and 'science phobia'
- ☒ Market NZ as the smart country, 'a place where talent wants to live'

### Commitment to Leadership and Vision

- ☒ Bipartisan approach
- ☒ Evidence basis for decisions – understanding what works for us



## Commitment to Education

- Tell stories of the job opportunities to New Zealand kids at home (Get the kids and teachers visiting the smart businesses)
- Significantly boost science and mathematics education in schools
- Build school programmes in entrepreneurship
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- Refine university engineering and science capability
- Refine PBRF to reward commercialisation work

## Observations

- Talent is inclusive – education is about empowering kiwis with a wide range of talents
- Engineering was the practical application of science
- Year 13 not well utilised and the lost generation (the 18–25-year-olds)
- Robots, coding and design were a missed opportunity, what is next?
- Mapping talent, mapping oceans, mapping water quality – mapping is big!
- Build respect for ‘new professional’ roles e.g. technology

## Ideas

- Mini MBA
- STEAM – STEM plus Art
- Focus on invention not innovation – spinout inventions from universities and CRIs
- Ministry of Education should be a ‘Ministry of Talent’ – about preparing the youth for adulthood (internships)

# 2.

## Commitment to R & D

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## Observations

- R & D moving to Australia to get tax credits
- Business R & D not measured in NZ (meaning it is not comparable with other OECD countries)
- Grants put power in hands of govt, tax credits put power in hands of business – which makes more sense?
- Spinouts a missed opportunity – we need to understand the statistics and the good practice (see UNITEC and the Centre for Entrepreneurial Learning, Cambridge University)
- Growth in real-time research, the importance of narrative and the management of big data
- Pools of capital to support the growth of innovations onto the global stage – this is not necessarily about more funding, but using our resources in a more effective manner
- The legacy of inequality

## Ideas

- Develop tax credit system
- Balance R & D grant system with tax credit system – we need both
- Encourage development of clusters outside Auckland



# 3.

## Commitment to Branding

- Understanding the value of the conservation estate, liveable cities, quality of life
- Identify and 'call out' phoney environmentalism and 'science phobia'
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## Observations

- ¼ acre section is on death row – demographics rule
- Jobs are 20<sup>th</sup> century
- Owning assets is not about who you are
- Evidence and proof are critical
- Intensive cities are cost-effective cities

## Ideas

- Talent visa (short-term, fast, employer-led, extendable)
- Combining the marketing of tourism and talent to the world (separating marketing of talent from processing)  
Tourism New Zealand is the organisation currently responsible for marketing New Zealand to the world as a tourist destination (holidays). However with its successful international brand it could also market New Zealand to the world as a talent destination (talent visa). Arguably talent visas are likely to have a bigger impact on our economic development and a smaller ecological footprint.

# 4.

## Commitment to Leadership and Vision

- Bipartisan approach
- Evidence basis for decisions – understanding what works for us

### Observations

- Sir Paul's strategy is still relevant, arguably more so
- Inquiry
- Assurance
- Analysis – looking at the particular to understand the general
- Talent, not capital, is the scarce resource of the 21<sup>st</sup> century
- Regions need more power, more resources and most importantly a way to make money (financial incentives)

### Ideas

- Don't create unintended consequences such as creating initiatives that pull talent away from the regions
- Have a 'bold ideas' workshop on the way forward
- Involve industry
- Work harder on producing relevant and effective NPSs, NESs and coastal policy statements
- City deals – empower cities and regions through contracts between councils and central government (following the UK model)

# SIR PAUL'S ADDRESS AT STRATEGY NZ 2011

Below is a slide from his 2011 presentation. If New Zealand was to adopt this vision, making decisions would be easy to understand and implement.

100 companies, 100 inspired entrepreneurs  
An additional \$45 bn per annum in exports (double our present exports)

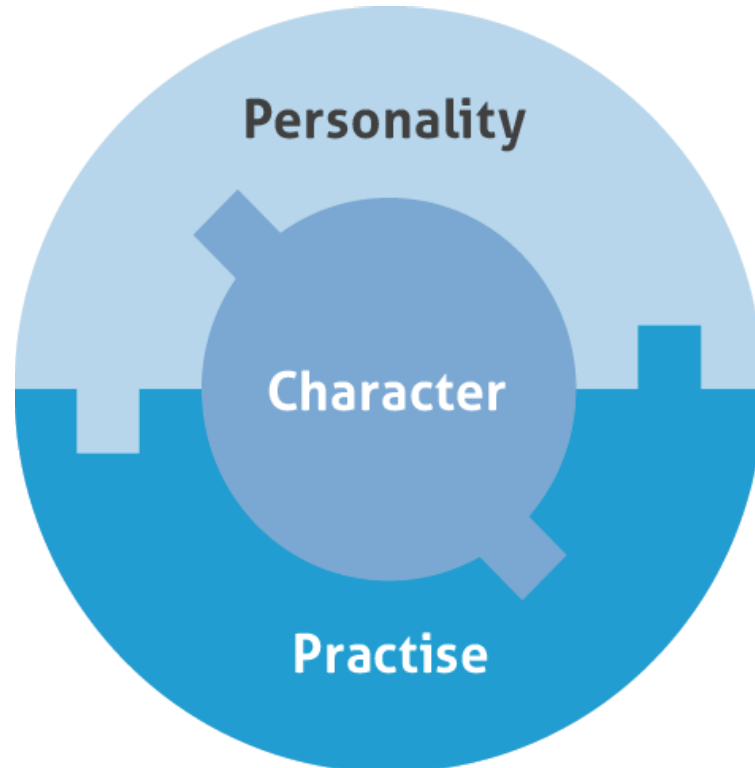
Ask the question: why would such a business want to stay in New Zealand?



"A place where talent wants to live"



# WHAT IS TALENT?



- Pre-1950s character was the focus (*Quiet*, 2013)
- Personality became trendy in the 1950s and still dominates today (*Quiet*, 2013)
- Practise is not about 10,000 hours but about 'smart practice' (*Focus*, 2013)
- An individual's preschool self-control predicts their life satisfaction, crime record, income level, physical health, and parenting skill in adolescence and even adulthood (*American Scientist*, 2013)
- We contend that the ability to attract talent, and the processes and resolve to deploy it is against growth opportunities, are far harder to come by than cash ... Investors and executives have been trained to think of capital as their scarcest resource (*HBR*, May 2014)
- Increasing concerns over the shrinking middle (see next slide)

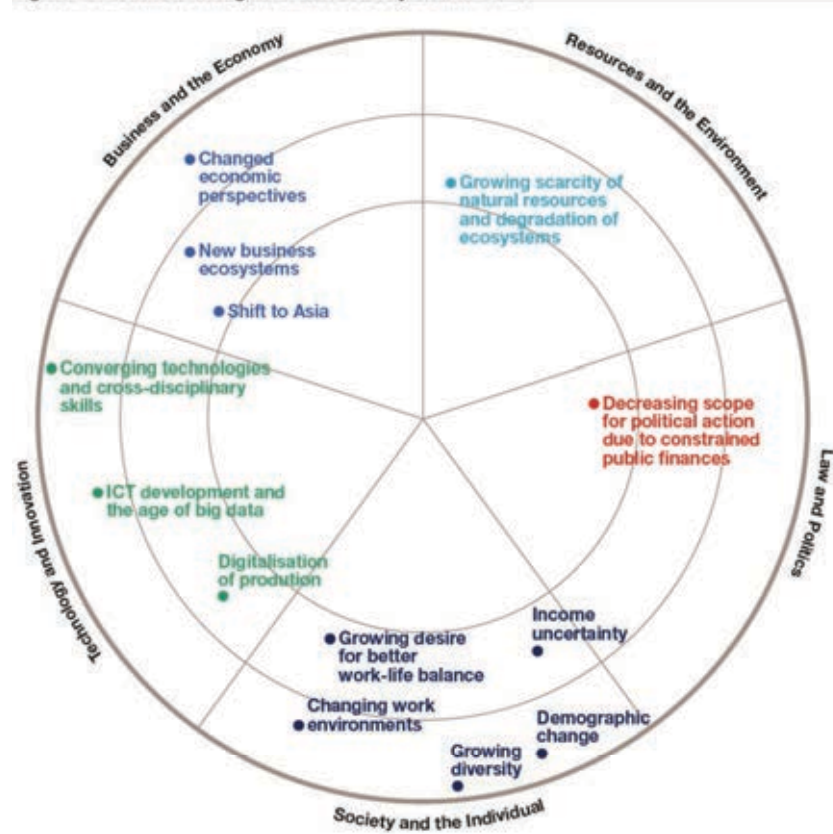


# THE FUTURE OF WORK?

Source: The Future of Work: Jobs and Skills in 2030 (2014)

The Future of Work: Trends and disruptions full report

Figure 2.1: Trends driving the future of UK jobs and skills



## The shrinking middle

The high-skilled minority (characterised by their creativity, analytical and problem-solving capabilities and communication skills) will have strong bargaining power in the labour market, whilst the low-skilled will bear the brunt of the drive for flexibility and costs reduction, resulting in growing inequality.

