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# PATRICK NOLAN

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*Patrick is the chief economist at Reform, a British think tank focused on public policy and economic prosperity. Before moving abroad in 2009, he worked for the New Zealand Treasury and as an economic advisor to a front-bench minister in the Labour government. Patrick is returning to New Zealand in early 2014 to work at the Productivity Commission.*

## 1. In the context of your professional background, what does 'talent' mean to you?

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People talk about emotional intelligence, but to me talent is a more concrete thing, so the ability to do modern things that the modern workplace requires. I think the more important things are the harder skills, particularly the way they match with the evolving labour market – so the ability to set up computer networks in the office and use Google Calendar and all that sort of stuff. Because actually there's emotionally balanced people everywhere all round the world, it's not a particularly tradable commodity, whereas being able to do things is more tradable.

## 2. Are you aware of any talent gaps that exist or might arise within the next ten years?

In terms of gaps, I think the changing nature of the workforce is quite important. The increasing number of older workers is going to be a real issue. I think also the younger workers who have been locked out of the labour market with the recession, seeing how

that plays out over the next few years – whether or not they can go back into the labour market and effectively get back onto the track they would have been on or if they've had a permanent shock to their performance – is actually quite important as well.

In New Zealand it's actually both groups [older and younger workers] that are important because New Zealand's relatively supply-constrained in the sense that there's just a shortage of people who can do things. In New Zealand I think making use of older workers, ensuring that younger workers aren't permanently damaged in terms of their productivity, those sorts of things are quite important.

## 3. How do successful organisations attract, keep and grow talent?

Money. So I mean, I know at my organisation we try and pay well. Providing work that varies over time, because you want people to stay with you. One of the big costs is in having to replace people. It's a real hassle to find new people, so you really don't want to have turnover. So having a job that can grow

as people grow. Once someone's been in a job for a year, they'll have much more capacity to do it so the role has to increase with the person. I think providing opportunities, growing roles is quite important.

## 4. Think about talent hubs around the world, what is cool and why?

I guess it depends on what the hub is about. So, for example, London's got a very good hub for things like computer games, obviously finance, law, the services. It's still either one or two with New York in terms of financial centres in the world. For other things, you look at maybe engineering or something, more seems to happen in other countries like Australia so it's different. It depends on your sector really, and your segment.

In London they're trying to build a hub around computer games and IT, sort of an equivalent to Google in California: Silicon Roundabout. What's driven that, obviously it's the critical mass of people. London's got 7 million people so it can get that scale. I think it's also come from the fact that the government

has been driving it. The prime minister had someone in his office called Rohan Silva who's very engaged on this thing, and also it's come partly from other sectors that you wouldn't think of, like financial services. There have been a lot of people in the financial services sector who have put money behind it as well. So the thing is, London's had these traditional strengths and they use that to leverage into new things. Nothing's really happened there yet. Everyone's interested and everyone's talking about it. I haven't seen any Google coming out of East London yet but maybe there will be, it's early days.

## 5. Can you assess New Zealand's performance in attracting talent on a global scale?

Probably if I had to give it a grade it would be a B- or C+, maybe, in the sense that, I think it's reasonably attractive for expats, but I don't know, if for people who aren't New Zealanders, New Zealand would stand out as the best place to go. The distance and the size and the incomes I think are the main problems. Also the weather, it's not as good as Australia. I mean, it's certainly very attractive, but I don't think it's ever going to get quite the top tier of talent unless of course they're New Zealanders returning and have a deeper connection to the country already.

## 6. What does New Zealand need to do in order to attract, keep and grow talent?

Well, one thing that really strikes me from being over here is the difference in money. Incomes just aren't as high. Also the opportunities for work are much more constrained. There're just not as many jobs. A good job might come up every six months, but in somewhere like Australia a good job will come up every couple of weeks.

So what you want to do is attract relatively skilled migrants who need to be paid more than New Zealand can currently offer them, so I guess you need to offer them international-level roles. You have to think of a way of doing that and you have to offer them more money. You'd need companies to locate, if not head office, regional offices in New Zealand. You need more of that sense of scale. You need to get bigger opportunities.

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So how could you attract that? I guess it would be about picking sectors that you're particularly strong in. I'm thinking here of film, for example. That's what Peter Jackson's been able to do. In and around Weta, they've been able to attract the best in the world. It's because they do the biggest projects. You've got the quality of life, but when I lived in Wellington you'd meet people from Weta and they were really excited about their jobs because they were working on Lord of the Rings, so there just needs to be that bigger, deeper challenge because people will be motivated by the work. New Zealand has to be able to provide bigger professional challenges to people.

There are things that could be similar to Weta. The universities. They're not at the level of, say, some of the Australian universities, but there's no reason that they couldn't be, and the advantage of the universities is that they're massive organisations. They've got tens of thousands of students; they can provide scale, they can provide big opportunities.

It's all about how do you actually build up new technologies? We used to talk about Nokia, because Finland was quite a small country and they managed to build up Nokia, which at the time was one of the biggest companies in the world, but it's not an easy thing to do.

## 7. Any final thoughts for young people?

I'd actually – this might be contrary to your study – but I'd encourage them to go overseas. It is actually quite healthy for people to go overseas and get the experience and then come back to New Zealand. They're people who are used to operating on a bigger scale so they may try and do bigger things – I really would encourage them to go overseas but to keep in touch. The trick is to make sure whenever someone goes they're attached to a 'big piece of elastic' that brings them back.

Interviewed by Charlotte Greenfield via Skype, on 21 June 2013. Photograph provided by Patrick Nolan.