Growing, sustaining and retaining skills in the ICT sector in New Zealand

Hon David Cunliffe MP

Death and taxes are the two unavoidable things in life, or so the saying goes. If it were up to me, I'd add Information and communication technologies (ICT) to the list too. After all, the Internet was designed to survive a nuclear war. There is a difference though–whereas many people would arguably like to avoid death and taxes; digital communications have so many benefits that a lot of people–myself included–would find it hard to picture life without them.

My Blackberry is my essential daily tool. I can get texts, emails and see my diary instantly. The Internet gives me real-time access to news and events around the world.

From Internet banking to booking flights to finding any street-address in the world to selling that old washing machine that you no longer need. The possibilities of the Internet are seemingly endless.

Notwithstanding the social benefits and convenience of ICT, our economy would certainly suffer in its absence.

The ICT industry currently contributes an estimated 5.2% of GDP and the government aims to see this figure double over the next five years.

At the end of last year, the Telecommunications Amendment Act passed into law–with support from all parties except one.

The passing of this Act spells the end of Telecom's wholesale dominance over the local loop and wholesale telecommunications markets in New Zealand.

The new Act will, among other things, enable the development of competitive telecommunications markets in New Zealand. Over time, we should see broadband, as we have never known it in New Zealand–faster, cheaper and without the restrictive data caps we've all come to loathe.

As the Minister of Communications and IT, it has been my job to oversee this legislation being passed. We are now working hard to make it operational, including the separation of Telecom.

In my other role, as Minister of Immigration I'm leading the biggest overhaul of immigration legislation in the last 20 years. The Immigration Act review will ensure New Zealand is equipped for global migration trends in the future.

Both the immigration and communication portfolios are pivotal to the Labour-led government's goal of economic transformation–New Zealand's transformation into an innovative, high-wage and high-value economy.

Part of ensuring we successfully undergo economic transformation means building a skilled and talented labour force. We currently find ourselves in the midst of a skills shortage.

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The positive spin off from that is that we have one of the lowest levels of unemployment in the OECD.

However, it also puts pressure on us to urgently source people with the skills we need. This is where immigration policy, along with other initiatives, is essential to fill these gaps.

The Labour-led government's Digital Strategy[1] provides an integrated framework to encourage the uptake and effective use of ICT. One of our desired outcomes is that the ICT sector will contribute 10% of New Zealand's GDP by the year 2012.

To double the contribution of ICT to GDP in the next five years is a significant task. However, it is crucial.

We must lift New Zealand's productivity. Investing in ICT will help us achieve this goal. ICT can have a powerful effect on productivity in almost every industry. It can drive innovation and cut costs, while opening up new markets and new opportunities.

After we have successfully attracted migrants we must ensure we have the support networks in place to ensure good settlement outcomes.

Another of the government's goals–emphasised in the Prime Minister's opening address to parliament this year–is sustainable development. ICT has environmental benefits, helping us achieve our goal of sustainable development. Through ICT we can manage resources better, such as improving the efficiency of energy use and supply, cutting production costs, and reducing our impact on the environment.

ICT can boost profits, help small firms overcome limitations of size and enable even a tiny enterprise to establish a global presence. It can help elevate the leadership capabilities of New Zealand ICT entrepreneurs to that of world-class entrepreneurial chief executive officers.

ICT is one of the fastest-growing industries in the world and one of the government's main target growth sectors.

It's predicted that some 21 million IT jobs would be created globally by 2012 but only 17 million will have the skills to fill the vacancies. In New Zealand we will require around 125,000 ICT employees by 2012, with current levels sitting at around 41,000 employees. There clearly needs to be a co-ordinated effort to ensure that supply is sufficient to meet demand.

An ICT taskforce was set up in 2002 to report to the government on actions needed to stimulate growth in the ICT sector and across the economy generally, through the application of ICT. The taskforce was convened as a tightly focused group of New Zealand ICT business leaders with relevant commercial experience to report on its insights into the growth potential of New Zealand ICT and identify the collective private sector and government contributions needed to achieve this potential.

A separate group, called The HiGrowth Project is responsible for overseeing and facilitating implementation of the ICT Taskforce's recommendations, on behalf of industry.

The taskforce identified the ability to easily recruit skilled ICT workers from offshore as important to growing and maintaining the skill base in New Zealand.

The Labour-led government allocated almost $50 million over four years in Budget 2003/04 for targeting potential migrants with key skills. The Talent Visa policies introduced in 2002 also enables ICT employers to recruit offshore more easily.

However, this is not about what the government can do; it is about what New Zealand can do. This issue needs to be approached from a partnership perspective between industry, various government agencies and investment and research communities.

We are putting an emphasis on attracting more secondary students into a career in ICT. We are also working alongside education providers to ensure the delivery of high quality courses to students as well as ensuring that course content meets the needs and expectations of the industry and employers.

