

# Fuelling<sub>our</sub> economy

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**PROPOSED SKILLS AGENDA**

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**AUCKLAND WORKFORCE SKILLS**  
FROM THE **EMPLOYERS' PERSPECTIVE**

[www.committeeforauckland.co.nz](http://www.committeeforauckland.co.nz)

**This project defines opportunities to improve the development of the Auckland workforce from the perspective of employers, particularly as they focus on productivity improvements.**

**The proposed skills agenda outlines key topics for focus. You can learn more about why these solutions are required and what is being done to deliver them at the Committee for Auckland website [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)**

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Ministry of Business,  
Innovation & Employment

## FOREWORD



**In March 2012, the Auckland Council outlined a vision for Auckland to become the world's most liveable city. The Committee for Auckland, working alongside the Auckland Council and the Ministry of Business, Innovation and Employment, has identified addressing skills issues as a major strategic priority for Auckland in order to support that vision.**

The foundation for Auckland to become the world's most livable city is a strong, internationally competitive economy; an economy capable of innovating and developing the products and services demanded by an ever-changing global market and one developing and attracting the world's best talent and investment. Building a workforce with the skills required to support our local businesses will be a key determinant of our success in developing an internationally competitive economy.

The first step in that process is developing a skills agenda which accurately reflects the voice of Auckland's employers to inform local and central government action. Auckland's employers, represented by The Committee for Auckland, have come together with public sector and social partners to identify;

- » What are the issues that Auckland employers are encountering, and what challenges do they foresee for the future?
- » What is the skills ecosystem in Auckland and who are the principal participants?
- » What actions are successfully addressing skills issues and what more can be done?
- » Where will local and central government's investment in education, training and skills be most effective?

This project identifies programmes that are currently adding value and areas where development is required. The goal is to provide a clear path towards addressing skills issues currently restricting our businesses and our economy.

The Committee for Auckland looks forward to an ongoing relationship with Auckland businesses, the Auckland Council and the Ministry of Business, Innovation and Employment to deliver the solutions needed to ensure that Auckland transforms into the competitive, vibrant, global city it aspires to be.

HEATHER SHOTTER

**EXECUTIVE DIRECTOR \ COMMITTEE FOR AUCKLAND**



*"The movement of many countries towards knowledge-based economic development inevitably requires the transition to more effective skills formation systems." (Shwajli, 2011)*

If this opportunity is successfully taken, there is potential to make economic gains and generate substantial improvements in social outcomes. If the opportunity is neglected, the Auckland community will have limited resources to address mounting social challenges. The Committee for Auckland, Ministry of Business, Innovation and Employment, and Auckland Council have undertaken this project to pursue the opportunity for success by ensuring the Auckland workforce is sufficiently skilled to meet the needs of local employers.

# THE AUCKLAND SKILLS PROJECT

**Skills issues occur when employers lack access to the human capital required to achieve their objectives. Issues can be skills gaps, skills shortages or otherwise <sup>1</sup>. Returning to growth after the recent recession will increase the hiring activity of Auckland employers and is expected to result in further constraints from the lack of required skills in the available workforce.**

Two types of important employers have been identified: Large Auckland Employers – employers of 500+ staff, and Growth Employers – participants in the industries targeted to drive the growth of the Auckland economy in the future as described by Auckland’s Economic Development Strategy. The Growth Employers of today will hopefully be Large Employers in the future.

This document provides a suite of solutions synthesised from directions proposed by organisations and experts involved in skills

development in Auckland, ideas raised by Auckland employers and a review of the regional, national and international research. Recommendations and conclusions are for the consideration of a broader set of employers and other participants in the skills development system.

The full report containing further information on the data and evidence considered in developing this agenda, and a list of employers who have participated in the project to date is available at [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)

EXAMPLES OF	
LARGE AUCKLAND EMPLOYERS	COMMERCIAL ACTIVITY TARGETED FOR GROWTH
Auckland Council	Exports generally, and export education
Universities	Digital content
Hospitals	Food and Beverage
Major retailers of food or consumer goods	Health Technologies
Banks and insurance firms	ICT, electronics and equipment
Business services firms that conduct cleaning, facility management and maintenance	Marine
Hospitality firms that operate hotels and provide services to tourists	Screen production
Manufacturers that produce food, beverages, or construction inputs	Biotechnology

<sup>1</sup> See glossary for definitions of skills issues and more





# THE SKILLS DEVELOPMENT SYSTEM AS AN ECOSYSTEM

The means of developing the wide variety of skills required to operate an economy and society reveals a complex system that links students, employers, educators, public and private training organisations, industry development entities and local and central government agencies to each other, and to a range of economic to social objectives.

There has been a great deal of change in the skills development system of New Zealand in the past few decades. As knowledge progresses so should the content in our education system. Development of new products and services requires new workplace activities to deliver them. New technologies also enable us to change how, where and when we learn and work.

The emergence of new knowledge and technologies will further change the system in ways we cannot anticipate. Therefore the skills development system must be adaptive. A successful skills development system will identify the needs for change and respond effectively.

The complex nature and adaptive requirements of the system results in ongoing evolution, comparable to an ecosystem. Ecosystems are diverse with participants operating in various niches, with distinctive roles and objectives. There are roles for large and small participants, and often interdependencies between them. Ecosystems do not have fixed relationships with a predictable future, and there is no persistent optimum equilibrium – no ‘balance of nature’ that the ecosystem will tend towards.





