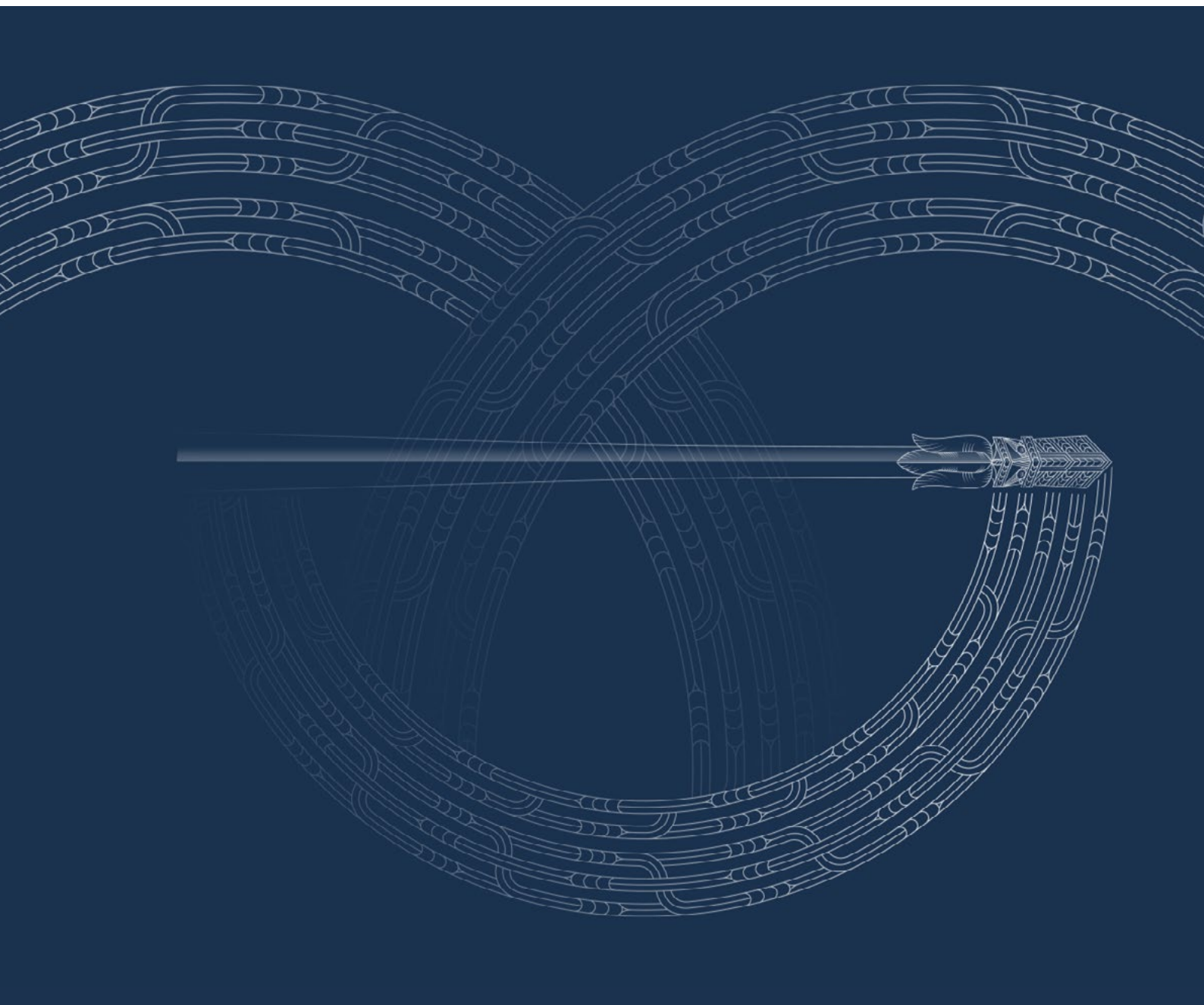


# Glimpses into Tāmaki Makaurau Auckland's Pacific Economic Future

Tātaki Auckland Unlimited Economic Insights Report

October 2024



# Introduction and context

Tāmaki Makaurau Auckland's Pacific economy has at various times, caught the attention of decision-makers. However, such attention is seldom sustained or especially nuanced. For instance, Pasifika Festival is celebrated as a way of showcasing Pacific cultures, while also generating financial and/or economic impacts, however this conversation tends to only take place around the time of the festival. Similarly, New Zealand Census of Population and Dwellings (Census) data prompts some commentary at the time of release – usually comparative in nature, drawing on identified gaps or deficiencies – that quickly dies down.