Specific initiatives in this area include:
- The ICT Framework Project being developed jointly by the HiGrowth Project and the Ministry Of Education. It aims to deliver a practical recommendation of an ICT educational framework, which will be supported by industry, teachers and the government.
- The ACTV8 and ICT advertising projects being run by HiGrowth. These focus on raising the profile of the ICT industry with parents, teachers and children
- Futureintech–a joint project between New Zealand Trade and Enterprise and IPENZ Engineers New Zealand to promote ICT as a career option to schools and career advisors through an innovative website.
- ICT Canterbury's Tertiary Education Commission-

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1   See www.digitalstrategy.govt.nz

funded project to develop ICT skills and encourage ICT career options.

- We are also looking at opportunities to develop a stronger link between international students studying in New Zealand and the ICT industry. The Department of Labour is currently developing, alongside key education providers, a 'boutique' approach to this issue.

Training New Zealanders for the ICT sector is a top priority for the Labour-led government.

Targeting skilled migrants however, has an added edge. Migrants come to New Zealand, skilled, experience and ready to work. The top talent have a choice of countries in which they can migrate. We are in global competition for this talent as most countries in the OECD are facing skill shortages in the same areas.

Thus we have embarked on our Immigration Change Programme. As alluded to, this change programme is underpinned by greater people flows around the world, more competition for skills and labour, increased cultural diversity and heightened risks at the border.

Therefore, the aims of our Immigration Change Programme are to ensure:

- New Zealand has the skills, talent and labour it needs for economic transformation;
- New Zealanders are confident of the security of our border; and
- Migrants and refugees settle well, and integrate into communities.

The change programme is based on three core elements or 'pillars':

- The legislative base–this includes a vigorous review of the Immigration Act as well as the Immigration Advisors Licensing Bill.
- The substantive policy mix–that is–developing an Immigration Policy Framework that is flexible and responsive to meet our future needs
- And lastly, the operational side–this involves the development and implementation of a new business model with associated service enhancements.

The good news is that New Zealand is well placed in this global competition for talent. And in keeping with global trends–no longer does Immigration Services passively process the applications of people wanting to come to New Zealand. We actively target the people we want and the people with the skills we need.

The New Zealand Department of Labour has been working hard for several years now to improve the processes around the sourcing and securing of suitable applicants.

Even though these processes have improved markedly–research tells us that there are still barriers that appear to prohibit the successful recruitment of skilled migrants.

We have a range of initiatives underway to help us explore ways in which policy settings can keep up with the rapid pace of change in the ICT sector, and to focus on practical, workable solutions.

Specific initiatives include:

The HiGrowth Immigration Project, a joint initiative between HiGrowth and the Department of Labour to identify the main barriers to ICT immigration in New Zealand

New Zealand Trade and Enterprise and the Department of Labour are working on a strategic framework to address the identified ICT skills shortages (first) for the top ICT companies

Marketing to potential migrants via key events such as Germany's CeBIT expo. I will be attending this expo as will the Department of Labour. We will be advertising our need for ICT skills as well as promoting New Zealand as a great place to settle and live. Our message to migrants is that the New Zealand ICT industry is excellent–it provides an opportunity for ICT workers to experience an innovative and creative work environment. We have a range of broad roles available that give people a chance to stand out.

We are providing employers with the knowledge and tools to enable better management of migrants' expectations from the start of their employment. We are equipping employers with strategies for the settlement and retention of migrants, regardless of whether they are temporary or permanent.

We are committed to ensuring employers understand all elements of employing migrants–from the immigration process to the value of migrants offer.

The Department of Labour is also doing direct skills matching for ICT employers and skilled migrants via New Zealand Trade and Enterprise's database. This is an innovative way that two agencies can share information, at no cost, for mutual benefit.

After we have successfully attracted migrants however, we must ensure we have the support networks in place to ensure good settlement outcomes.

Immigration must purposefully benefit our economy, our labour market and our communities. That is a given. But we

must also ensure that migrants settle well.

Good settlement means migrants have jobs suitable for their skills, that their children are settled in local schools and that they know how to access important services.

The sooner new Kiwis are settled in supportive communities, the better. This Labour-led government wants the best settlement outcomes for migrants and their families.

Good settlement policies recognises that migration is a process that does not stop at the border; and that providing support for migrants is not just the responsibility of one agency. The key to providing the best settlement outcomes for migrants, refugees and their families is through integrated, community-based support

We have 19 settlement support initiatives set up throughout New Zealand that offer community-based support.

It is a careful balancing act. We have a skills shortage in the ICT industry. In order for us to grow this important industry, we must source these skills. We are training up New Zealanders to fill these gaps but immigration also has a valuable role to play.

And in order for migrants to contribute to New Zealand – they must be well settled in supportive communities.

There is much being done but still much to do. We know that we must keep in step with the rapid developments in ICT. We know that we cannot be complacent. We must keep growing, changing and adapting with the global trends. A well-managed immigration policy is going to assist us source the talent we need to help us keep in step with the rest of the world.

Ensuring we grow, sustain and retain ICT talent is essential to realise our digital future and ultimately succeed in our economic transformation.

Hon David Cunliffe is the MP for New Lynn and Minister of Immigration, Communications, Information Technology and Associate Minister of Economic Development.