Auckland employers report skills shortages now, yet many vacancies remain unfilled despite 54,300 people being unemployed. The number unemployed is double the number five years ago, and about 27,000 Auckland youth are Not in Education, Employment, or Training (NEET). There are also concentrations of disadvantage within regions and ethnicities in Auckland. You can find more detailed information about how the Auckland skills development ecosystem is performing at [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)

The Auckland skills development ecosystem could be established in a cycle of continuous improvement where the increasing skill levels of workers drive improved business performance which enables businesses to offer better benefits to encourage workers to develop even better skills. Or the system could settle into a challenging vicious circle in which businesses do not earn

enough to reward skilled workers, which means that fewer workers will become skilled.

This project proposes that the Auckland skills development system should be managed as an ecosystem in order to reduce skills issues and improve outcomes.

Managing the system to achieve preferred outcomes will require ongoing interventions, and the ability to assess the effect of and then modify interventions to amend the effect. This ability may be more important than the initial decision about what interventions to undertake. Effective performance of the system requires mechanisms to ensure that emerging issues are identified and responded to, that the impact of interventions is assessed and feedback loops are established for ongoing management.



## THE PRINCIPAL ACTORS

Auckland employers expressed concerns that the skills development ecosystem was so complex they were not able to identify all the participants, much less understand who they were meant to work with and how. In addition, the principal actors may be pursuing objectives outside of skills development. Examples reported demonstrated that some skills outcomes were compromised through competing objectives or a poor understanding of the roles of other participants. To remedy these situations employers sought a description of the key participants and their roles in the ecosystem.

**Individuals** make decisions that determine the pool of skills in any economy. Individuals judge whether it is worthwhile to invest their efforts in becoming skilled for the expected benefits such as social standing, personal curiosity, or economic gain. **Advisors**, like parents, play an important role in guiding individuals throughout their education as even the level of skills they acquire in compulsory schooling is affected by whether the individual thinks the skills will be useful to them in the future, and whether someone will pay them more for having those skills.

PRINCIPAL ACTOR	DESCRIPTION AND ROLES	ADDITIONAL OBSERVATIONS
INDIVIDUALS	<b>Individuals</b> invest in skills with net positive outcome to support pursuit of income and personal objectives	Influenced by <b>Advisors</b> such as parents or friends in setting goals and assessing likely results of gaining skills
EMPLOYERS	<b>Businesses</b> achieve economic results through managing the application of the skills of individuals, and are focused on profit maximisation	<b>Engaged Employers</b> are a special case, who not only apply but develop the skills of their workers, sometimes compromising near term profit maximisation
EDUCATIONAL INSTITUTIONS	Deliver skills and knowledge, develop further knowledge, establish capable citizens and effective workers	Much content that education delivers is becoming available online and to individuals directly
ECOSYSTEM MANAGERS	Improve system outcomes by assisting or advocating for principal actors, communicating skills needs, conveying funding or conducting research,	This diverse population includes private entities like industry associations, government agencies like MBIE, local government and special purpose NGOs

**Businesses** apply the skills of individuals to generate profit. Businesses are often most efficient when they focus solely on profit maximisation, and that focus can be so strong it overwhelms any other objectives. **Engaged Employers** are a category of businesses who, to a greater or lesser degree, do not focus solely on profit maximisation. Some Engaged Employers have objectives other than profit stated explicitly. Consider Auckland Council. While the Council seeks to be efficient in its use of funds, the community of Auckland assesses the Council's performance on a broader set of objectives and would likely not tolerate selling all park land to increase assets or reduce rates. Businesses that appear to be profit-focused can also have a broader set of objectives. Their owners may value a wider set of objectives than strictly profit. Or they may operate with a long term view. More information about the activities of engaged employers is available at [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)

**Educational Institutions** formally deliver knowledge to students from toddlers to seniors. The numerous and varied objectives of these organisations can distract from the very important need for educational institutions to ensure graduates have the skills employers seek. Educational institutions take many forms, tailored to the nature of their instruction and attendees, ranging from basic skills delivered at primary and secondary institutions to language skills delivered to migrants at English language institutions and technical skills honed by expert craftsmen in industry training to the development and extension of knowledge which takes place at universities.

**Ecosystem Managers** seek to manage the nature of the skills pool at a higher level. These organisations vary from industry organisations to local and central government agencies concerned with the range and expertise of talent available to employers.





# THE ECOSYSTEM IS NOT PERFORMING AS WELL AS IT COULD

## THE SKILLS IN DEMAND IN AUCKLAND

**To build skills and engage in life-long learning individuals need to know which skills are in demand.**

Numerous sectors are experiencing skills shortages in Auckland, for example in health and medical, ICT (Information and Communications Technology) and electronics. Engineers are recognised to be in short supply globally and that was reinforced by interviews to be the case here in Auckland.

Most employers interviewed are also concerned that it is very hard to find employees with strong non-cognitive skills as well as technical expertise. Non-cognitive skills, sometimes labelled EQ or 'soft skills', are defined as one's habits of thinking and acting, and include characteristics like self-discipline, gregariousness, conscientiousness, and agreeableness. Cognitive skills are the abilities normally measured through school exams and IQ tests.

Further detail of the skills in demand is available at [www.committeeforuckland.co.nz/skills](http://www.committeeforuckland.co.nz/skills) and through information providers like CareersNZ.

