

27 June 2014

Rt Hon. John Key
Freepost Parliament
Parliament Buildings
Wellington 6160

Dear John,

Update on the TalentNZ project

The McGuinness Institute is a non-partisan think tank contributing strategic foresight through evidence-based research and policy analysis. Below is a brief overview of our work to date and an outline of our work programme going forward. I appreciate you will be busy finalising policy in preparation for the upcoming elections, so I hope our observations prove useful. Party policy statements are valuable documents, so thank you in advance for taking the time to research, reflect and package policy in a clear, concise and accessible manner.

Our *TalentNZ* project explores ways we might implement Sir Paul Callaghan's vision of New Zealand as 'a place where talent wants to live' (his video on the topic has just reached 40,000 views). This project began with the *2013 TalentNZ Journal*, which we forwarded to all MPs, mayors, councillors and council CEOs in New Zealand late last year. This led to four integrated work streams being identified as critical to creating a talent-based economy: *grow talent*, *attract talent*, *retain talent* and *connect talent*.

In December last year, in collaboration with Girol Karacaoglu and Bill Moran from the New Zealand Treasury, the Institute ran a workshop that brought together 28 participants from throughout the country. This workshop proved particularly relevant to the *TalentNZ* project, as it emphasised the urgent need to better connect young people with their dreams and ambitions. The key output was the *2013 Youth Living Standards Framework for New Zealand* (Attachment 1). If you only have five minutes, I encourage you to read the 'Living Standards Metaphor' (see page 5). Learn more about the workshop at www.livingstandardsnz.org.

Earlier this year we undertook a tour of ten councils throughout New Zealand. We met with mayors, councillors and the wider community to discuss initiatives that they might undertake to *grow*, *attract*, *retain* and *connect* talent. This work generated valuable discussion and feedback and culminated in the production of the *TalentNZ Menu of Initiatives* (Attachment 2). Launched by Sam Morgan on 11 June 2014 at NZX, the *Menu* is designed to enable communities to discuss, research, experiment and reflect on initiatives that might work best for their unique situation. We have also set up a website (www.talentnzmenu.org) to provide information on each initiative and showcase examples of what New Zealanders are already doing to bring about change.

We believe countries that do not actively pursue the creation of a dynamic talent-based economy are more likely to fail in the long-term. Talent attracts talent; dynamic talent ecosystems will create a gravitational pull and we want that pull to be in New Zealand's direction. This will require hard work and a mind-set where communities build on their unique strengths. Observations from our national tour of councils are as follows:

- Local government, with the exception of Auckland and Christchurch, have been poorly serviced by central government. These communities are looking for ways to improve outcomes for their citizens. Central government has a critical role as (i) an enabler, putting in place the proper policy settings around issues such as *growing talent* (education), *attracting talent* (immigration) and *retaining talent* (employment practices), and (ii) as an advocate, showcasing good practices.
- Central government, as well as Auckland, should look at ways to incentivise talent to stay in the regions. Auckland's infrastructure is limited in the short-term and in the interest of providing better quality amenities to citizens in both Auckland and New Zealand as a whole, we should look at ways for Auckland to develop positive relationships with regions. We also need to ensure young Aucklanders travel south, connecting with

the country not just Auckland city. We are at risk of creating two countries with very different characteristics, issues, wants and needs – ‘Auckland Inc’ and ‘The Rest Inc’.

- Christchurch is at risk of being forgotten in the next parliamentary term. However, in our view it is arguably the best time to review the policy response to date: what lessons can be learnt and what needs to happen next. It is timely to consider how and who would complete such a policy review.
- Communities and industry sectors need to learn effective ways to map their talent ecosystem, ideally ten to twenty years in the future. This information should then be used by central government and particularly the education sector to grow the type of talent New Zealand needs for the medium to long-term.
- The natural environment may not be the only way New Zealand might *attract talent* and *retain talent*, but it is clearly important – particularly in terms of why people continue to live in the regions. For this reason the Institute has made both a written and oral submission on the Environmental Reporting Bill 2014 (which is currently before the Local Government and Environment Committee). We are concerned that as it stands the Bill is unnecessarily complex, and that its underlying conceptual framework could be simplified. We believe its primary purpose must be to inform the public, rather than MPs and policy analysts. Secondly, we would like to see the underlying conceptual framework to be based on (i) verifiable data about the key ecosystem assets at a point in time (domain reports), and (ii) information that reflects expert judgement on performance over time (synthesis reports). Lastly, we would like to see more regular reports. We propose four ecosystem assets should be reported upon (not the five in the Bill) and that the synthesis reports should occur every two years rather than three. The Institute’s submissions are publically available on our website.

Next steps

In addition to presenting our findings at the New Zealand Treasury and the New Zealand Productivity Commission, we are looking at additional ways to accelerate progress towards a talent-based economy:

- **Think Piece 20: Assessing our immigration framework August 2014**
As part of the *attract talent* and *retain talent* work streams we will publish *Think Piece 20: Assessing our immigration framework*. This think piece considers the need for our immigration framework to be fit for purpose, with a particular focus on the need to build a dynamic talent-based economy and the desire to meet our social, economic and environmental obligations to global citizens now and in the future.
- **LocalNZ: Connecting youth committed to local government Workshop November 2014**
As part of the *connect talent* work stream we are running a workshop designed to connect youth who are committed to local government. We are inviting interested participants (ideally from youth councils) between the ages of 18-25. Please find attached a flyer for this workshop and also a ‘save the date’ invitation for the finale presentation at Parliament on Wednesday 19 November 2014, 12.00 – 2.00pm (Attachments 3 and 4).
- **TalentNZ Journal: Grow Edition 2015**
As part of the *grow talent* work stream, we will showcase 30 examples of innovative ways New Zealanders are growing talent across New Zealand in an upcoming 2015 *Grow Edition* of the *TalentNZ Journal*. Please contact the project manager, Hannah Steiner (hs@mcguinnessinstitute.org), if you know of examples in your electorate that should be included.

At the Institute we value our non-partisan status and welcome comment and discussion. If you would like to meet to discuss any of the above in more detail, please do not hesitate to contact us.

Yours sincerely,

Wendy McGuinness
Chief Executive