

ARE FLYING KIWIS FLEEING?

JULY 2024

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**THE
NEW ZEALAND
INITIATIVE**

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Published July 2024 by

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Views expressed are those of the author and do not necessarily reflect the views of The New Zealand Initiative, its staff, advisors, members, directors or officers.

Research Note
ISSN 2816-0347

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Executive summary

The record net migration outflow of 60,100 New Zealand citizens in the year to May 2024, raised concerns about a potential 'brain drain' and loss of confidence in the country's future.

This report examines what can be said currently about the degree to which these concerns are justified and to which recent migration trends look untoward from a historical perspective.

Key findings:

1. Despite the record net outflow of New Zealand citizens, there was a very significant net migration inflow of 82,800 migrants, 1.6% of the resident population. The net inflow of 142,900 non-New Zealand citizens was primarily from Asia.
2. The net migration outflow of New Zealanders has a long history, occurring in 64 out of 69 years from 1950 to 2018.
3. Immigrants to New Zealand tend to have higher educational qualifications on average than do New Zealanders. Immigration policy has a skill focus.
4. Studies have found little evidence of significant negative impacts on employment or wages for native-born New Zealanders due to immigration.
5. The recent age distribution of emigrants remains consistent with long-term trends, not showing a disproportionate exodus of young working-age people.

The current outflow of New Zealand citizens should be regarded as an orange light to be watched rather than a red light. The net outflows in the last two years likely incorporate an element of 'bounce-pack' from the suppression of international travel in 2020 and 2021 due to Covid-19 lockdowns.

Against this, there is much that New Zealand needs to do to improve infrastructure, housing, health, education and employment for New Zealand residents. Doing those things would help attract global skills and capital while retaining some New Zealanders who might otherwise leave.

New Zealanders will continue to see Australia as an alternative to living in New Zealand. We need to shape up in the comparison.

Introduction

In recent years, New Zealand has witnessed migration outflows that raise doubts about the country's ability to retain its workforce and attract skilled individuals.

This report aims to address what can be said in response to a central question: Is New Zealand experiencing a concerning brain drain?

The impetus for this inquiry stems from exceptionally large net New Zealand citizen migrant outflows in the last two years. The latest provisional estimates are that a record net outflow of 60,100 New Zealand citizens occurred in the year ended May 2024.¹ This exodus has sparked debates about its implications for the country's future.

Several media reports have suggested that young, bright, able and well-qualified New Zealanders might have lost confidence in their own country. For instance, former Massey University sociologist Professor Paul Spoonley reportedly said that 'our best and brightest [are] going offshore'.²

This report puts such concerns into a historical perspective. It also draws on existing published research that assesses the contribution of past migration flows to New Zealand's skills, workforce and economy.

The following sections delve into current migration trends, historical context, analysis of the 'brain drain' concern, economic impacts of migration, demographic composition, the influence of Australia, and some potential policy implications.

This data- and research-driven assessment of New Zealand's latest migration statistics provides a more nuanced picture than is given by a "gosh, this looks bad" reaction.

Section 1: Current migration trends

Assessments of New Zealand's attractiveness to migrants should examine both the outflow of New Zealand citizens and the inflow of non-New Zealand migrants.