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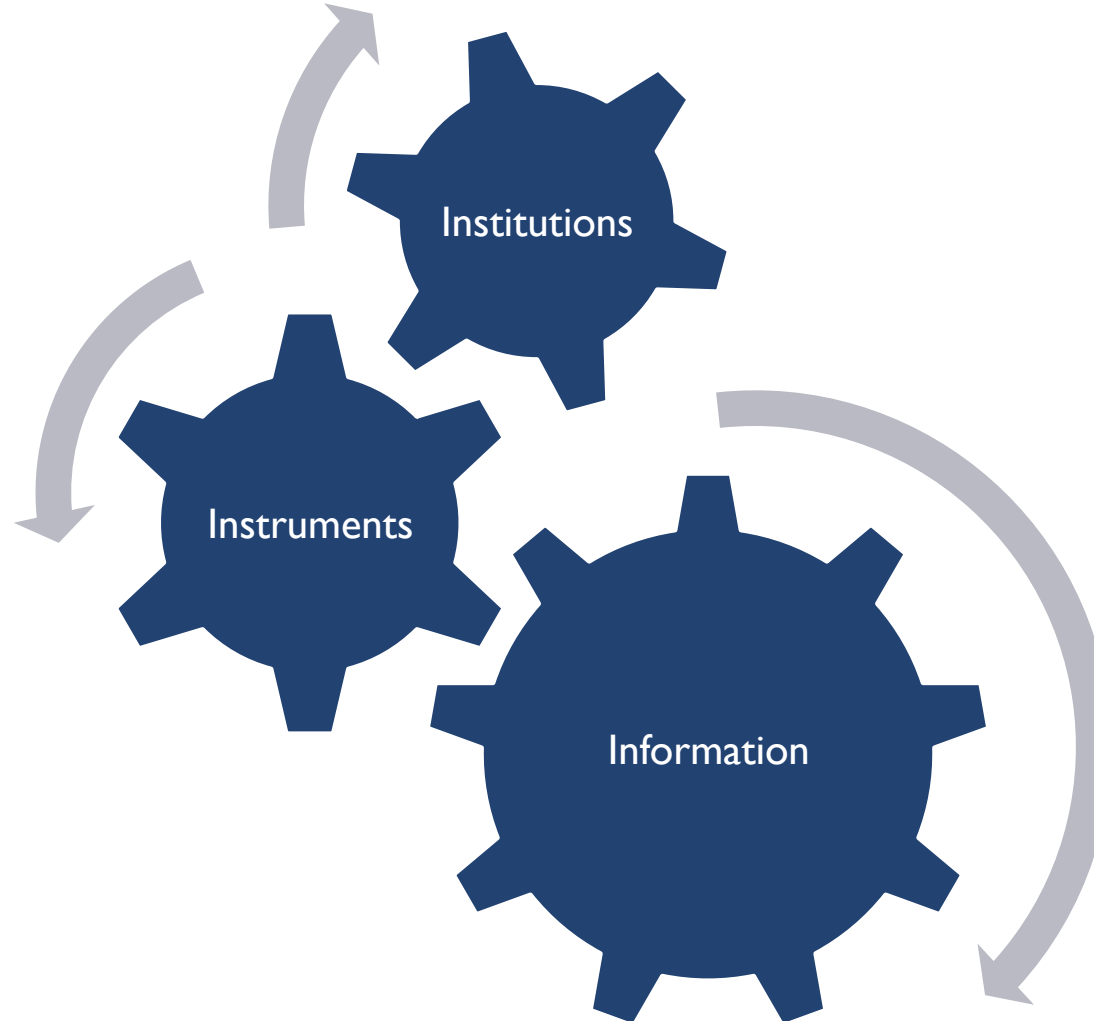
# THE SEVEN ASSUMPTIONS UNDERLYING TALENTNZ

1. A focus on talent is inclusive.
2. A focus on a talent-based economy will deliver better outcomes than a focus on jobs, innovation or specific areas such as agriculture.
3. To make progress towards a talent-based economy, four key work-streams have become apparent: we must (1) Grow, (2) Attract, (3) Retain and (4) Connect talent.
4. Progress towards a talent-based economy can be measured and quantified.
5. Strong correlations exist between talent, economic wealth and community wellbeing.
6. Collaboration between cities (rather than competition) will create more connections and going forward produce more benefits for New Zealanders.
7. The most important resource in the 21st century will be talent.

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# THE INSTITUTE'S POLICY FRAMEWORK: INSTITUTIONS, INSTRUMENTS AND INFORMATION

Some of the ideas mentioned earlier are now explored using the framework below (see slides 12 to 28).



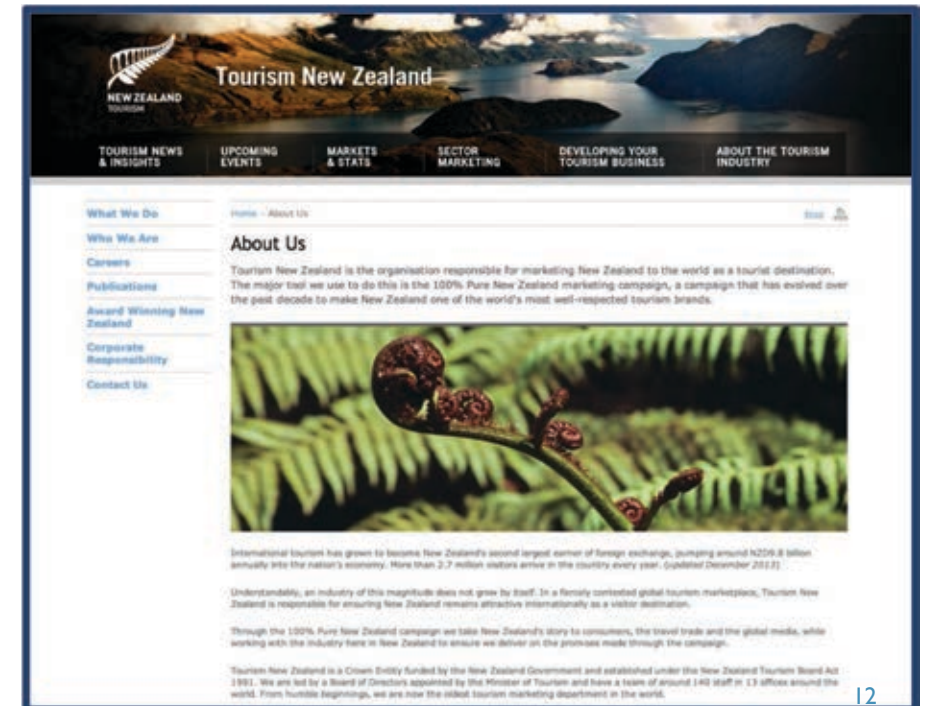
# I: CREATING A MINISTRY OF TALENT AND TOURISM

An Institutional Component

In 1901 New Zealand was the first country to dedicate a government department to tourism - the Department of Tourist and Health Resorts. Perhaps we could be the first country to create a Ministry of Talent!