## THE POORLY SKILLED IN AUCKLAND

**Constraints on employers and their economic activity caused by skills issues was not the greatest concern expressed in interviews. Businesses will compete to access the best skills in Auckland or abroad, or they will develop the required skills and modify business practices as required to optimise their situation. The greatest concern expressed was that the skills development ecosystem in Auckland is failing to adequately develop skills for all the individuals who live here.**

Engaged Employers expressed concern that many candidates in the Auckland community do not have the skills to be employable. There were instances where candidates were noted to be highly skilled, but they did not have the skills to match employer requirements. Many candidates, however, lack basic skills altogether.

Research supports this concern - COMET reports that there is a substantial literacy and numeracy skills gap across Auckland and indicates 44% of adults have low literacy and 51% have low numeracy (Sutton, 2010). That is a troubling statistic for any population, and particularly a city that seeks to establish a knowledge economy.



## EMPLOYERS CANNOT FIX SKILLS PROBLEMS BY THEMSELVES

**Skills are portable and travel with the individual so businesses that invest in skills development are at risk of losing their investment. This leads businesses to remedy their skills issues through improved access to skills, often located elsewhere, and not necessarily through improving the skills of the population at hand.**

Engaged employers may be more inclined to take a longer term perspective, realising there are risks in perpetually engaging with new populations, but there are limits to how much profit they will concede in order to achieve benefits for the wider community. Without compensation, successful businesses may eventually relocate to a better skilled workforce rather than expending their resources to develop a poorly skilled workforce. A community which supports businesses in developing workforce skills may retain businesses and may even convince the business to invest in skills development.

## GREAT EFFORT, BUT TO THE RIGHT END?

Numerous reviews of the skills development ecosystem are underway or recently completed. This indicates it has been widely recognised as needing improvement. However, it is crucial that the various reviews are sufficiently integrated and guided by the appropriate objectives to ensure the efforts will result in a true system-wide improvement.

SUBSTANTIAL EFFORT TO IMPROVE THE SKILLS DEVELOPMENT SYSTEM		
SYSTEM ELEMENT	TIMING	CHANGE OR REVIEW
Fundamental education pipeline	Reported 2011	Early Childhood Education
	Underway	Inquiry into 21st Century Learning Environments and Digital literacy
Secondary schools	In Development	Introduction of vocational pathways
Industry focused training	August 2012	MOE review of industry training
Tertiary educational institutions	July 2012	Changes to level 1 and 2 SAC funding
Qualifications	Initially 2011, ongoing	NZQA Reviews of Qualifications
Advice and support to individuals	Underway	CareersNZ review
Business support and development	From July 2012	MBIE formation, one-stop online business support



## PROPOSED SOLUTIONS: THE SKILLS AGENDA

There is a substantial international and domestic body of research around skills development. There are known gaps in the data, but there is much agreement around some actions and a few hypotheses to be tested. The imperative should be to take action, and where necessary to pilot and determine whether a particular hypothesis is correct.

# TAKE ACTION

The following section describes the solutions proposed by employers to address the issues they encounter. The evidence-based management solution described on page 20 helps to define how to effectively take early action and refine solutions as they are progressed.

More information about evidence-based management can be found at  
[www.committeeforackland.co.nz/skills](http://www.committeeforackland.co.nz/skills)







# BUSINESS ESSENTIALS

## BUSINESS SOLUTIONS ELEMENTS OF SKILLS AGENDA

Improved managerial skills

Workforce planning

Employer-led investment for productivity improvements

Delivery of non-cognitive as well as cognitive skills by educational institutions

Development and communication of flexi-work options

New Zealand-relevant expertise and research

**There are capable businesses operating in well-developed clusters that stand out as examples for successful skills development in Auckland. Industry development is suggested as an important complement to skills development, and industry associations are identified as effective mechanisms to deliver many of the solutions. In their absence, local or central government may be required to cover the gaps.**

### FIRST PRINCIPLES: IMPROVED MANAGERIAL SKILLS

Many employers take action to improve the quality of the candidates and skills available to them, with investment levels running to millions of dollars each year. This includes coordinating with education providers to ensure curricula are appropriate, providing internships or work experience for students, participating in introductory training programmes that are company or industry specific, rotating staff for development domestically and internationally, foreign recruiting including attending job fairs overseas, and establishing overseas offices to access other labour pools.

These employers observe that many others are not making the same investments. It is difficult for SMEs in particular as they lack the scale of resources and staff to attend to such matters.

Research indicates New Zealand managers are not consistently strong performers, particularly in Human Resources matters, and that they often over-estimate their skills. Furthermore, New Zealand does not have the same number of large businesses found in most other economies and

has a strong tradition of owner-operators who are less likely to have formal management training.

Skills gaps at the managerial level were suggested as a root cause for the skills issues cited as they result in employee skills being used but not developed further by the employer. Additionally, superior employee skills may be required to compensate for poor business processes.

Although the challenges of small organisations dominated by owner-operator models have been identified in the past, the need to establish and stronger greater professional management practices persist. Lifting the average managerial skill level in Auckland firms by ensuring feasible skills development paths are accessible and used could remedy this situation. Many programmes are already established such as tertiary qualifications in management, entrepreneurship and owner-operator training through the ICEhouse and other university-based providers, professional training through the Institute of Directors, and business development services through ATEED.