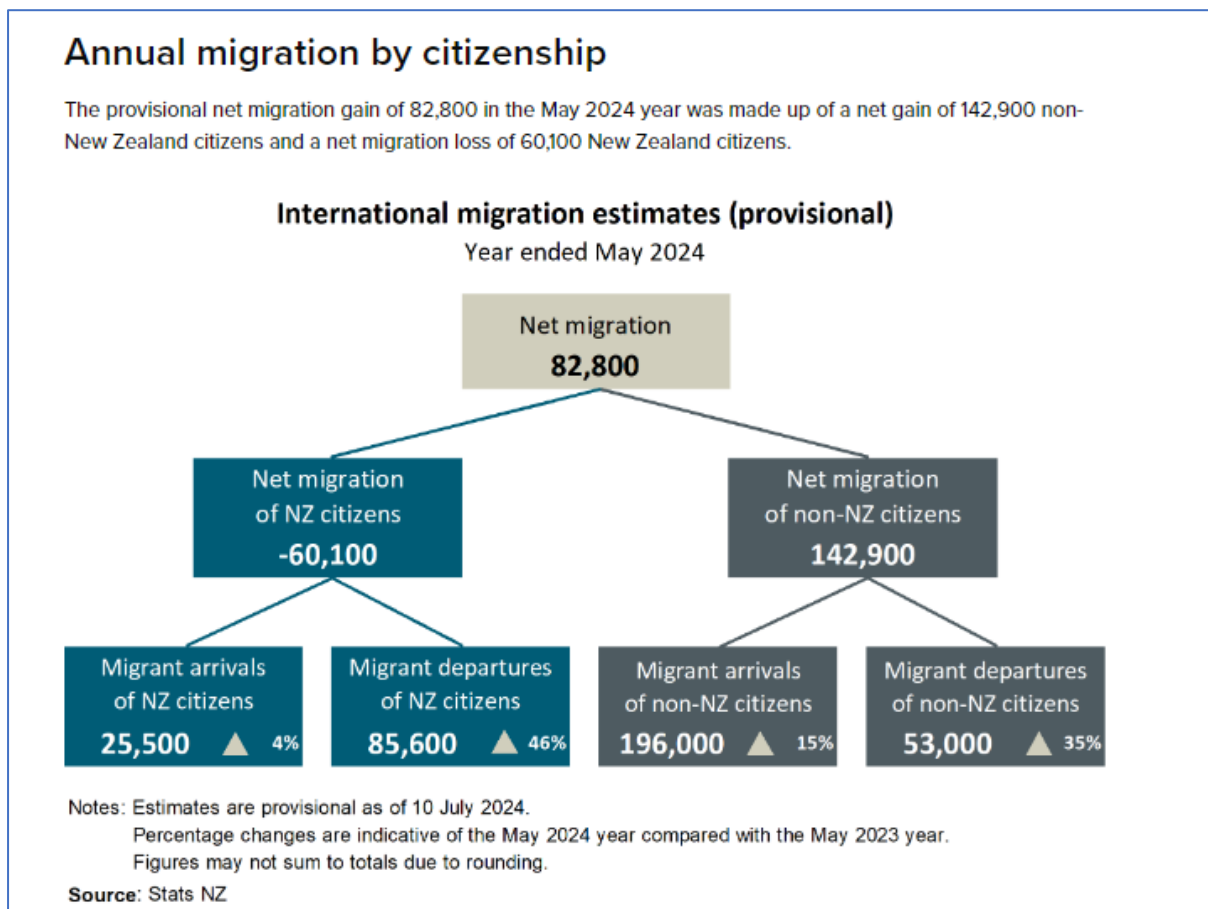
Statistics New Zealand clearly set out the component flows in the chart reproduced below as Figure 1.³

¹ See <https://www.stats.govt.nz/information-releases/international-migration-may-2024/>. Migrants are defined as people intending to depart for at least 12 months or to stay in New Zealand for at least 12 months.

² 1News, "'Stratospheric' exodus of skilled workers huge loss for NZ- expert," 5 May 2024, <https://www.1news.co.nz/2024/05/15/stratospheric-exodus-of-skilled-workers-huge-loss-for-nz-expert/>.

³ The original source is here: [https://www.stats.govt.nz/information-releases/international-migration-may-2024/#:~:text=and%20trend%20series-,Annual%20migration,of%2097%2C500%20\(%C2%B1%20200\)](https://www.stats.govt.nz/information-releases/international-migration-may-2024/#:~:text=and%20trend%20series-,Annual%20migration,of%2097%2C500%20(%C2%B1%20200).).

Figure 1: Migration in 2023-24 by citizenship



Net outflow of New Zealand citizens

The record net migrant outflow, as provisionally estimated, of 60,100 New Zealand citizens in the year ended May 2024 represents approximately 1.2% of New Zealand's population. Moreover, this outflow is on top of a combined loss of 44,600 for the previous two years, making a total loss of 104,800 New Zealand citizens in the last three years.

Australia continues to be the leading destination for emigrating New Zealanders. In the year ending December 2023, approximately 44% of New Zealand citizens migrating overseas went to Australia. That represented 84% of migrant departures to Australia.

Net inflow of non-New Zealand migrants

Simultaneously, New Zealand experienced a net inflow of 142,900 non-New Zealand migrants. This represents 2.7% of New Zealand's resident population. Of the 142,900, 107,900 were from Asia.⁴

This increase is on top of a net inflow of 131,700 in the year ended May 2023. The net inflow in the two years to May 2024 represents about 5.4% of New Zealand's population in March 2022.