## Benefits

- Market a talent visa (six months)
- The GDP value of each additional talent visa must by its very nature bring more value than each tourist visa
- Much of the same investment dollar to attract tourists could be used to attract talent (and indirectly attract tourists)
- Those with talent visa stay longer than tourists, and as such reduce their carbon footprint
- Prevent potential workers arriving on tourist visas and working under the table or being paid via overseas bank accounts (reducing the NZ tax take)
- Reduce the risks to illegal workers, who might be being exploited



# ... FOCUS IMMIGRATION NEW ZEALAND ON INTERNAL QUALITY CONTROL AND EFFICIENT PROCESSING

‘Immigration New Zealand is [currently] responsible for bringing the best people to New Zealand to enhance New Zealand’s social and economic outcomes. We directly support labour market growth by attracting the best people to New Zealand and supporting them into the workforce so they become long-term contributors. We also contribute to key export industries like tourism and education.’

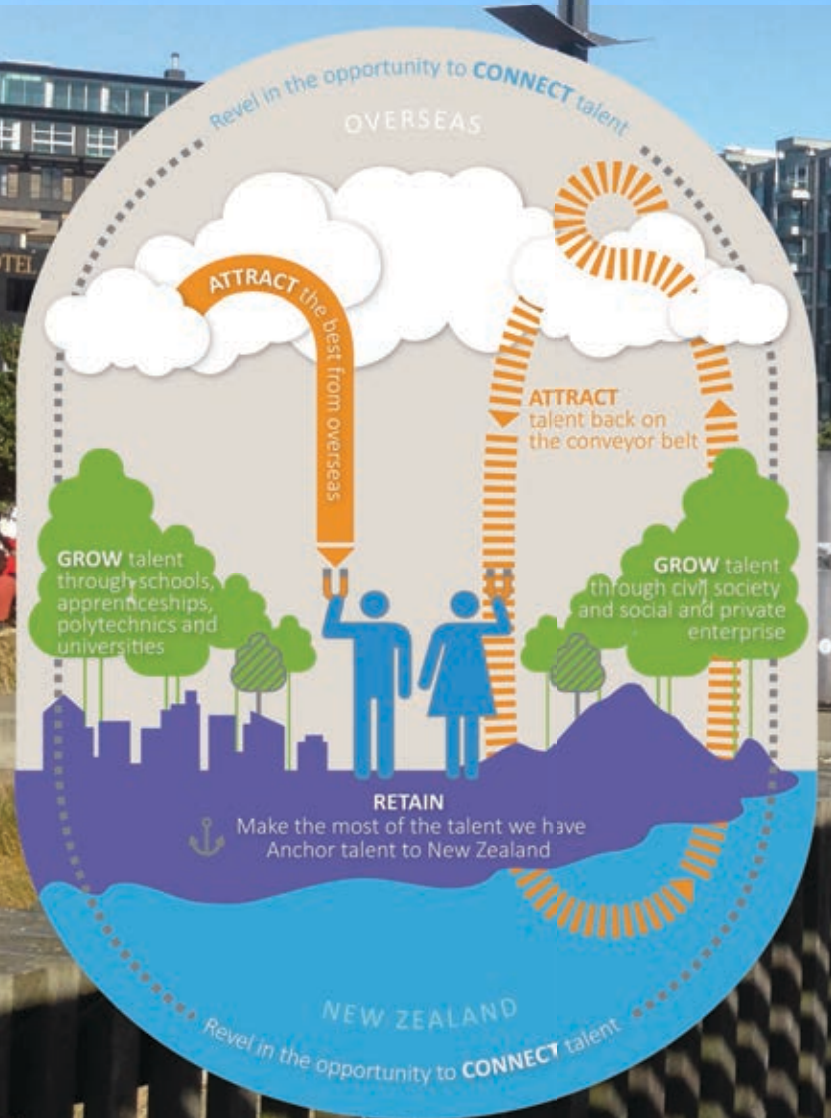
The [current] role of Immigration New Zealand includes:

- deciding visa applications
- attracting migrant skills and labour
- matching migrant skills with employer needs
- managing border security with regard to the movement of people
- supporting migrant settlement and retention
- implementing the government’s refugee quota programme
- enforcing compliance with immigration law and policy.



# 2: HELPING COUNCILS CREATE A LIVEABLE CITY

An Institutional Component



### What's on the Menu?

The Menu of Initiatives is made up of two elements:

1. The TalentNZ Ecosystem
2. The 28 Initiatives

The 28 initiatives described below have been developed using the feedback we have gathered from across New Zealand. We view this list as a starting point that provides a platform for ongoing discussion. Notably, many initiatives align with more than one work-stream and a level of judgement has been necessary to determine where each best fits. Overall, we have worked to categorise initiatives based on where they have the strongest effect in terms of the outcomes they might deliver. View the Menu in more detail or comment directly on a specific initiative at [www.TalentNZMenu.org](http://www.TalentNZMenu.org)

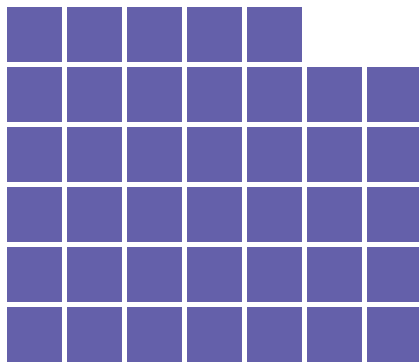
GROW	ATTRACT	RETAIN	CONNECT
<p><b>Grow 1</b> Put the student at the centre</p> <p><b>Grow 2</b> Build a curriculum fit for the future</p> <p><b>Grow 3</b> Incentivise 15-21 year olds who want to be makers</p> <p><b>Grow 4</b> Incentivise 18-25 year olds who want a university education to complete their undergraduate degree in New Zealand</p> <p><b>Grow 5</b> Cultivate new entrepreneurs</p> <p><b>Grow 6</b> Promote storytelling (Pūrākau)</p> <p><b>Grow 7</b> Seek out a youth voice</p>	<p><b>Attract 1</b> Map the ecosystem</p> <p><b>Attract 2</b> Identify the talent you want</p> <p><b>Attract 3</b> Attract international talent</p> <p><b>Attract 4</b> Showcase existing talent</p> <p><b>Attract 5</b> Showcase hard infrastructure</p> <p><b>Attract 6</b> Showcase soft infrastructure</p> <p><b>Attract 7</b> Provide an appropriate income package</p>	<p><b>Retain 1</b> Use the talents we have</p> <p><b>Retain 2</b> Provide clear career pathways for individuals</p> <p><b>Retain 3</b> Deliver a caring and enjoyable environment (Manaaki)</p> <p><b>Retain 4</b> Focus on creating a good entry and exit</p> <p><b>Retain 5</b> Combine talents to build effective teams</p> <p><b>Retain 6</b> Communicate future intentions</p> <p><b>Retain 7</b> Share community goals</p>	<p><b>Connect 1</b> Take responsibility for connecting</p> <p><b>Connect 2</b> Connect existing entrepreneurs with a purpose</p> <p><b>Connect 3</b> Create twinning opportunities</p> <p><b>Connect 4</b> Embrace diaspora</p> <p><b>Connect 5</b> Create hubs</p> <p><b>Connect 6</b> Create an online presence</p> <p><b>Connect 7</b> Manage logistics by aligning people, data, products and services</p>

The TalentNZ Ecosystem (above) illustrates the four integrated work-streams that we have identified as necessary to create a talent-based economy for New Zealand. They are to: grow talent, attract talent, retain talent and connect talent. The ecosystem was designed to demonstrate how these work-streams interact, as understanding the system is the first step to identifying the levers that will enable communities to consider, design, implement, measure and reassess strategies over time.

These work-streams evolved from the 30 interviews in the 2013 TalentNZ Journal. The interviews showed the way forward, but the full nature of the ecosystem only became apparent when we took these ideas around the country as part of the Institute's 2014 National Tour.