Glimpses into Tāmaki Makaurau Auckland's Pacific Economic Future is a short report motivated by the prospect of a reimagined view of the region's Pacific economy. In particular, the report highlights positive elements of the Pacific economy that are often overlooked, and it outlines a new paradigm that is aspirational and enduring for Tāmaki Makaurau. The core of this paradigm shift is a vision for what a Pacific-centric Auckland economy could look like and what this would mean for the region and its people.

The prevailing conception of Auckland's Pacific economy is of something that needs remediation. This conception is not only partial, but also misleading and potentially dangerous. It is partial because it reflects a simple, minimalist view, that lacks depth and dimension i.e., the view is superficial. It is misleading as it fails to account for positive and progressive elements i.e., it currently obscures as much as it reveals. The conception is dangerous in that it potentially embeds a 'deficit lens' and sets goals that are questionable and limiting i.e., to meet European and/or other comparators, while not acknowledging the differing starting points and initial conditions for Pacific peoples.

This report is not intended to be the final word on the shift of narrative and therefore the role of Auckland's Pacific economy. Rather, the intent is to start a conversation about how to construct a more meaningful, and aspirational narrative that better suits current and future circumstances.

A new narrative would focus on the opportunities that abound from a Pacific peoples' population in Tāmaki Makaurau that is growing, vibrant, firmly rooted in an urban setting, and has a focus on authentic prosperity. The key question is: what might a Pacific-centric Auckland economy look like and how do we get there?

# What the data tells us

This section presents available data to provide a basis for a reconsidered conception of Tāmaki Makaurau Auckland’s Pacific economy. The data is a mix of:

Established facts - setting the scene with what we know

Testable hypotheses - what we think

Possibilities - what might be

## Auckland’s Pacific population is young, growing, and increasingly ‘local’

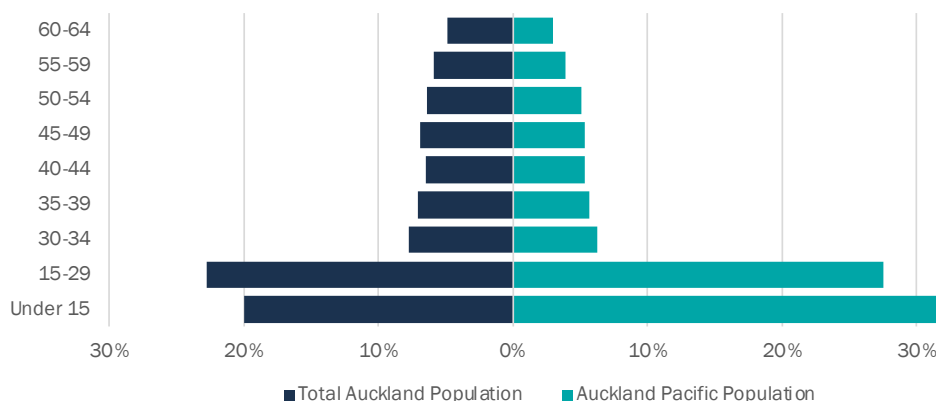
Figure 1 uses 2018 Census data to outline the percentage of the population in Tāmaki Makaurau Auckland by selected age groups – for the Auckland population in total and for Pacific peoples. For simplicity, data is presented at an aggregate level, but it is acknowledged that Auckland’s Pacific population is diverse with large and well-established Samoan, Tongan, Cook Island Māori, Niuean, and Fijian communities. In addition, more recent migrants from other Pacific locations now call Auckland home.

The chart confirms what is widely accepted – that the Pacific population in Auckland is younger than the Auckland population overall. The difference is most stark in the under 15-year age group but is noticeable in the 15 to 29 year-age group too. Detailed data from the 2023 Census is not yet available, but initial releases show that Auckland’s Pacific population increased by 12.8 per cent between 2018 and 2023, second only to the increase of the region’s Asian population.