## BUSINESS ESSENTIALS

### LOOK AHEAD: CONDUCT WORKFORCE PLANNING

**Most skill shortages are foreseeable or have been around for a long time. While most skills requiring more than one year to acquire, few employers conduct workforce planning more than one year forward. To address this issue workforce planning should be undertaken at appropriate industry and regional levels.**

Workforce planning is best aligned with industry or cluster development. Industry, professional associations, large employers and other agencies should be encouraged to develop workforce planning, perhaps drawing on 'how-to' support from expert resources based in Council or Ministry of Business, Innovation and Employment.

Once industry associations and large individual employers have established their workforce planning activities, Government should then coordinate, collate, and conduct regional analysis where industries and other agencies leave important gaps. Council or CareersNZ should provide the resulting information to educators, students and their advisors, and employers. Descriptions of workforce planning and links to examples are available at [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)

### FOCUS ON PRODUCTIVITY: LET THE EMPLOYER LEAD INVESTMENT

Workplace literacy deficits and other skills deficiencies are widespread. Government's assistance with workplace skills development is currently provided with administration costs and content requirements that significantly reduce the net benefit to the employer.

As a result, some employers have abandoned literacy programmes or have independently developed unfunded work-embedded programmes. Government should revise funding eligibility policy to allow literacy improvement to be embedded in productivity-motivated skills development programmes. Employers could then identify and pursue opportunities for productivity or other gains which require improved literacy skills, such as introducing computer control systems to a process.

The end result would be literacy training focused on work-related content and funded substantially by the employer, but supplemented by Government contributions based on the achieved general literacy gains.

## BUSINESS ESSENTIALS:

### ADDRESS THE FUNDAMENTALS: DELIVER NON-COGNITIVE SKILLS

Non-cognitive skills, also known as soft-skills, are critical but reported as widely lacking. Many employers report that non-cognitive skills have become the primary criteria in hiring. Infrastructure firms confidently report that they could increase revenues and improve productivity more through enhanced non-cognitive skills amongst their engineers than through advances in technical skills.

SKILLS THAT EMPLOYERS VALUE	
COGNITIVE SKILLS	NON-COGNITIVE SKILLS
<b>Knowledge, Ability, Intelligence, 'Smarts'</b> <ul style="list-style-type: none"><li>• Accounting</li><li>• Engineering</li><li>• Biology</li><li>• Welding</li></ul>	<b>Personality, Attitude, Values, beliefs</b> <ul style="list-style-type: none"><li>• Enthusiasm and drive</li><li>• Persistence</li><li>• Work ethic</li><li>• Professionalism</li><li>• Conscientiousness</li></ul>
<b>Which enable the employee to</b> <ul style="list-style-type: none"><li>• Compile financial records</li><li>• Calculate bracing requirements</li><li>• Conduct environmental impact study</li><li>• Fabricate metal structures</li></ul>	<b>Which enable the employee to</b> <ul style="list-style-type: none"><li>• Lead and participate in a team</li><li>• Complete a project or difficult tasks</li><li>• Communicate effectively to distant staff or clients</li><li>• Empathise with a client</li><li>• Learn from others or adapt processes to change</li></ul>

Research indicates the most efficient way to deliver a workforce with the non-cognitive skills that employers seek is to ensure high quality non-cognitive skills development is delivered in early childhood education and reinforced at secondary school. Assessing youth transitioning to work and providing supplemental non-cognitive skills development in the workplace would remedy non-cognitive skills gaps of those who missed early development opportunities.

In order to achieve this employers must engage with the education system, directly or through industry associations, to specify needs and promote non-cognitive skills development. Government will then have support to increase the priority of non-cognitive skills development. Non-cognitive skill development is currently included in the curriculum but the employer view is that delivery is not sufficiently effective.

### INCREASE THE DEVELOPMENT AND AVAILABILITY OF FLEXIBLE WORK OPTIONS

Communications and workplace management technologies are available to support more flexible work options however few employers offer the options and many lack experience or knowledge in designing and delivering them. Most employers recognise they will have to offer flexible work options in the future as more staff are seeking modified or reduced working hours due to aging or family obligations.