New Zealand's attractiveness to those who do not have New Zealand passports is manifest.

⁴ International migration: May 2024 | Stats NZ] (<https://stats.govt.nz/information-releases/international-migration-May-2024/#australia>)

Overall net migration

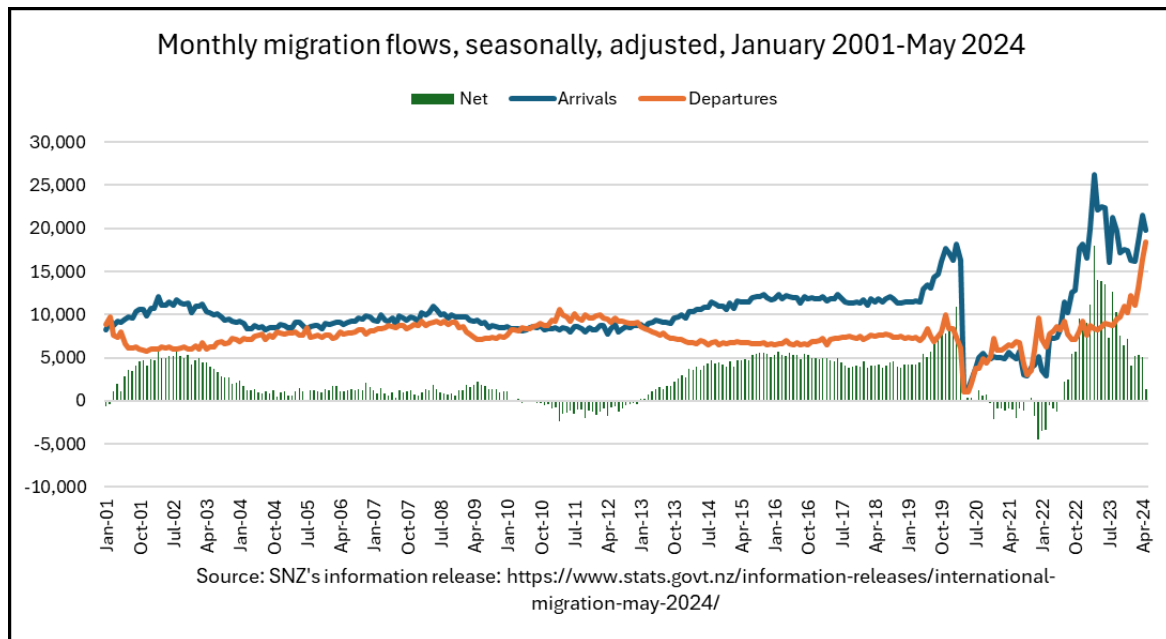
The net migrant inflow of non-New Zealanders exceeded the net outflow of New Zealanders by 82,800 persons in the year to May 2024. This net inflow amounted to 1.6% of New Zealand’s resident population in March 2023.

The net inflow was 97,500 migrants in the year ended May 2023. The total net inflow for these two years of 180,300 persons, represents the population of Hamilton, New Zealand’s fourth-largest city.⁵

A ‘bounce-back’ element in migrant arrivals following the Covid-19 related disruption to international travel in 2020 and 2021 is plausible (Figure 2). Although the heightened monthly outflows in recent months suggest other factors are important, they could also be a factor in the surge in departures. Declining real national disposable income in New Zealand is likely one of these factors, although it would normally reduce arrivals as well. Substantial revisions to provisional monthly figures are also possible.

Nevertheless, the sharp upswing in departures in recent months does look concerning.

Figure 2: Monthly migration flows 2001-2024



Questions arising from the flows in the last two years

These flows raise several questions:

1. How do they compare to historical patterns?
2. Is New Zealand experiencing a ‘brain drain’, taking the skills of immigrants into account?
3. What are the economic and demographic implications of these migration flows?

⁵ It is possible that the inflow of immigrants has been artificially high because of the pressure on immigration officials to process visa applications faster than was consistent with verifying whether applicants really met the criterion for entry. See, for example, Steve Kilgallon, “Shambles of our visa regime, Immigration staff reveal the truth”, *Stuff*, 3 September 2023, <https://www.stuff.co.nz/national/immigration/132853434/shambles-of-our-visa-regime-immigration-staff-reveal-their-truth>

The following sections provide context and research findings that can help inform answers to these questions.