Importantly, Pacific peoples’ population change is less about inward migration from the Pacific Islands, and more about growth through natural increase. The proportion of Auckland’s Pacific peoples who are New Zealand-born rose from 56 per cent in 2006 to 63 per cent in 2018. An average of 5600 Pacific children were born in Auckland each year from 2018 to 2023, representing 27 per cent of total births, from a community that is around 17 per cent of Auckland’s total population.

Data also shows the Auckland Pacific population of today is highly urbanised. Taken together, these shifts suggest that the current and future Pacific population has a strong ‘Kiwi fusion’ element - where cultures come together.

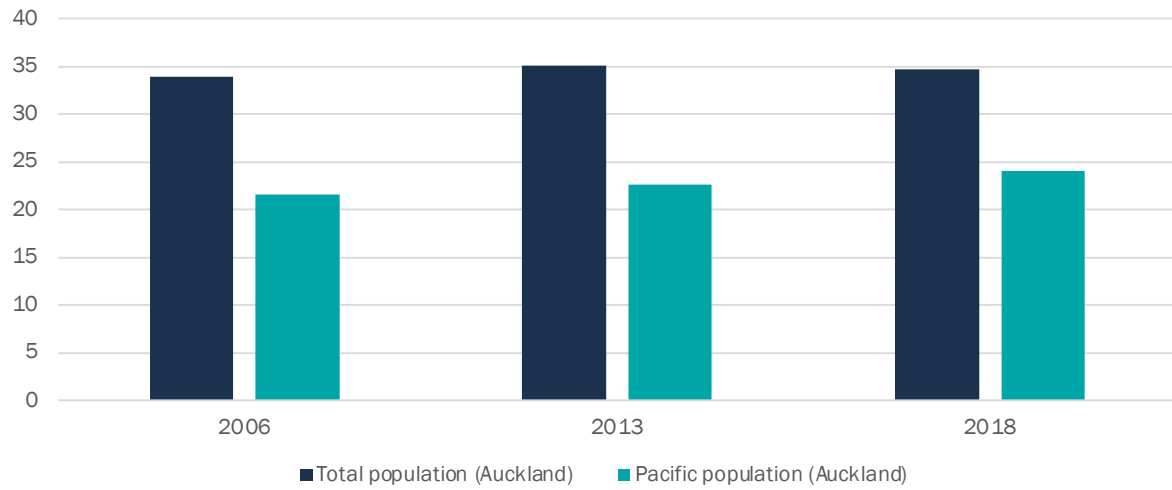
Figure 1: Age distribution for selected groupings



Source: Statistics New Zealand [Age and sex by ethnic group \(grouped total responses\), for census usually resident population counts, 2006, 2013, and 2018 Censuses \(RC, TA, SA2, DHB\)](#)

The relative youthfulness of Auckland’s Pacific population is further highlighted in Figure 2. The median age of the Pacific peoples in Auckland is consistently lower than that of the Auckland population, although the difference has narrowed recently, from 12.3 years in 2006 to 10.7 years in 2018.

Figure 2: Median age across Census years



## Labour market statistics posit a strong Pacific economic future

The hypothesis put forward here is that within-group labour market data demonstrates a positive Pacific economic future for Tāmaki Makaurau Auckland.

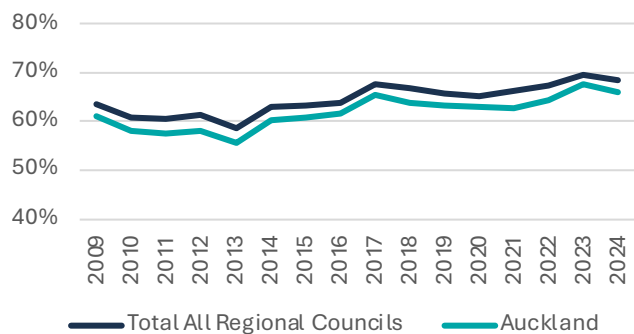
The population-based ‘quantity’ measure highlighted above is supported by ‘quality’ measures when data is looked at using a ‘within-group’ prism. That is, here we look at changes specific to Pacific peoples, with a focus on the labour market/workforce. Table 1 presents data on selected labour market and workforce measures.