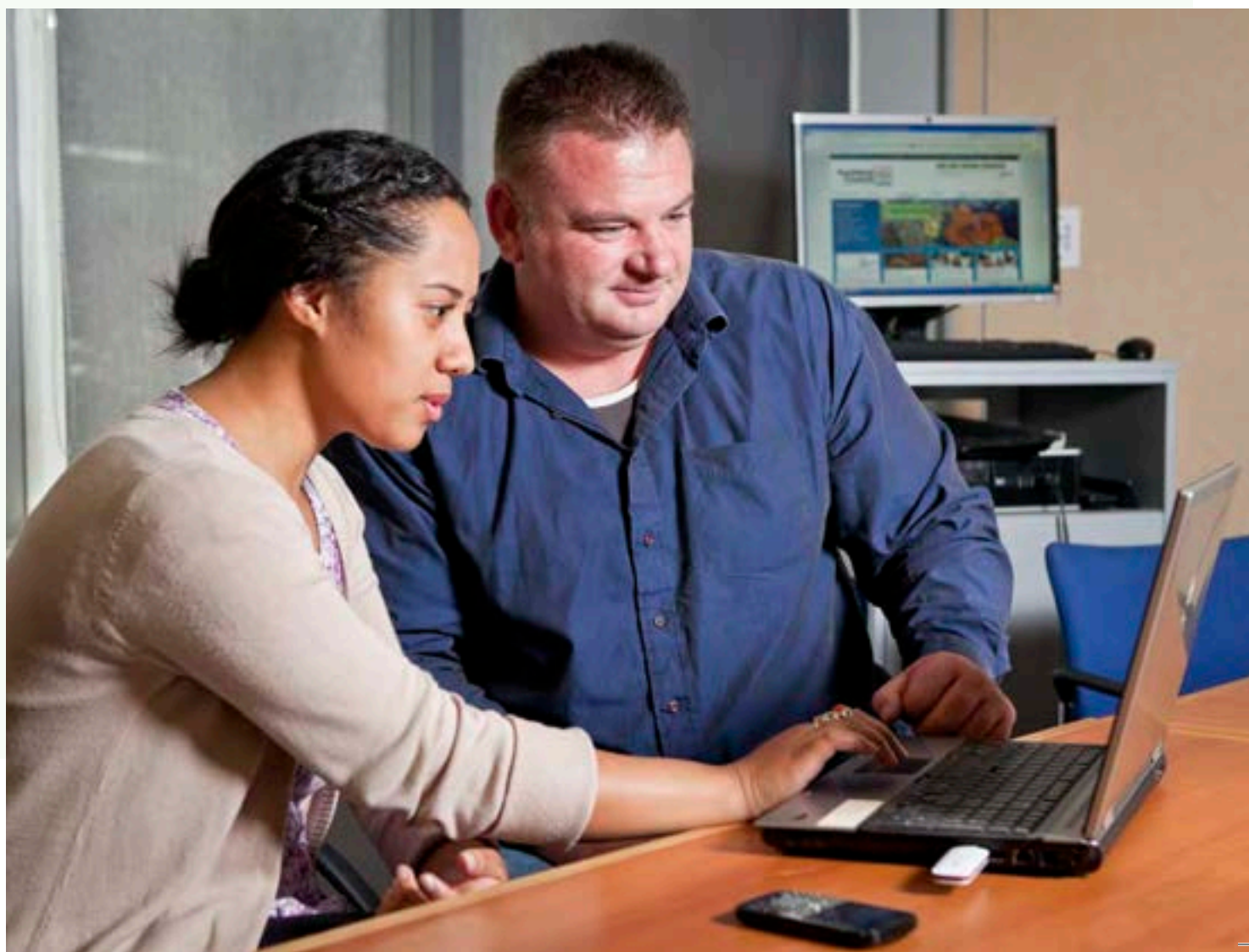
Identifying, codifying, and disseminating flexible work option management methods would support employers. This could be done in 'how to' resources and case-study examples broadly available or in a more focused manner through relationships established around collaboration efforts and cluster development. Such action could be taken by central government, the Auckland Council or Local Boards, or an industry association.

## ENCOURAGE THE DEVELOPMENT OF NEW ZEALAND-RELEVANT EXPERTISE THAT IS SOUGHT BY EMPLOYERS

**Research conducted in graduate studies in New Zealand is too rarely useful for Auckland (and even New Zealand) employers. The issues of research design and subject selection are attributed to the requirements imposed in acquiring funding and an assessment process that is not aligned with New Zealand's interests. As a result, students are developing expertise that leaves them with limited employment prospects.**

Some employers are attempting to address the issue through improved links with education providers, participating with graduate students in selecting topics and conducting research in advanced studies. More needs to be done at industry level rather individual employers. These activities are better provided at industry level to deliver the required resources, scale and coordination.

A two part solution to encourage the development of New Zealand-relevant expertise that is sought by employers is: employers communicate their preferences for research subjects and activities; and then funding to be allocated in a way that can better accommodate the employers' preferences.



# UNDERSTANDING AND EFFECTIVELY MANAGING THE ECOSYSTEM

## CLARIFY ROLES AND RESPONSIBILITIES AND ESTABLISH FEEDBACK MECHANISMS

**Employers currently find the skills development ecosystem confusing and complicated and only want to engage with the section relevant to their industry and their skill sets.**

Roles and responsibilities of participants in skills development need to be clarified. The Committee for Auckland, Ministry of Business, Innovation and Employment and Auckland Council intend to provide an initial description of the principal ecosystem actors through this project. Further development and description is required at the industry level, supported by ATEED, industry associations, and CareersNZ.

Feedback mechanisms need to be established for employers to determine and communicate what educators are doing well and where improvement is required. Follow-on participation by employers in pursuing opportunities for improvement will further enhance outcomes.

At the highest level employers should be consulted to determine needs. A variety of options could be offered such as an open summit between employers and educators, virtual interaction, and a survey or research which does not rely on proactive employer action. Actions such as these require a centralised organiser to conduct or coordinate, and where industry associations do not deliver

Council or the Ministry of Business, Innovation and Employment can cover the gaps.

## EVIDENCE-BASED PROGRAMME MANAGEMENT

Many organisations are making youth work-ready through actions like exposure to work environments, student work experience, or alternative vocational support. The variation of approaches and outcomes means it is likely that some programmes are much better than others, and the overlaps among these programmes leads to concern that there is duplication of efforts.

The lack of systematic evaluation leading to expansion of successful programmes and closure of less successful ones means that inferior programmes may persist and draw investment that could have gone to better programmes. Additionally, these organisations frequently seek employer support and participation. Employers face substantial costs to assess programmes to decide where to participate, so some are inclined to give up rather than persevere.

Evidence-based programme management should be defined and implemented to focus resources, roll out effective initiatives, and cease less effective activities. Council or Government





should communicate the principles of evidence-based management to Local Boards, Employers, Educational Institutions and Individuals. Programme funding decisions should be made on the basis of these guidelines and programme designers, volunteers, and other participants make use of evidence-based management and related practices.

