

WHERE DOES TALENT COME FROM?

HAYDEN GLASS



'Because not all the smart people work for you,' famously said Bill Joy, a co-founder of Sun Microsystems, when asked why Sun was looking to collaborate with people outside the organisation on a software project.

What applies at the level of the firm also applies at the level of the country. For a small, geographically remote island at the edge of the civilised world, the talent we can attract from other countries is crucial to our prosperity,

and options for New Zealanders to go overseas are an important part of the opportunities available to us. I note with interest that the Mayor of London, Boris Johnson, has suggested a 'bilateral free labour mobility zone' to boost flows of people between Australia, New Zealand and the UK.

Flows of people

The overall contribution of immigration to the New Zealand population is quite small over time: for the last 25 years the average is just under 8,000 people

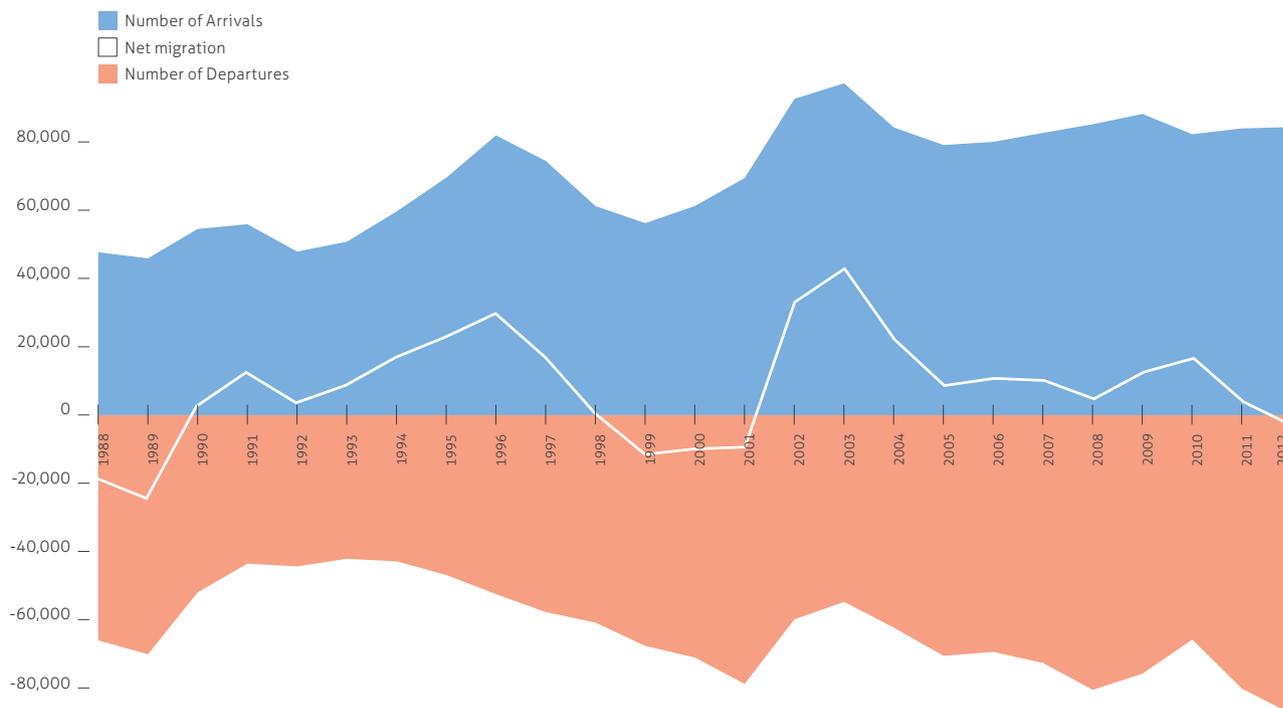
a year. Of the 200,000 people added to the New Zealand resident population in the last five years, only 20% came from net migration; 80% was the natural increase, i.e. the excess of people joining this world over those leaving it.

This relatively small net total of 8,000 a year hides two substantial flows.

- New Zealand citizens leaving – in the last 25 years there has never been a year without a net outflow of New Zealanders to Australia. The

Total permanent and long-term arrivals and departures for New Zealand 1988–2012

Source: Statistics New Zealand



number is heavily influenced by economic performance across the ditch. The biggest year was 2012 at -40,000; the smallest, little 1991 with just -49.