### PACIFIC PEOPLES IN AUCKLAND ARE PARTICIPATING MORE IN THE LABOUR MARKET AND ARE ACQUIRING HIGHER LEVEL QUALIFICATIONS OVER TIME

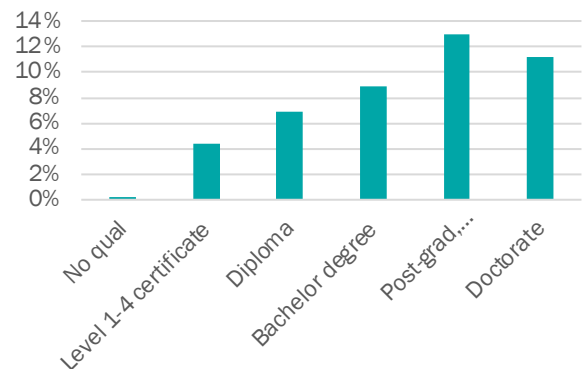
The top left panel shows the Pacific labour force participation rate over time for Tāmaki Makaurau Auckland compared to the New Zealand total, i.e., all regional councils. While the pattern for both series is similar, Auckland lags behind the total for all regional councils across time, but the difference from 2023 to 2024 has decreased. Equivalently, the rate of growth in labour force participation in Auckland across the period was higher for Auckland than for all regional councils (8.2 per cent versus 7.5 per cent).

Table 1: Labour market and workforce measures

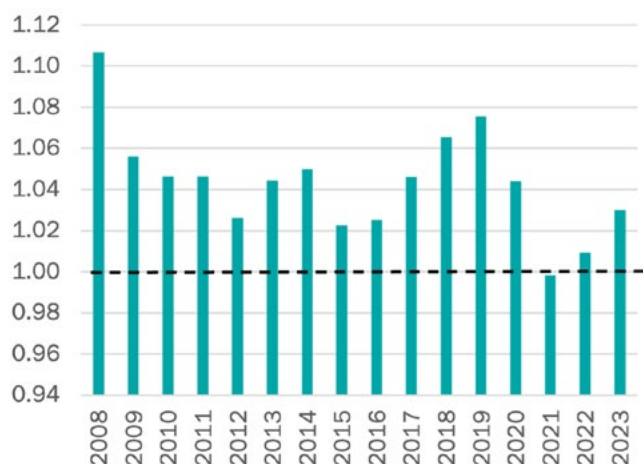
#### Pacific labour force participation rate, year to June (Household Labour Force Survey)



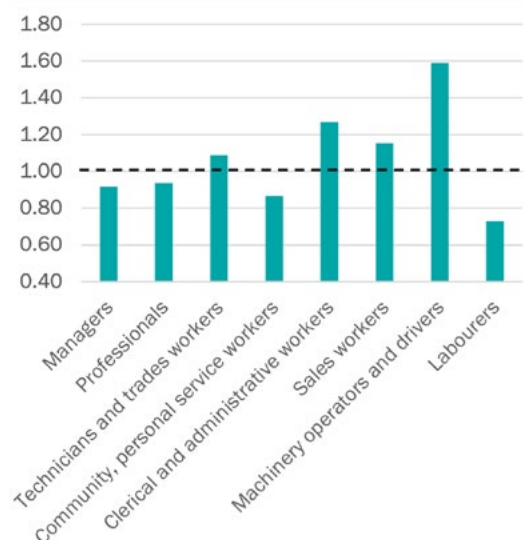
#### Highest qualification, average annual change between 2006 and 2018 Census, Auckland Pacific population aged over 15



#### Ratio of mean earnings, Pacific in Auckland versus Pacific New Zealand excluding Auckland (Infometrics database)



#### Ratio of occupational composition, Pacific in Auckland versus Pacific New Zealand excluding Auckland (Infometrics database)



The top right panel highlights the average annual percentage changes in the highest qualification recorded between the 2006 Census and the 2018 Census for the Auckland Pacific population over 15-years old. It shows that the largest average annual percentage change (13 per cent) was for the combined category of post-graduate, honours and master's qualifications. The second largest change (11 per cent) was for the doctorate qualification, while the third largest change (9 per cent) was for the bachelor's qualification.

On the other end of the spectrum, the smallest annual average percentage change was for those with no qualification (0.2 per cent). However, it is noted that this qualification category accounted for the second largest proportion of Pacific peoples in Auckland in both years (40 per cent and 27 per cent, respectively). The New Zealand Qualifications Authority Level 1-4 Certificate qualification had the greatest change in absolute terms, where approximately 42,000 Pacific peoples were in that category in 2006, and 70,000 in 2018 (a 68 per cent change).