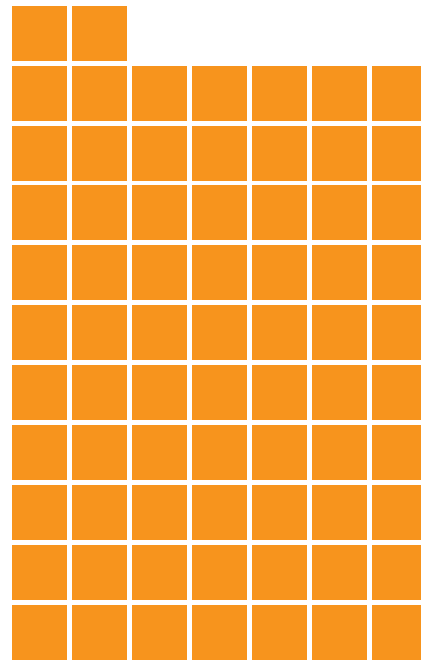
## ...WHAT IS THE ROLE OF CITIES?

40



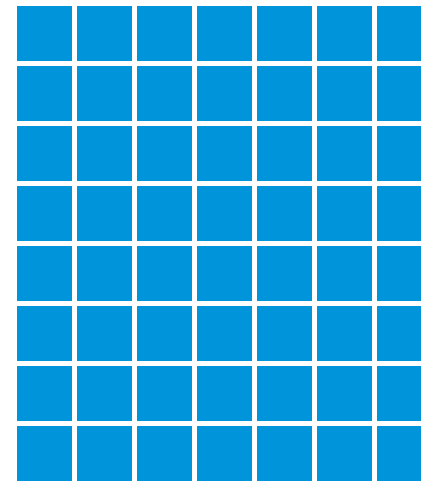
Work

72



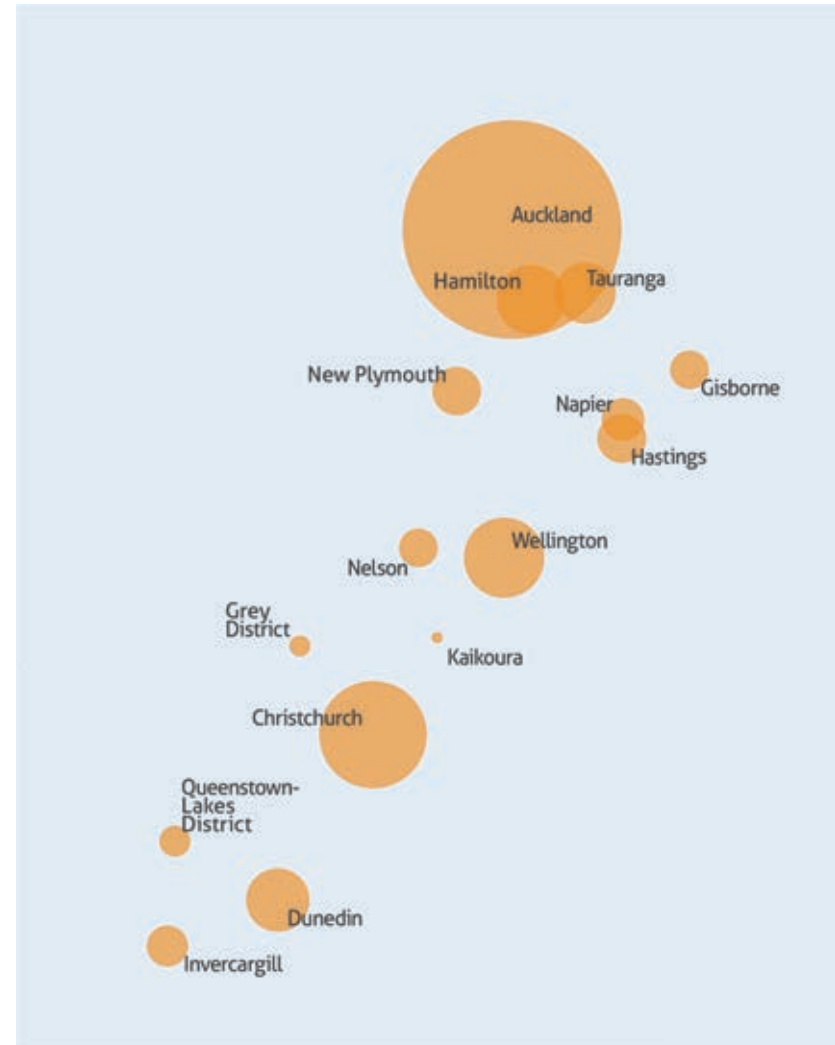
Play

56



Sleep


# ... FOLLOW THE DEMOGRAPHICS



Circles size based on 2013 Statistics New Zealand population estimates



## ... UNDERSTAND THE DEMOGRAPHICS

- 
- Possessions reduce flexibility, choice and personal autonomy
  - Pedestrian culture matters
  - Happy spouses help retain talent
  - Beauty is not just about the countryside

# 3: NATIONAL POLICY STATEMENTS, NEW ZEALAND COASTAL POLICY STATEMENT (NZCPS) AND NATIONAL ENVIRONMENTAL STANDARDS MATTER

An Instrument Component

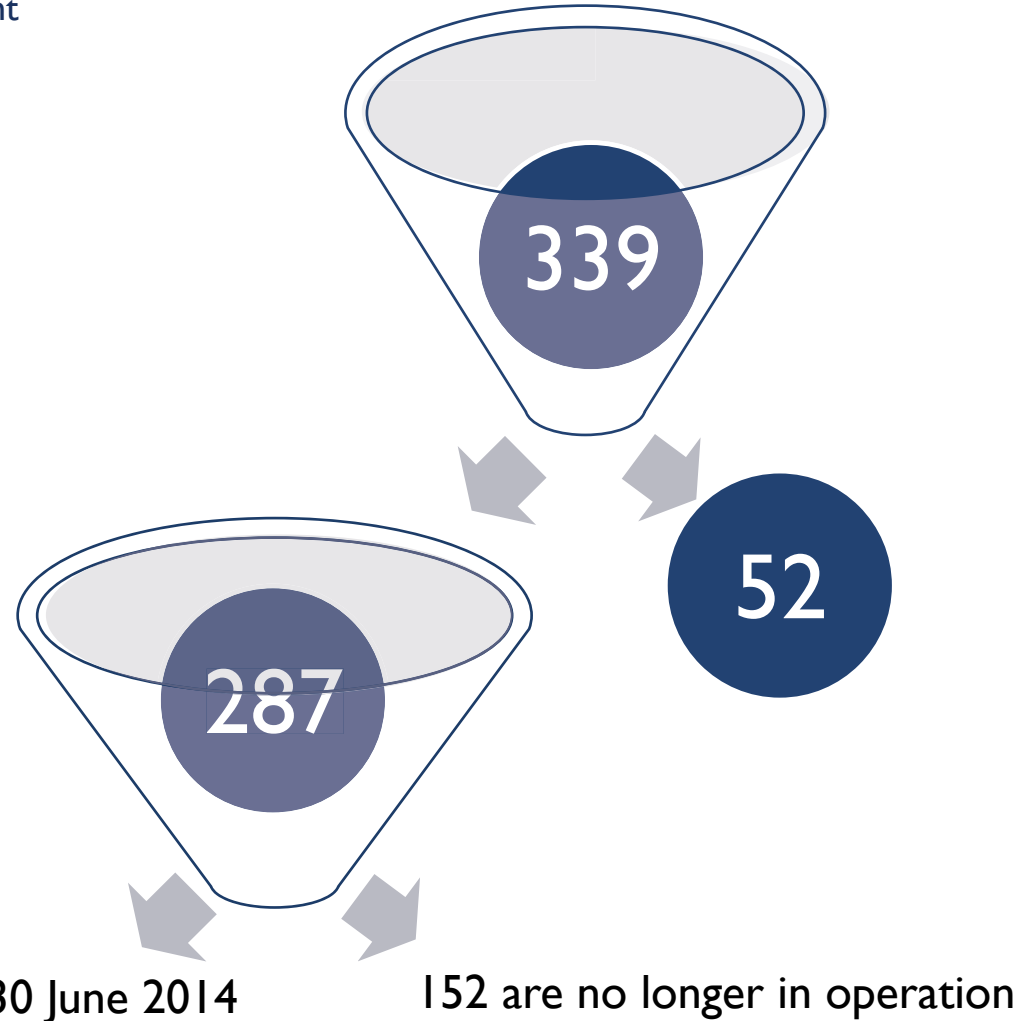


IF YOU WERE FOCUSED ON CREATING A PLACE WHERE TALENT WANTS TO LIVE, WOULD YOU LIKE TO SEE MORE SALMON FARMS WHEN ARRIVING IN THE SOUTH ISLAND?