- Citizens of other countries arriving – in the last five years New Zealand has welcomed around 61,000 new arrivals each year. There are also 24,000 New Zealand citizens who come back each year.

The size of these two trends means that New Zealand has one of the fastest changing populations in the developed world: we cycle out New Zealanders to see the world, and we import folks from other countries. This is reflected in the proportion of our population born overseas. In the 2006 Census 22% of New Zealand's population, a total of 880,000 people, reported being born in another country. The overseas-born population has more than tripled since 1951 compared to New Zealand-born population growth of 77%.

While forecasting net migration is tricky, Tony Alexander, the BNZ's Chief Economist, thinks we should

In the 2006 Census 22% of New Zealand's population, a total of 880,000 people, reported being born in another country.

expect higher net inflows for the next few years given New Zealand's relative economic strength, particularly compared with our trans-Tasman cousins.

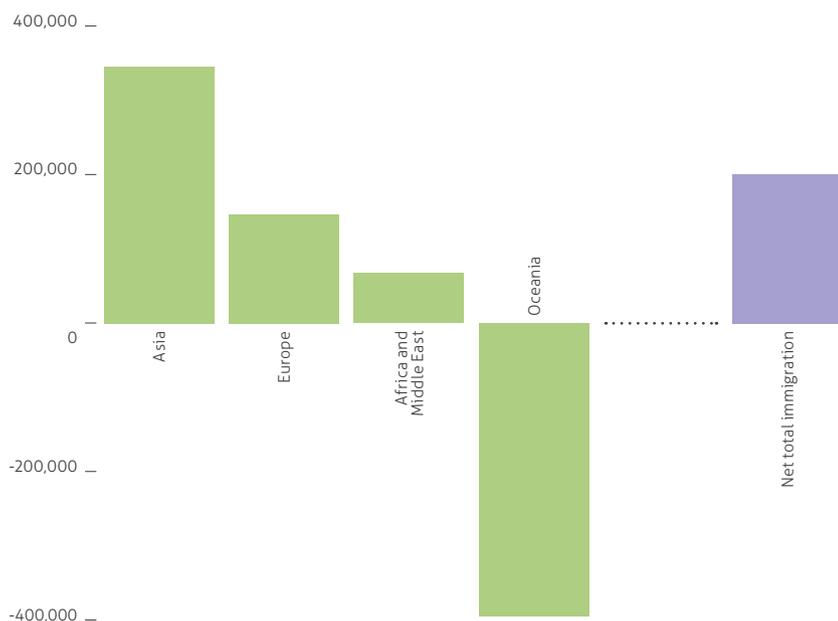
These 'permanent and long-term' flows count people who say on their immigration cards that they are coming or leaving for 12 months or more. In practice the flows are dwarfed by the 'short-term' flows, mostly of tourists (13m in the last five years), but also work-visa holders and students, who generally head back home again when their time is done. Some of these 'short-term' flows are quite long; for example, work visas can last for several years, and there were 890,000 approved in the last five years by Immigration New Zealand.

Sources and sinks

The biggest single source of migrants in the last five years is the UK: nearly one in every five recent migrants came from there. Australia also accounts for 17% of the total (although two-thirds of these people are New Zealand citizens returning home). The main change in arrivals over the last 25 years has been the growth in migrant arrivals from Asia. There were just 572 migrant

Net permanent and long-term migration to New Zealand by region 1988–2012

Source: Statistics New Zealand



arrivals from India and China combined in 1988 compared with 14,315 from those two countries in 2012.

Because of the change in migrant arrivals, the population here has become a lot more diverse. In 1951, the UK, Europe and Australia accounted for more than 90% of the foreign-born population, but by 2006 those same countries accounted for 43% of the foreign-born population of New Zealand. The change has been a big increase in people from the Pacific and, especially since 1990, from Asia.

Overwhelmingly, migrants choose to live in Auckland. From the 2006 Census, 52% of those born overseas live in Auckland, compared with 32% of the population overall.

Migrants leaving go to a much less diverse set of countries; overwhelmingly emigrants head for Australia and the UK. Nearly 60% of emigrants

in the last five years are people who have moved to Australia. Another 8% of total migrant departures are people

... 52% of those born overseas live in Auckland, compared with 32% of the population overall.

heading for the UK. Together Australia and the UK have attracted 265,000 New Zealand emigrants in the last five years.