An additional benefit is that programme designers who are aware of evidence-based management are more likely to provide information employers and funders seek, such as:

- » relevant success metric compared to a control group
- » share of costs spent on administration versus programme

More information about evidence-based management can be found at [www.committeeforauckland.co.nz/skills](http://www.committeeforauckland.co.nz/skills)

## SHARE THE DATA TO SUPPORT GOOD DECISION-MAKING

Employers reported that New Zealand students appear to be making poor course selection choices and are unaware of employment prospects when making decisions.

Students and their advisors need to have much more and better quality information available, about:

- » Future skills demand
- » Education and skills development requirements for occupations
- » Employment outcomes for courses and educational institutions, including completion rates, employment rates, and incomes earned

The data must first be captured or generated, then the information should be communicated. As described in the next section, Auckland Council should provide information on future skills demand by industry, based on workforce planning. CareersNZ should provide data on education and skills requirements for occupations, sourced from industry associations or ITOs. Statistics New Zealand's Integrated Data Infrastructure can provide data on employment outcomes.

Many of these same organisations will be involved in communicating the information: CareersNZ makes data available to students and their advisors; Council, specifically ATEED's export education resource, will need to share the information with those recruiting and educating international students; and Educational Institutions should make use of the information to define expected course demand.





# INTERNATIONALLY CONNECTED AND EFFECTIVELY BRANDED

## BETTER MANAGEMENT OF INTERNATIONAL STUDENTS TO ADDRESS SKILLS GAPS

**International students could make a much more valuable contribution to the skills supply in Auckland. However, despite seeking employment in Auckland after study some students have selected courses that are not the ones employers need and other students who have taken the desired courses depart without being offered employment. Insufficient high quality effort is made to retain them.**

International students who come to Auckland for education should be more actively recruited to address skill gaps:

- » Develop a targeted approach to attract students to specific areas of study based on known skill shortages
- » Develop an Auckland brand to promote to international students
- » Improve pastoral care for international students
- » Increase the exposure of international students to employers, employment opportunities, and internships

Information resources established through other initiatives should be made available to international students, perhaps through ATEED's support of the export education industry. Enhanced pastoral care could be delivered through Auckland Council with support from potential employers. Required coordination activities may be conducted through the local connections of Local Boards and industry associations.

### ADDITIONAL ELEMENTS OF SKILLS AGENDA

#### ECOSYSTEM MANAGEMENT ELEMENTS

- Clarify roles and responsibilities
- Evidence-based management
- Share relevant data

#### INTERNATIONALLY CONNECTED ELEMENTS

- Effective export education sector
- Global jetstream of migrants
- Brand Auckland

## THE GLOBAL JETSTREAM OF MIGRANTS

Many employers asserted that concerns about migrants should be more about the volume and skills of those coming in and less about those leaving. Skilled migrants are being courted around the world with tax incentives and concessions that send an important signal which New Zealand is not matching. Skilled migrants may not make a single decision about where to relocate, some will make location decisions several times and their stage of life will affect what they value.

Auckland Council should assess and determine where Auckland is best advantaged for different stages of life and migrant populations, then focus resources on competing at those points. Such activities would have to be closely aligned with the immigration policy of central government. Employers should be involved to focus efforts on areas of greatest payoff, based on their needs and experience with migrants. Auckland Council should communicate the value of migrants alongside current New Zealand residents to establish an appropriately skilled workforce.

### AUCKLAND NEEDS TO BETTER DEFINE AND COMMUNICATE ITS BRAND AS NEW ZEALAND'S GLOBAL CITY

New Zealand's clean green reputation and image are valuable but not a sufficient base for Auckland business success. Extending the Auckland brand beyond 'liveable city' would support business activities, and is particularly important for exports. Auckland could be branded as "New Zealand's global city".

Intentions stated in the Auckland plan to describe the innovative aspects of Auckland are a step in the right direction. However, the branding effort must go beyond claims about a currently fashionable phrase and be based on the nature of what the city has to offer. Auckland's brand must be complementary to New Zealand's and leverage the value of being embedded in the wonderful natural environment of New Zealand.

The Council should establish brand definition and materials with input from exporters and other relevant employers. Employers will need to provide input to Council on desirable characteristics to communicate, then make use of branding and align image. Employers interviewed, particularly exporters, feel that characteristics like clever, young, ethical, vibrant and creative merit consideration.



# WHERE TO FROM HERE

Ideas about how to improve the skills development ecosystem are readily available and even accepted by employers, educators, and other participants in the ecosystem. Yet progress is hindered by the lack of coordinated effort across the system.

Focusing on a manageable number of critical initiatives within broader efforts promoting industry development and productivity improvement is a path that employers feel has the most potential to achieve improved economic performance. Currently too many skills initiatives are ambulances-at-the-bottom-of-the-cliff rather than fences-at-the-top. Until the current skills issues are addressed, solutions of both types will be required, but the objective should be to move towards better system management to avoid crises more than respond to them.