Picture: NZ King Salmon farm in the Tory Channel.

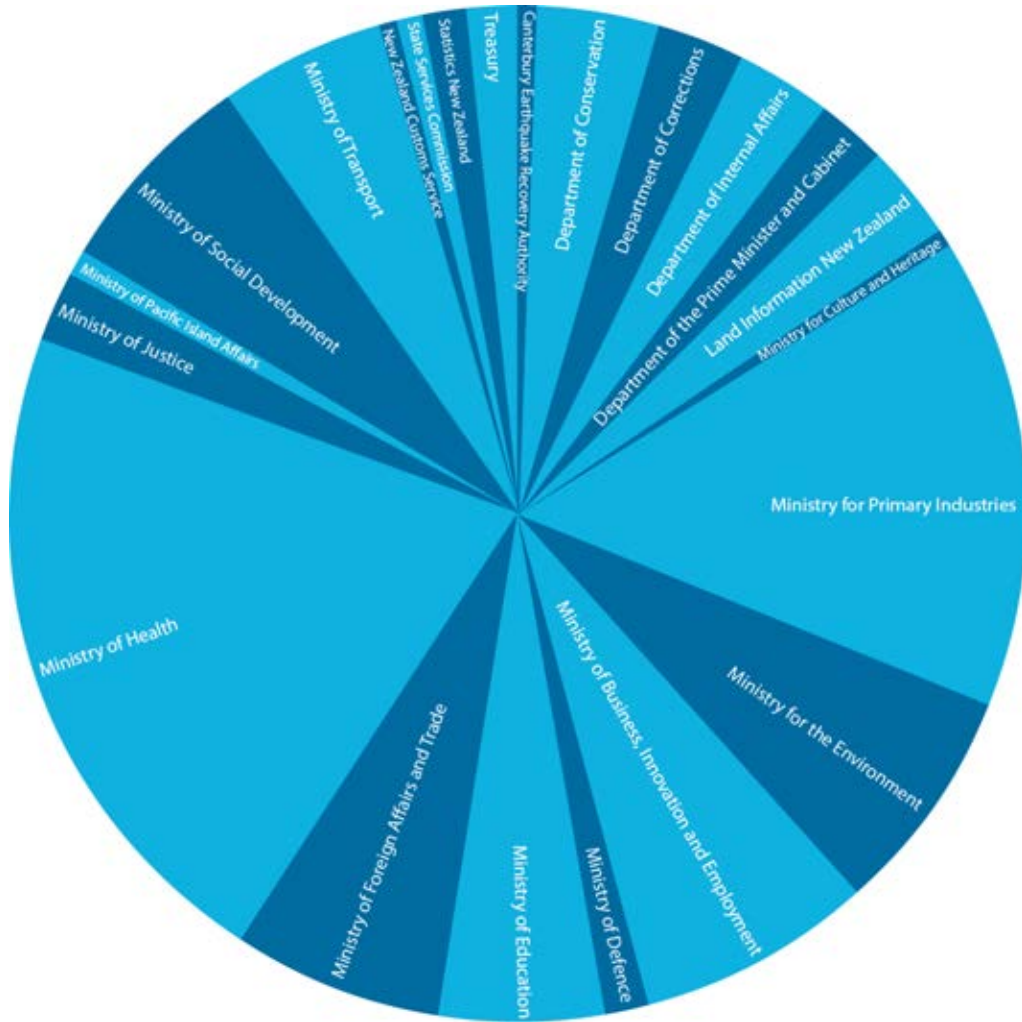
# 4: IMPLEMENTING STRATEGY

An Instrument Component

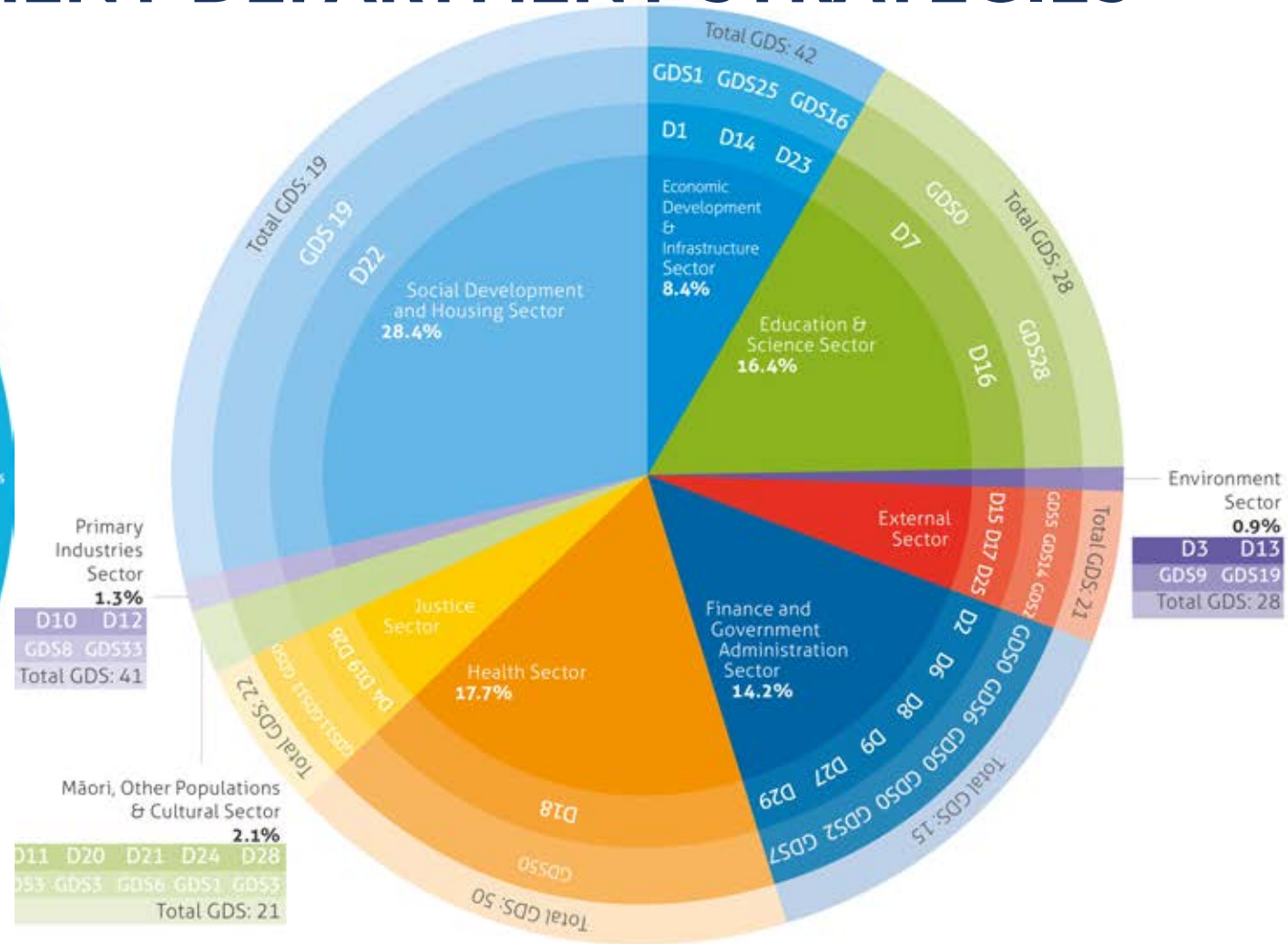


The Institute has been interested in New Zealand's ability to develop and implement strategy. Our current work programme includes researching government department strategies (GDSs). Over the last twenty years there have been at least 339 documents that could be considered strategies. Of these we selected 287 (as at 15 August) for further analysis.