## **THERE IS STILL A PACIFIC WAGE PREMIUM IN AUCKLAND, BUT IT IS REDUCING**

The bottom left panel compares the mean earnings of Pacific peoples in Auckland to Pacific peoples in New Zealand excluding Auckland. The data is presented in terms of the ratio between the two mean earnings series. A value above one indicates that mean earnings in Auckland are above the equivalent measure in the rest of New Zealand (i.e., excluding Auckland).

For instance, in 2008 mean Pacific earnings in Auckland were almost 11 per cent higher than in the rest of the country, while in 2021, for the first and only time in the series, mean Pacific earnings in Auckland were fractionally below the rest of the country. The most recent data point for 2023 indicates that the 'Auckland earnings premium' has fallen from the high of 11 per cent in 2008 to around 3 per cent. By implication, the change in mean earnings between 2008 and 2023 was higher for the rest of New Zealand (83 per cent) than for Pacific workers in Auckland (70 per cent).

In terms of any productivity effect of being located in Auckland, it appears there has been a steady erosion in the relative positions of Pacific peoples in Auckland and those in the rest of the country. There appears to be some cyclicity in the data, and the last two years have seen annual rises in Auckland that outstrip those for the rest of the country, so it is reasonable to expect that to be so for the next year, possibly two.

The effects of COVID-19 could be at play. Auckland was in lockdown for a longer period than the rest of the country but could be expected to experience a greater 'bounce back' following the lifting of restrictions. Untangling those effects is not the purpose of this report, but the impact of the COVID-19 pandemic is a plausible explanation of recent observations.

## **AUCKLAND'S SERVICE-DRIVEN ECONOMY IS REFLECTED IN OCCUPATIONAL COMPOSITION**

The bottom right panel contains data on the occupational composition of employment for the Auckland and rest of New Zealand Pacific workforce for 2023, at the broadest level possible. Again, the data is presented as the ratio between the percentage of Pacific workers in Auckland in a specific occupational category and the percentage of Pacific workers in the rest of the country in the same occupational category.

The data shows that Tāmaki Makaurau Auckland has a lower share of its Pacific workforce that are managers, professionals, community and personal services providers, and labourers. Conversely, Auckland has a greater share of Pacific employees who are technicians and trades workers, clerical and administrative workers, sales workers, and machinery operators and drivers.

The dominance of Auckland in relation to clerical and administrative workers and sales workers could reflect the service-driven nature of a large urban area. However, Auckland does less well in the category of managers and professionals, despite the services orientation. It is likely that Wellington is driving the 'rest of New Zealand' figure, as not only is it a services-driven region, but also home to many people in the managers and professionals' category.

## **Future possibilities centre around training and education, but also recognition and utilisation of a valuable asset**

For promising signs in the labour market to come to fruition, a focus on education and training is needed. The Pacific workforce, both existing and in future, is ready and waiting. Moreover, it is capable of leading a countervailing force against the headwinds faced by the Auckland economy, as outlined in the [Auckland Economic Monitor 2024](#) report.

### **THERE ARE BOTH FORWARD-LOOKING AND CONTEMPORANEOUS ELEMENTS**

As highlighted above, Tāmaki Makaurau Auckland’s youthful Pacific population provides a useful glimpse into the future of Auckland’s workforce. With positive signs in terms of qualifications and other progress being made, the question is not whether Pacific-led workforce change is coming, the question is how soon.

The fact that the younger grouping of Pacific peoples is largely New Zealand-born but retains awareness of and adherence to Pacific cultural norms and traditions means they can effectively operate in two worlds. Such skills and knowledge are increasingly valuable in changing labour and consumer markets. The future, and indeed much of the current Pacific workforce in Auckland face less of the ‘adjustment burden’ that was faced by the Pacific workforce in the past.

Actual or perceived burdens of the past in terms of communication (language), expectations (attitudes) and social norms (culture and past times) are no longer relevant, given the nature and composition of the modern Pacific workforce. In simple terms, the prospect of a vibrant, capable and confident workforce contributes to a new view of the Pacific workforce that is free of some of the pre-conceived notions of the past.