Skills

People from other countries can get approval to live in New Zealand

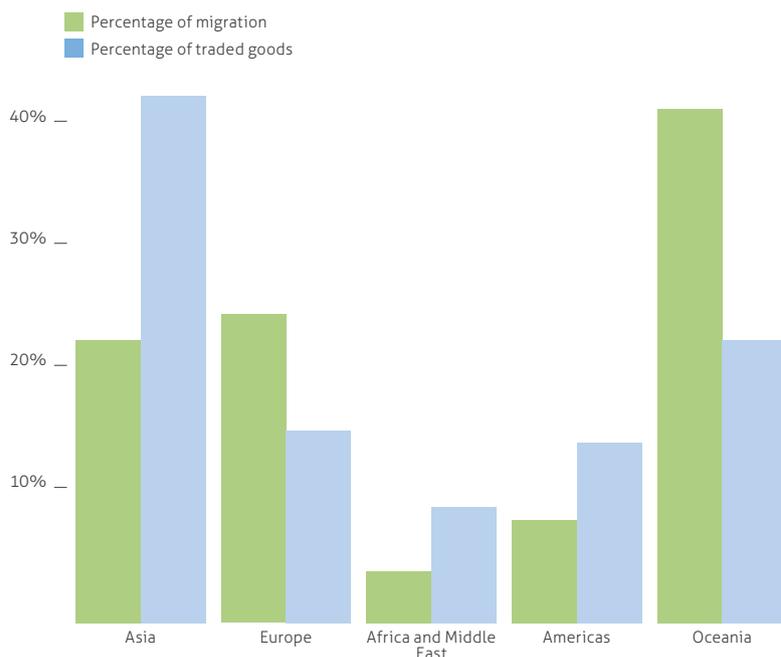
permanently under a range of schemes. One of the most important is the 'Skilled Migrant' category that allocates residency to healthy potential migrants under 55 who speak English and have qualifications and work experience that make them employable in New Zealand. Our immigrants are more likely to have tertiary education than our New Zealand-born population, suggesting that these schemes work in attracting higher-skilled talent.

Immigration New Zealand also maintains lists of occupations that are in demand here. People from other countries who have skills in those areas will find it easier to get approval to come to New Zealand to work in their field.

One important sub-seam is working holidaymakers. New Zealand now has working-holiday arrangements with 40 countries, typically allowing people under 30 who meet certain basic requirements to stay in New Zealand

Migration compared with traded goods to New Zealand by region 2008–2012

Source: Statistics New Zealand



for a year and work to support themselves. In the last five years, 217,000 working holidaymakers have been approved, around 25% of total work visas. This compares with 138,000 permanent Skilled Migrant category approvals in the same period.

Diaspora

Estimates of the total numbers vary, but on OECD figures, New Zealand had 459,000 citizens or 14% of its population living overseas in 2001 (Bryant & Law, 2001). Statistics New Zealand puts the figure at 600,000, based on more up to date figures from Australia. In either case, this gives us the second-largest diaspora per capita in the developed world (only Ireland has more).

Three-quarters of the diaspora are in Australia, and another 13% are in the UK, leaving fewer than 50,000 New Zealanders in other places. The evidence is that creating opportunities for New Zealanders to live and work in

a more varied set of places would generate economic benefits by boosting trade. You can see from the chart that New Zealand exchanges goods with a

[We have] the second-largest diaspora per capita in the developed world ...

lot more countries than it exchanges people with. There is a notable lack of New Zealanders in Asia and in the United States in particular.

Concluding thoughts

New Zealand welcomes significant numbers of talented people every year. A talent-based economy is one that gets the most out of the people and skills

that come our way from other countries. It is core to the vision of being a *place where talent wants to live* that not all that talent is going to be born here. Auckland in particular, the nation's most diverse city, will continue to face the challenge of ensuring that new arrivals feel welcomed, settle in and are able to make a contribution.

New Zealand's talent-based economy also needs to continue to connect with New Zealanders wherever they may be: young people may leave and come back several times in the course of their careers, or they may head away and never return. Our people connections with the UK and with Australia are obviously still strong, but there is a need to grapple with how to generate more options for New Zealanders in Asia and the Americas.