# ... ANALYSIS OF GOVERNMENT DEPARTMENT STRATEGIES

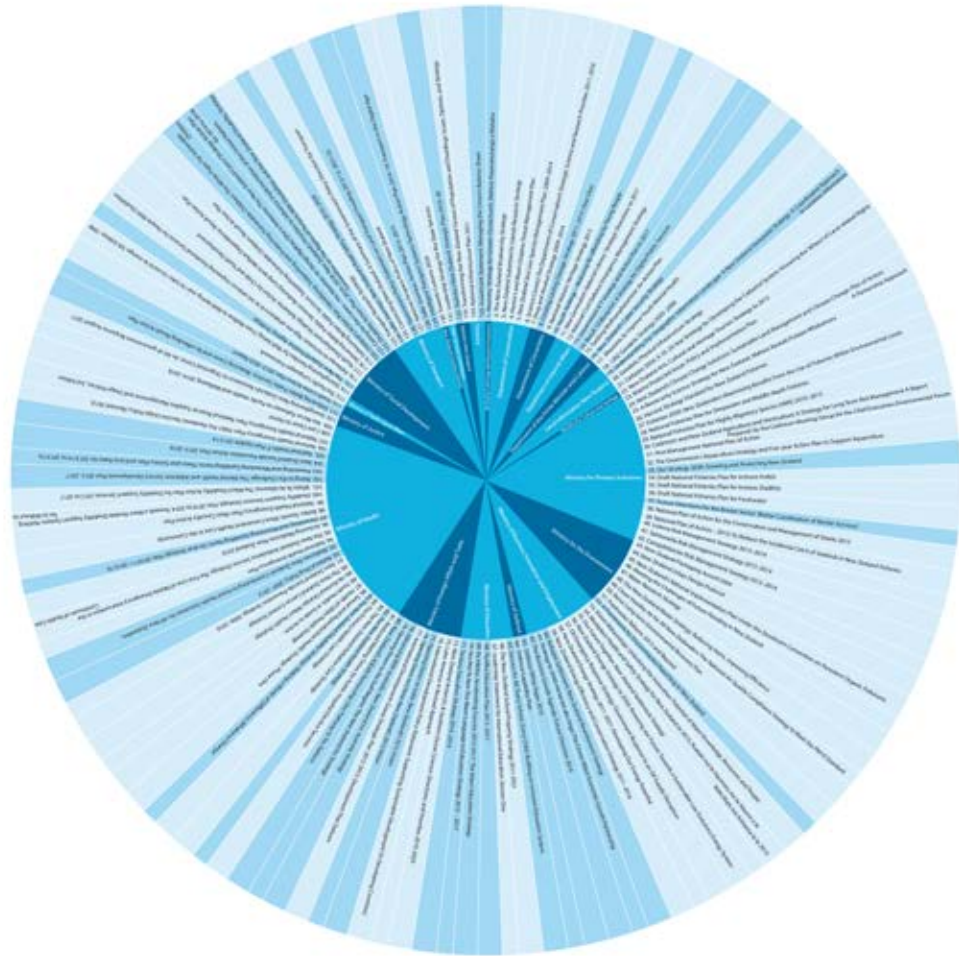


135 GDSs By Department

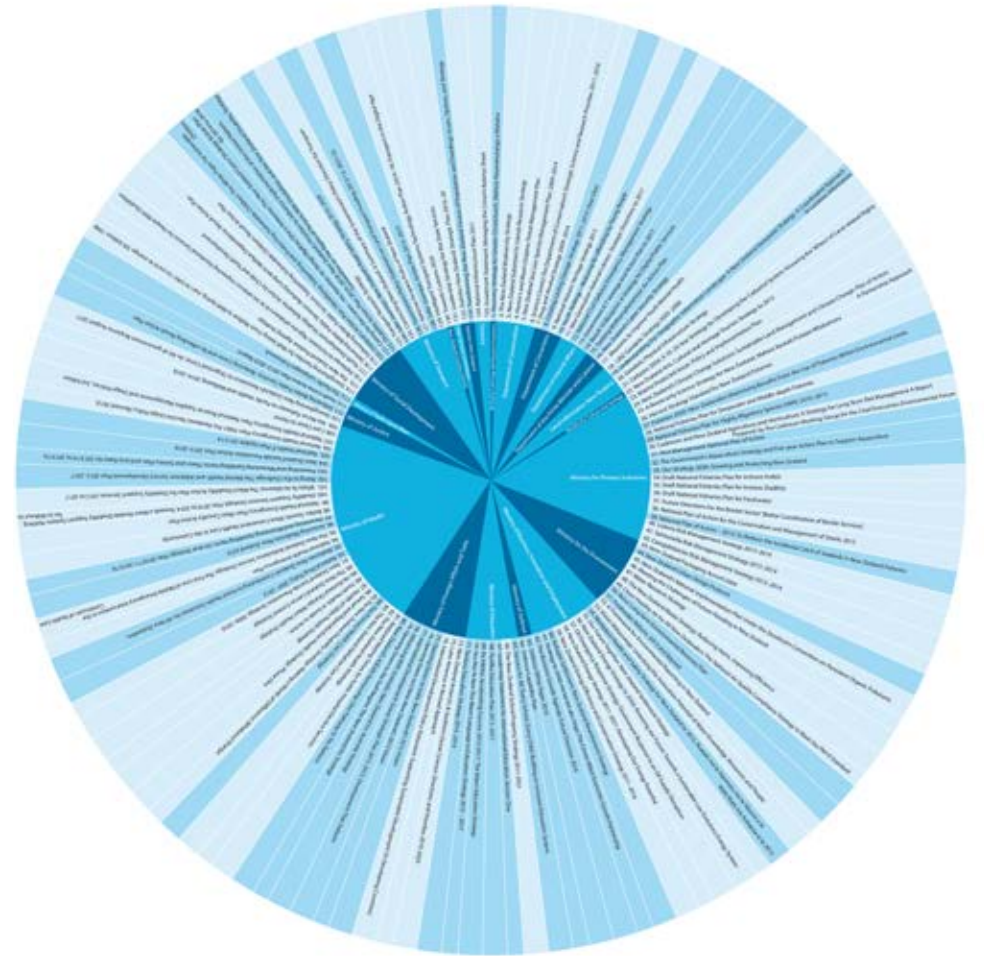


135 GDSs By Sector

Initial research as at 15 August 2014



**34% OF 135 STRATEGIES  
REFERRED TO IN  
STATEMENTS OF INTENT  
AS AT 30 JUNE 2014**



**41% OF 135 STRATEGIES  
REFERRED TO IN  
ANNUAL REPORTS  
AS AT 30 JUNE 2014**

Initial research as at 15 August 2014

# ... AN EFFECTIVE STRATEGY REQUIRES A WELL-ARTICULATED VISION THAT IS SUPPORTED BY THE COMMUNITY



‘The Kaikoura community displays responsible custodianship of its unique natural, social, cultural and built environmental resources by ensuring the sustainable utilisation and management of these resources. It is a community that treasures the present small-scale town atmosphere and retains and enhances this **coastal village character**.’