The current workforce who might be part of an older group are also well-placed to contribute to Auckland’s Pacific economy, now and in the future. When measured against the backdrop of the adjustment needed to function and prosper in a foreign environment that is highly urbanised and fast-paced, with different interests and motivations, the transition into a sizeable share of Auckland’s existing workforce should not be overlooked. Such a transition demonstrates resilience, fortitude, and adaptability while at the same time being a sign of things to come.

### **PROJECT IKUNA DEMONSTRATES ECONOMIC GAINS CAN COME FROM PACIFIC-FOCUSED INITIATIVES WITH HOLISTIC GOALS**

The discussion above is somewhat ethereal in nature, positing what could be and why. This section contains a practical example that grounds the discussion by examining Project Ikuna, a government-funded four-year programme to deliver in-work short courses for Auckland Pacific workers to upskill during working hours and to move into sustainable employment pathways. Delivered by Tātaki Auckland Unlimited, Project Ikuna is part of the Ministry of Business, Innovation and Employment (MBIE) Auckland Pacific Skills Shift Initiative known as Alo Vaka.

Launched in 2020, the Auckland Pacific Skills Shift Initiative was designed to support Auckland’s Pacific peoples working in jobs more likely to be affected by automation and other technological change as well as the economic impacts of COVID-19.

Project Ikuna focused on the individual participant in the workplace, with flow-on impacts to their household and aiga/family. The content and service delivery model were tailored for Pacific employees and employers with Pacific people in their workforce.

Project Ikuna received the Commendation Award for Inclusive Economic Development at the 2022 Economic Development New Zealand (EDNZ) awards.

## Project Ikuna key insights

Engaged **8** education providers to develop and deliver Future Ready short courses (micro-credentials) initially offering **2** courses;

Future Ready: Money Confidence

Future Ready: Life Online

before expanding the course offering to **12 Future Ready courses including;**

Assertiveness and Confidence

Preparing for Home Ownership


Conflict Resolution

Preparing for Your Retirement

Project Ikuna has seen more than

 **3500 Pacific workers** complete short courses across

 **12 areas of learning**, gaining more than

 **4200** externally **accredited qualifications** recognising their new skills.

More than **360** Tāmaki Makaurau businesses from a wide range of sectors including hospitality, manufacturing and processing, healthcare, transport and logistics, and construction and infrastructure have participated in Project Ikuna.

Employers participating in Project Ikuna reported **gains in employee engagement, wellbeing, capability, confidence, retention and attendance.**

The posited **impacts on productivity** through the factors identified above are consistent with emerging theory and empirical evidence.



Brink's Chicken, Future Ready: Money Confidence classroom



## HOW AUCKLAND'S PACIFIC WORKFORCE CAN HELP ADDRESS ECONOMIC HEADWINDS

The [Auckland Economic Monitor 2024](#) highlights positive elements in the recent performance of Tāmaki Makaurau Auckland's economy but also raises concerns about headwinds post COVID-19, a relatively high-interest rate environment and inflation/living costs. Strengthened resilience is called for, and there are features of the Pacific workforce that can contribute to such resilience and assist the wider Auckland economy in its effective rebuilding. These features include:

- An embedded population – while still maintaining connection with their cultures, the Auckland Pacific population has roots that are firmly Auckland-based. Auckland is now a permanent home, and the Pacific population is invested in the region and building prosperous lives here.
- An ability to draw strength from history – the trading past, and ingenuity and resourcefulness or 'number 8 wire' mentality of Pacific peoples is not often at the forefront of discussions of their capabilities. For older Pacific peoples, the need to innovate due to a lack of resources means their creative and enterprising spark remains alive. Such necessity-based ingenuity, coupled with an almost innate sense of the value of trade, provides gifts ready to be utilised in economically beneficial ways.
- Unique family and household structures – data from the Census and General Social Survey suggest Pacific families tend to be larger than other families, and households include extended family as well as different generations. This dynamic is unique. The traditional intra-familial transmission mechanism for knowledge from adults to children can be inverted in Pacific households. That is, knowledge can be passed 'upwards' from children to adults or 'sideways' between the different generations and extended family in a more fluid way. The possibility of household learning rather than just individual learning is an advantage that Pacific peoples possess, which could strengthen knowledge transfer and learning and make it more enduring.