THE SKILLS DEVELOPMENT ECOSYSTEM	
CURRENT	IMPROVED
Individuals make decisions based on what they wish for, or based on the opinions of friends and advisors who have limited access to information beyond their own experience	Individuals and their advisors are presented with diverse options and facts as well as an indication of what employers expect
Skills development through a diverse collection of loosely affiliated entities with overlapping, poorly coordinated or even competitive objectives	Skills development focused on the best possible returns to employees and employers, driven by industry development
Some population segments left far behind to cause concern and generate friction	Investments to improve outcomes for challenged population segments recognised as an effective means to raise overall outcomes
Government agencies pursuing social outcomes, relying on engaged employers willing to compromise business performance	Engaged employers and government agencies pursuing economic outcomes through development of strong clusters in targeted industries
Auckland brand is effectively the access point to clean green New Zealand, aspires to duplicity of being both large and small	Auckland brand is distinguished as the clever creative innovative urban environment within clean green New Zealand
Study, plan, and review undertaken within many system components. Recommended next steps are primarily further study or action, with limited testing through pilot programmes	Preference to action – well-designed and evaluated pilots to learn and test through action rather than study. Capture evidence to scale up or improve further pilots.



Recent central and local government initiatives have provided a sound basis for future success:

- » Many components of the skills development ecosystem have received recent review or revision;
- » The Government has established goals to guide and assess success in skills development;
- » Industries for growth have been identified.

Now is the time for action to ensure the right skills are available where and when they are needed.

The employers' preference is that action is initiated from the business perspective, although the limited resources of many businesses effectively means industry associations and Engaged Employers should be looked to first to action the solutions suggested. This means businesses should participate in industry associations and development to pursue productivity gains, communicate related skills needs, and link as appropriate to education providers.

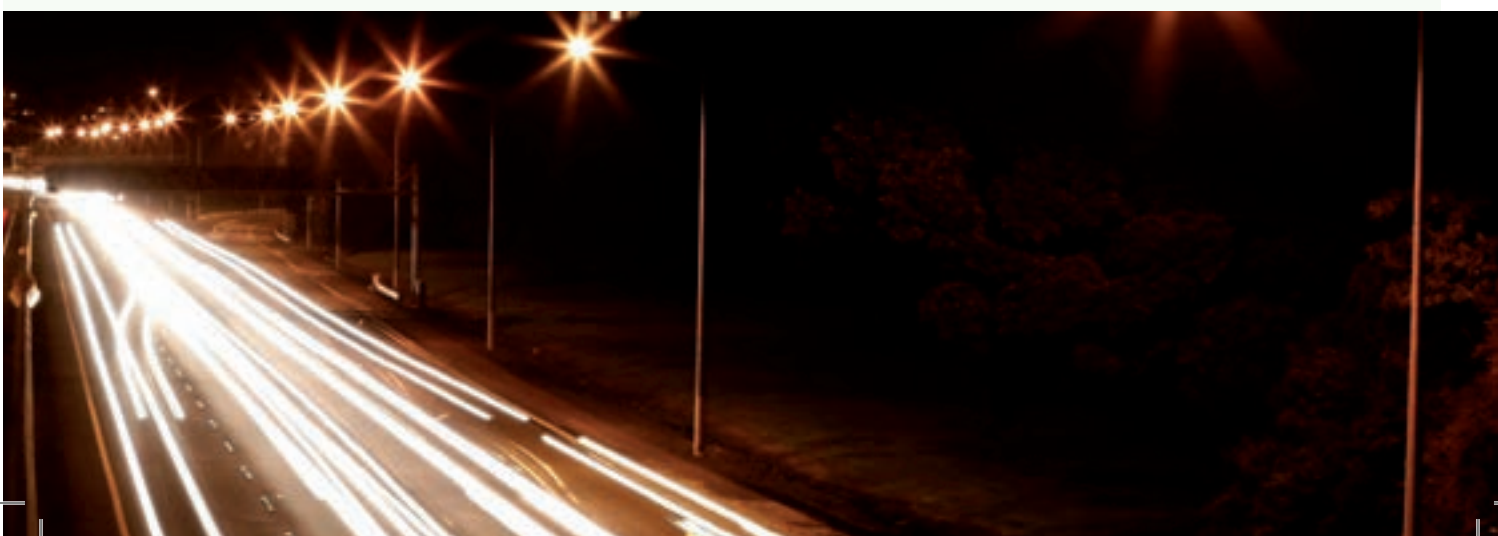
Central and local government have a critical role to play in coordinating, supporting through pools of expertise, and covering gaps where industries do not undertake the necessary activities. ATEED in particular has industry focus and business development objectives that could motivate it to support industry associations and stimulate the workforce planning required for the region. Local Boards should utilise local community connections to ensure their business communities and

associated industry representatives are heard. These Boards should also seek to understand the cluster development process and ensure all Engaged Employers are participating in skills development. Where employers are generating benefits to the broader community, the costs they incur should be recognised and mitigated to some degree.

Central government must ensure that information to manage the system well is shared. This means regular summits or research to supplement the industry specific education links to be established by industry associations. Relevant data to assist individuals in their skills development decisions must also be made available.

Auckland needs to define a brand that is consistent with New Zealand's image but supports the aspirations of businesses. This branding should be designed and shared with an eye to increasing the export education sector and attracting and retaining relevant skilled migrants. The Council is well placed to consult with the various stakeholders including Local Boards, employers, ethnic communities and ratepayers.

Undertaken as a suite, the solutions proposed here are an important part of what is required for Auckland to achieve economic and social objectives. Economic performance can be improved markedly, and the social benefits of an increasingly skilled workforce will help make Auckland one of the world's most liveable cities, and New Zealand's global city.