— Kaikoura District Council Long Term Plan 2012-2022 Vision

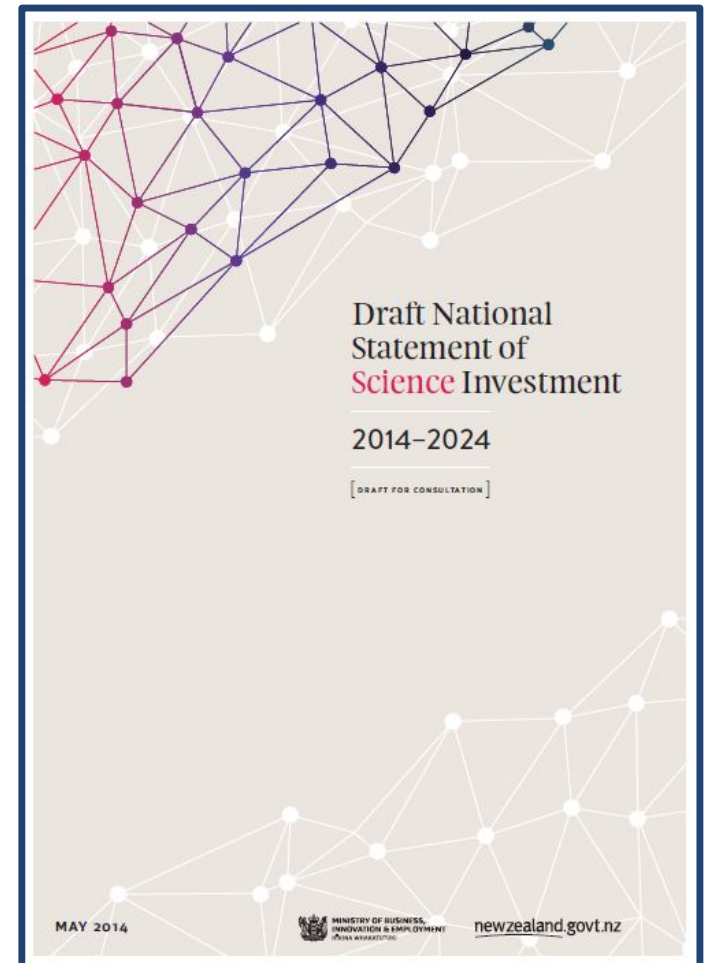
# ... AN EFFECTIVE STRATEGY REQUIRES A SET OF OBJECTIVES THAT, IF ACHIEVED, WOULD PROGRESS THE VISION

We would argue that the objectives suggested in the *Draft National Statement of Science Investment* [NSSI] does not signal a 'new direction' for government's science investment (e.g. the objectives below could have existed 10 years ago):

1. Producing excellent science of the highest quality
2. Ensuring value by focusing on relevant science with highest potential for impact for the benefit of New Zealand
3. Committing to continue increasing investment over time
4. Increasing focus on sectors of future need or growth
5. Increasing the scale of industry-led research
6. Continuing to implement Vision Mātauranga
7. Strengthening and building international relationships to strengthen the capacity of our science system to benefit New Zealand. (*Draft NSSI, 2014*)

Interestingly there is a growing recognition that objectives can be divided into input, process, output and outcome objectives. Outcome innovations can be further divided into three types, meaning each may require their own set of objectives:

1. Performance-improving innovations (replace old products with new)
2. Efficiency innovations (similar products just cheaper)
3. Market-creating innovations (new class of consumers or new market) (*HBR, May 2014*)



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## ... AN EFFECTIVE STRATEGY MUST BE INTEGRATED IN SUCH A WAY TO BUILD CRITICAL LINKAGES BETWEEN OBJECTIVES AND ACTIONS

The Business Growth Agenda states it ‘is an ambitious programme of work that will support New Zealand businesses to grow, in order to create jobs and improve New Zealanders’ standard of living.’

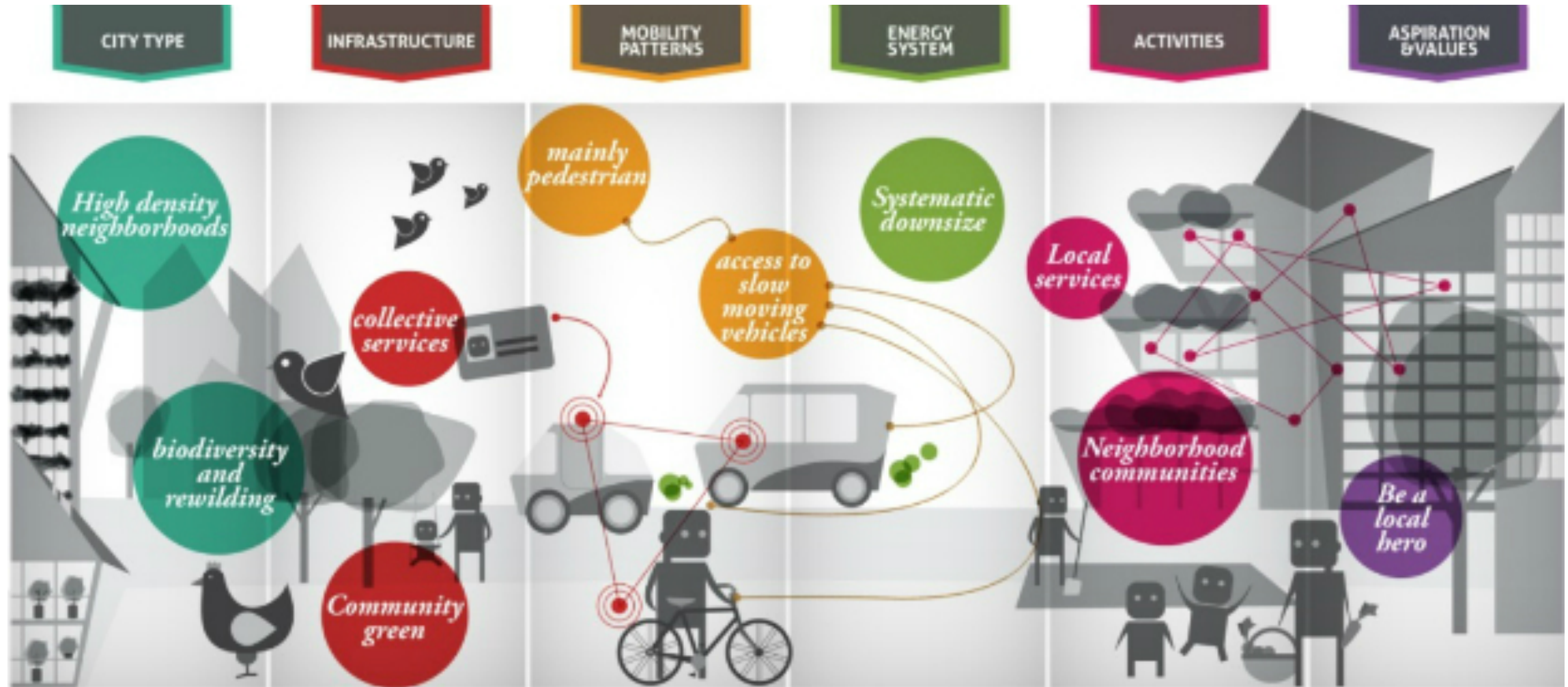
It is made up of six key areas but it missed the scarcest resource –talent. Hence we recommend adding a seventh (see yellow hexagon).





# ... AN EFFECTIVE STRATEGY MUST BE INTEGRATED IN SUCH A WAY TO BUILD SYNERGIES

For example, creating a Minister for Universities, Science and Cities (the UK Model)



## ... FOR EXAMPLE CREATING SYNERGIES BY CONNECTING TRANSPORT, HOUSING AND HEALTH TO CREATE EQUALITY

- Costs increase the greater the distance between work and where you live – the fringes are expensive places to live. Transport used to absorb only 10% of a typical family's budget in 1960, it now consumes more than 20% (US). A typical working family, with an income of US\$20,000 to US\$50,000, pays more for transportation than housing. (*Walkable City*, 2012)
- Time taken travelling by car is time spent not exercising or interacting with family members. Arriving home late leads to poor food choices
- Pollution from cars can kill or make people sick
- Those living on the fringes are most vulnerable to petrol prices  
....Yet we push the disadvantaged into the fringes of our cities

The key themes underpinning *Connecting New Zealand* are economic growth and productivity, value for money and road safety.