The growing awareness of Pacific Peoples' current and potential contribution to Auckland's economy can be combined with other factors that are recognised as being important to economic performance. In terms of prosperity, wellbeing and living standards, there is no longer a choice between economic, social and cultural factors but a blending of them. Pacific peoples have a natural comparative advantage that can and should be better utilised in a reimagined Tāmaki Makaurau Auckland economy.

# Implications

The material in this short report, Glimpses into Tāmaki Makaurau Auckland’s Pacific Economic Future, has focused on the labour market. Though there are other elements that contribute to economic performance, employment and work have long been acknowledged as integral in providing opportunities for people to realise their potential.

This report places further emphasis on labour market supply, i.e., the Pacific workforce. Clearly, demand is as important in determining outcomes, by matching opportunities to capabilities. This ‘matching function’ needs further consideration to ensure that policies, initiatives and actions related to demand align with the changing nature and deeper understanding of the Pacific workforce.

Nevertheless, what emerges from this initial look at labour market supply side is that:

- Any ‘Tāmaki Makaurau Auckland story’ must include sizeable and growing Pacific chapters. It is not clear that Pacific workers are enjoying the ‘Auckland premium’ to its full extent, especially in relation to wages. Parties involved in telling the region’s story should have its Pacific peoples’ contribution front-of-mind.
- While the Pacific workforce might have been underappreciated or misunderstood in the past, to do so in the future is untenable as the actual and potential value of this asset would remain unrealised.
- Now is the time to act. The conditions are in place for the Pacific workforce to be an important plank in rebuilding Auckland’s economy, and the foundations are already in place – the region is not starting from scratch.
- A change in mindset is important. Rather than viewing the Pacific contribution to Auckland through a deficit-based lens or looking to ‘close gaps’ with other population groups, Pacific peoples should be viewed with a goal of empowering Pacific peoples to prosper as Pacific peoples. Part of the altered goal is to utilise, capitalise and optimise the Pacific workforce as an asset to Tāmaki Makaurau.
- System changes from government agencies need to continue to adapt. Project Ikuna demonstrated that tailored and targeted approaches that are collaborative and holistic in nature can result in gains, including economic benefits, for Pacific employees, their families, and their employers. In addition, small and sustainable steps can lead to potentially bigger changes down the line and one-off, large and less sustainable approaches should be avoided.
- Employers with a significant Pacific workforce can best gain from training initiatives if thought is given to their workers’ preferences. There is potential for joint benefit from such an approach. Skills gained, no matter how remote they seem from the actual business, can result in benefits for the business as well as the employee. Training plans around delivery of such an approach could help.

Taking as given the existing value and the potential to build on the asset that is the Pacific workforce, there is a role to be played by a range of parties. The need for a joined-up approach and action is acknowledged, most recently by MBIE in its recent Employment Action Plan.

With specific reference to Pacific Peoples, much can be gained by central government continuing to look to Auckland for guidance on Pacific policy. However, there is a need to pivot away from identification of problems to do with Pacific employment, and more towards opportunity. But any actions to exploit such opportunities need to be informed by a better understanding of the actual and potential value of the Pacific workforce.

# Conclusions

This report seeks to provide support for the notion of a reimagined view of Tāmaki Makaurau Auckland's Pacific economy, focusing on the labour market and Pacific workforce specifically. It combines available data and some consequent propositions to conclude that:

- The future of Auckland is inextricably linked with Pacific peoples.
- Pacific Peoples can leverage past experiences and unique characteristics, including an innate ingenuity and enterprising mindset, to contribute to rebuilding Auckland's economy and a broader innovation agenda.
- The Pacific workforce is an asset with immense potential, but its value is not necessarily well understood or utilised.
- The time is right to ignite a deeper conversation about the role that Pacific people in the labour market can play in the economic performance of Auckland.

A new narrative is emerging but needs further development and buy-in from a range of parties.

## GET IN TOUCH



**Sarah Leo**

*Manager Pacific Partnerships*

Tātaki Auckland Unlimited

E: [sarah.leo@aucklandnz.com](mailto:sarah.leo@aucklandnz.com)

M: +64 21 829 521



**Preston Davies**

*Director*

Sapere Research Group

E: [pdavies@thinksapere.com](mailto:pdavies@thinksapere.com)

M: +64 21 412 102