Section 2: Historical context

New Zealand has a long history of net inflows of non-New Zealanders exceeding a net outflow of New Zealanders. This section puts the latest figures into this historical context.

Long-term trends in New Zealand migration

Immigration has long played a significant role in New Zealand's population growth. Initially, it was primarily from the United Kingdom and Ireland. After World War II, the source countries broadened to include other European nations and the Pacific Islands. Now, it is heavily from Asia.⁶

The net inflow from Asia is a long-term trend rather than a sudden shift. The share of the resident population born in Asia rose from just 1.6% in 1986⁷ to 15.3% by 2018. There was a sharp fall in the proportion of residents declaring to have European ancestry.⁸ The 2018 Census shows that the countries of origin for most recent migrants are now China and India, followed by the UK, South Africa, Australia, and the Philippines.

Overall, net migration increased New Zealand's population in 110 years of the 144-year from 1875-2018.⁹ The cumulative net inflow from annual migration during this period was 1.05 million people. The inflow represents about 23% of the total population growth during this period. Subsequent net births to those immigrants would be an additional contribution.

As a result, New Zealand has one of the highest shares of foreign-born residents among OECD countries. The 2018 population census put the share at 28%. The corresponding figure for Australia in June 2023 is about 30%. Its ratio is the highest in the OECD, excluding the special case of Luxembourg.¹⁰

Net outflow of New Zealanders as a historical norm

Interestingly, there has been a net outflow of New Zealanders for 64 years of the 69-year period 1950-2018 (see Figure 3).¹¹ New Zealand's remote location from the world's major cities has long motivated New Zealanders to seek experiences abroad.

⁶ See, for example, New Zealand Productivity Commission, *International Migration to New Zealand: Historical themes and trends*, 2021, <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-wp-international-migration-to-nz-historical-themes-and-trends.pdf>.

⁷ Elsie Ho, "The Changing Face of Asian Peoples in New Zealand", *New Zealand Population Review*, 41:95-118, (2015). <https://ecald.com/assets/Resources/Assets/Changing-Face-Asian-PP-NZ.pdf>

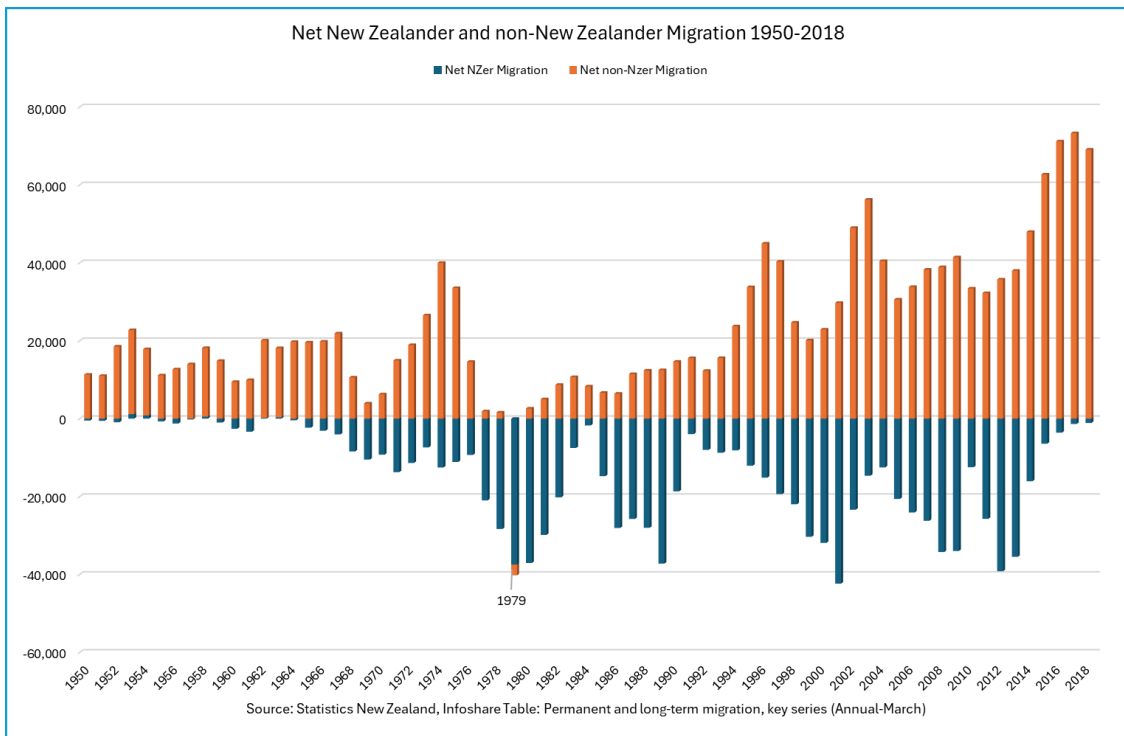
⁸ Wikipedia, Demographics of New Zealand, https://en.wikipedia.org/wiki/Demographics_of_New_Zealand