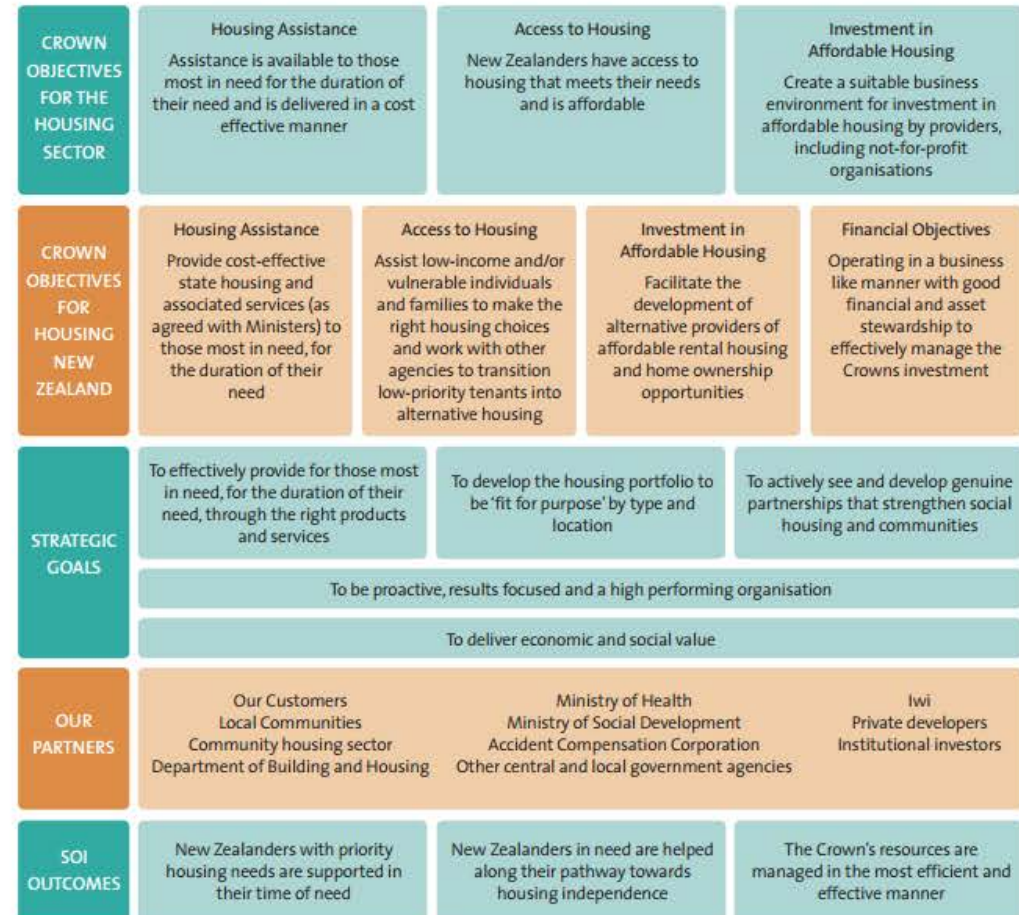
# 5: INCORPORATING WHAT WE KNOW ABOUT CITIES INTO HOUSING NEW ZEALAND

An Information Component



## LINE OF SIGHT

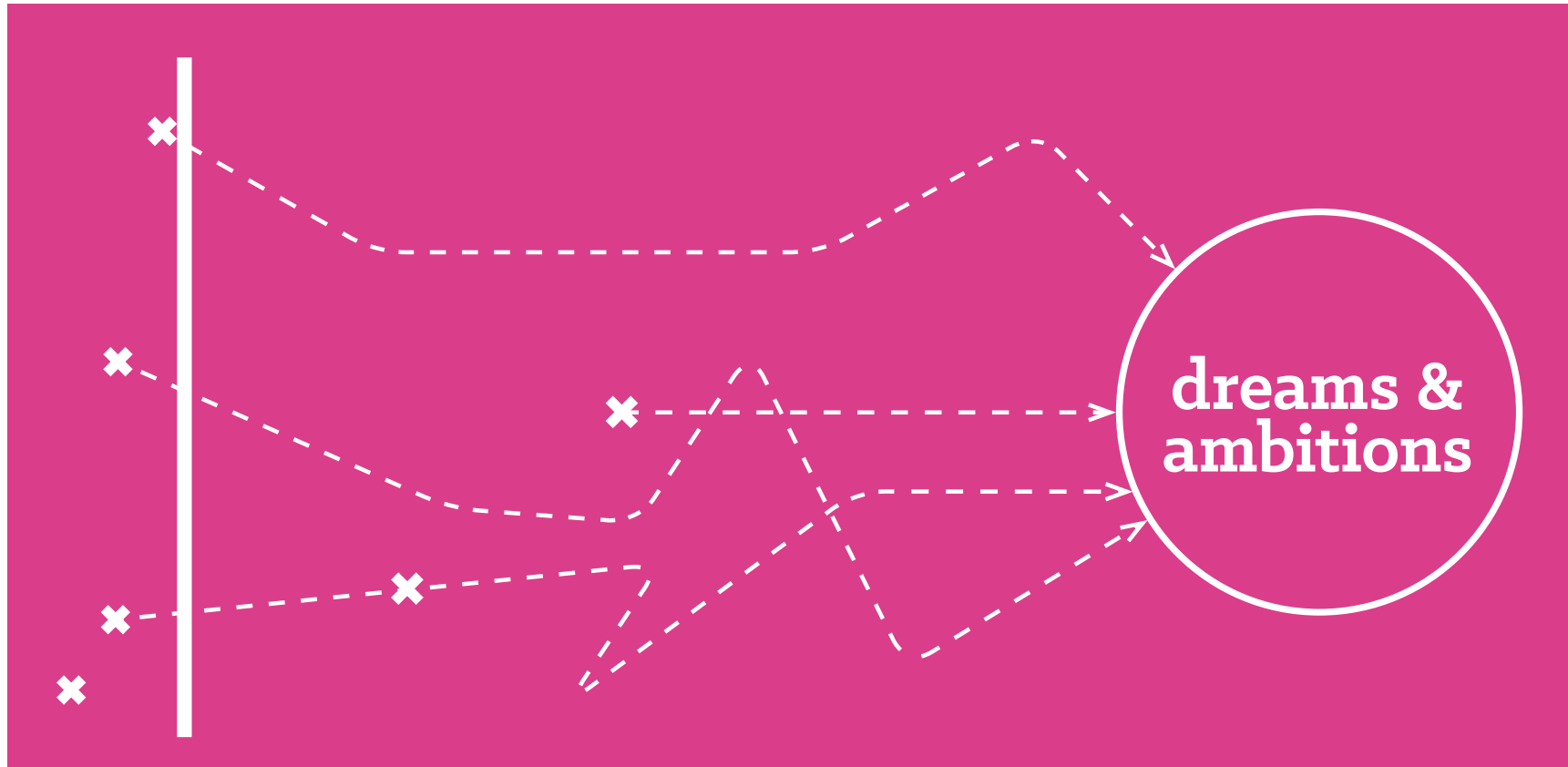
Source: Housing New Zealand Corporation Strategic Plan 2015



# 6: WHAT DO YOUNG KIWI THINK? (INFORMATION)

LivingStandardsNZ Workshop at the Treasury, December 2013

An Information Component



*‘Never worry about the things you are not good at. Discover what you are good at and do that, and do it with commitment. But always respect those whose talents are different from your own.’*

*‘See the opportunities in new directions. If you do not change direction, you may end up where you are heading.’*

*‘Never underestimate the capacity of those younger than you to surprise you with their talent. Learn from them, and always revel in the opportunity to combine talents to build a team.’*

*‘The paradox is to live each day as though it were our last and, at the same time, to live as though we will live forever.’*

– Paul Callaghan  
Luminous Moments (2013)



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# THANK YOU

IF WE CAN BE OF ANY ASSISTANCE PLEASE DO NOT HESITATE TO CONTACT US.



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