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## GLOSSARY

<b>ATEED</b>	Auckland Tourism, Events and Economic Development. A council-controlled organisation, intended to help lift the Auckland region's economic wellbeing, and support and enhance the ability of the region to compete internationally.
<b>Central government</b>	government that is elected to deal with issues relevant to New Zealand and its people as a nation.
<b>Community</b>	a group or society; interacting entities living in proximity, often sharing common values or developing social cohesion, to some degree reliant on one another.
<b>Engaged employer</b>	employers that choose to participate in skills development, including specialised work skills that are likely to benefit their operations or their industry in the future, or more general work skills that may not directly result in net benefits to themselves but improve outcomes across the community.
<b>ITO</b>	Industry Training Organisation. ITOs develop and arrange workplace training for the industry that they represent.
<b>Individual</b>	a person of any age, also referred to as a student, employee, or worker.
<b>Industry association</b>	an organisation funded by members, participating to promote and develop an industry, usually through development and sharing of resources, expertise, and some degree of coordinated interests and actions.
<b>Global City</b>	a location that exhibits influence and connection outside the borders of the country in which it is based. These locations are observed to have higher levels of productivity in their economy, attributed to agglomeration benefits.
<b>Local government</b>	Local government makes decisions about local issues and services, having regard to local needs and priorities.



<b>Local Board</b>	a part of Auckland Council, the 21 Local Boards are intended to enable local representation and decision making on behalf of local communities. The Council expects the Boards to: have a role that spans most local government services and activities; make decisions on local matters; and provide local input into region-wide strategies and plans.
<b>MBIE</b>	Ministry of Business, Innovation and Employment. The purpose of MBIE is to be a catalyst for a high-performing economy.
<b>NEET</b>	Not in Education, Employment, or Training. A statistical category which is particularly relevant for youth and often indicates an unsuccessful transition from education to workforce.
<b>Skills gap</b>	an employer finds that their employees lack the skills to perform tasks required to effectively conduct their work.
<b>Skills shortage</b>	an employer is unable to fill vacancies in recognised occupations/specialisations where pay, conditions and location are reasonable.
<b>Skills issue</b>	when an employer experiences skills gaps or shortages that have a negative effect on organisational or economic performance.
<b>SME</b>	Small and Medium-sized Enterprises. Internationally usually businesses of less than 50 staff. In New Zealand the definition is sometimes based on 20 or fewer staff.
<b>TEC</b>	Tertiary Education Commission. The TEC is responsible for managing the Government's \$3 billion annual funding for tertiary education and also provides policy advice and implementation across the sector.
<b>Workforce plan</b>	A comparison of current workers plus the addition of workers based on training and migration trends against the expected demand for workers based on current demand, employer projections of employment needs, and trends of determining factors like population or projected activity within or related to that industry.

## ABOUT THE PROJECT SPONSORS

### Committee for Auckland

The Committee for Auckland Limited is a not-for-profit organisation set up to contribute to making Auckland one of the world's great places to live and work. We are an independent, evidence based, thought leadership organisation promoting an innovative approach to a range of complex issues.

We are committed to supporting both short and longer term projects that seek to promote positive social, economic, environmental and cultural change for Auckland and provide our members with opportunities to make a positive contribution to the wider Auckland community.

We seek to provide connections and nurture partnerships between business, government and non government organisations, and community groups to promote cross sector engagement around crucial issues impacting our region.

Our strength is built, not by the advocacy of an individual member or a particular point of view, but by the collective support of our members to advance Auckland as a dynamic and exciting place to live and work.

All activities and projects undertaken by the Committee have a relentless focus on outcome.



## MBIE

The purpose of the Ministry of Business, Innovation and Employment (MBIE) is to be a catalyst for a high-performing economy.

The Ministry develops and delivers policy, services, advice and regulation for businesses to support economic growth and promote the prosperity and wellbeing of all New Zealanders.

The Ministry supports the development of New Zealand's talent, ideas and enterprise by:

- » Building trusted, competitive and effectively regulated markets with participation from confident businesses and well informed consumers
- » Ensuring businesses have access to the skills they need, and that current and future demand for skills is matched by supply
- » Ensuring safe and fair workplaces
- » Developing and supporting a high-performing science and innovation system
- » Lifting businesses' capability through ideas, access to capital and relationships particularly in support of international participation and success.
- » Supporting the development of efficient, effective infrastructure
- » Enhancing the value of New Zealand's natural resources

The Labour Group of the Ministry of Business, Innovation and Employment has a commitment to safe and skilled workplaces, lifting firms' productivity and maximising New Zealand's economic performance to grow jobs and wages. To do this the Ministry is working alongside Auckland Council on the implementation of the Auckland Economic Development Strategy. The focus is on opportunities where central and local government can coordinate activities to meaningfully increase Auckland's skilled workforce, particularly by incorporating a greater proportion of school leavers and the Maori and Pasific workforce.

## Auckland Council

The Auckland Council represents nearly 1.5 million people stretching from Wellsford in the north to Franklin in the south. The council has two decision-making parts – the governing body which is made up of the mayor and 20 councillors, and 21 local boards made up of 149 members. The governing body focuses on issues, decisions and strategies affecting the whole region while local boards represent their communities and make decisions on local issues.

Investing in people to grow skills and a local workforce is a key priority in the Council's Auckland Plan and Economic Development Strategy. Auckland's future growth, innovation and prosperity depend on a skilled and diverse workforce. Skills are critical to economic change – to making business competitive. This is why the Council works with central government, business, tertiary and industry bodies to achieve a coordinated approach that invests in people.

## COMMITTEE FOR AUCKLAND

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A white triangle pointing to the right, containing the text "Committee for Auckland" in green.

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