⁹ Three of those four population declines were war-time years (1941-1943, the fourth was 1979 (End of March to end of March basis.) The data series ends in 2018 because this is when measurements based on departure cards ceased.

¹⁰ Switzerland's ratio is only fractionally lower than Australia's, Canada's is 22%. The UK and US are both at 14%. This is according to the OECD data base at <https://data.oecd.org/migration/foreign-born-population.htm>. But it does not include all OECD member countries.

¹¹ These statistics measure traveller intentions as recorded on their arrival and departure cards. This time series does not continue after 2018 because those leaving no longer fill out departure cards.

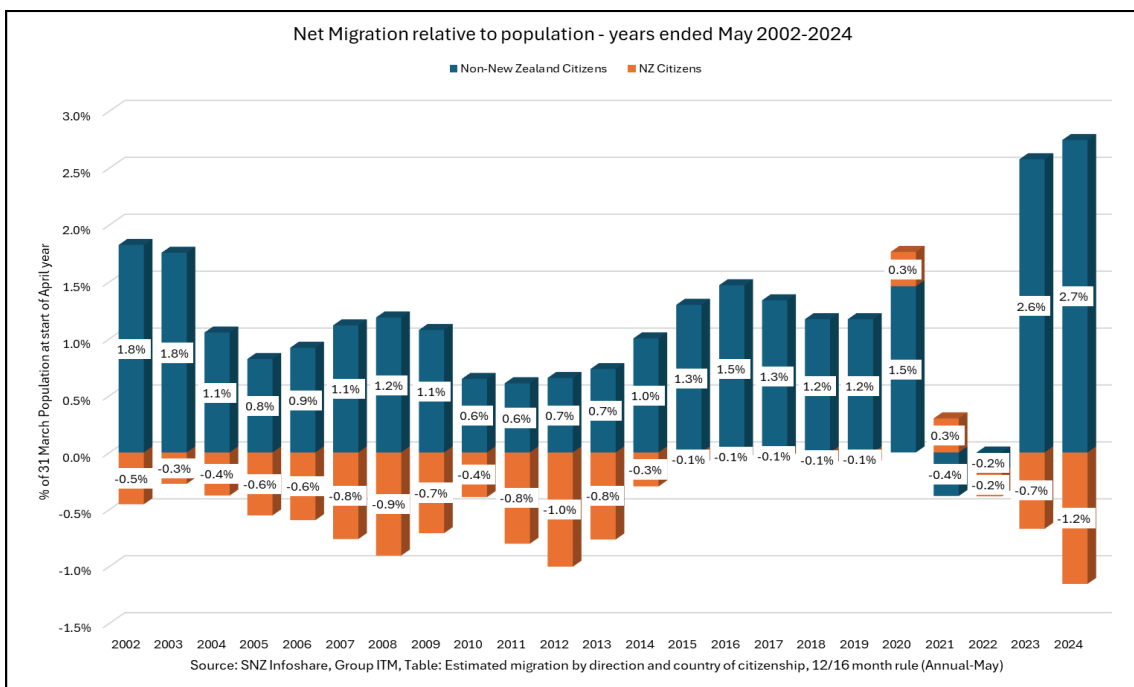
Figure 3: Net outflow of New Zealanders 1950-2018



Comparison of current trends with historical patterns

Figure 4 shows the migration flows from years ended May 2002 to 2024 for New Zealand citizens and non-New Zealand citizens. Relative to population, both the net flows in the latest year exceeded those in any other year back to 2002. The net outflow of New Zealand citizens in 2024, at 1.2% of the New Zealand resident population, was appreciably greater than the large 1.0% net outflow in 2012. However, the cumulative outflow from 2008 to 2012 was much greater than in 2023 to 2024.

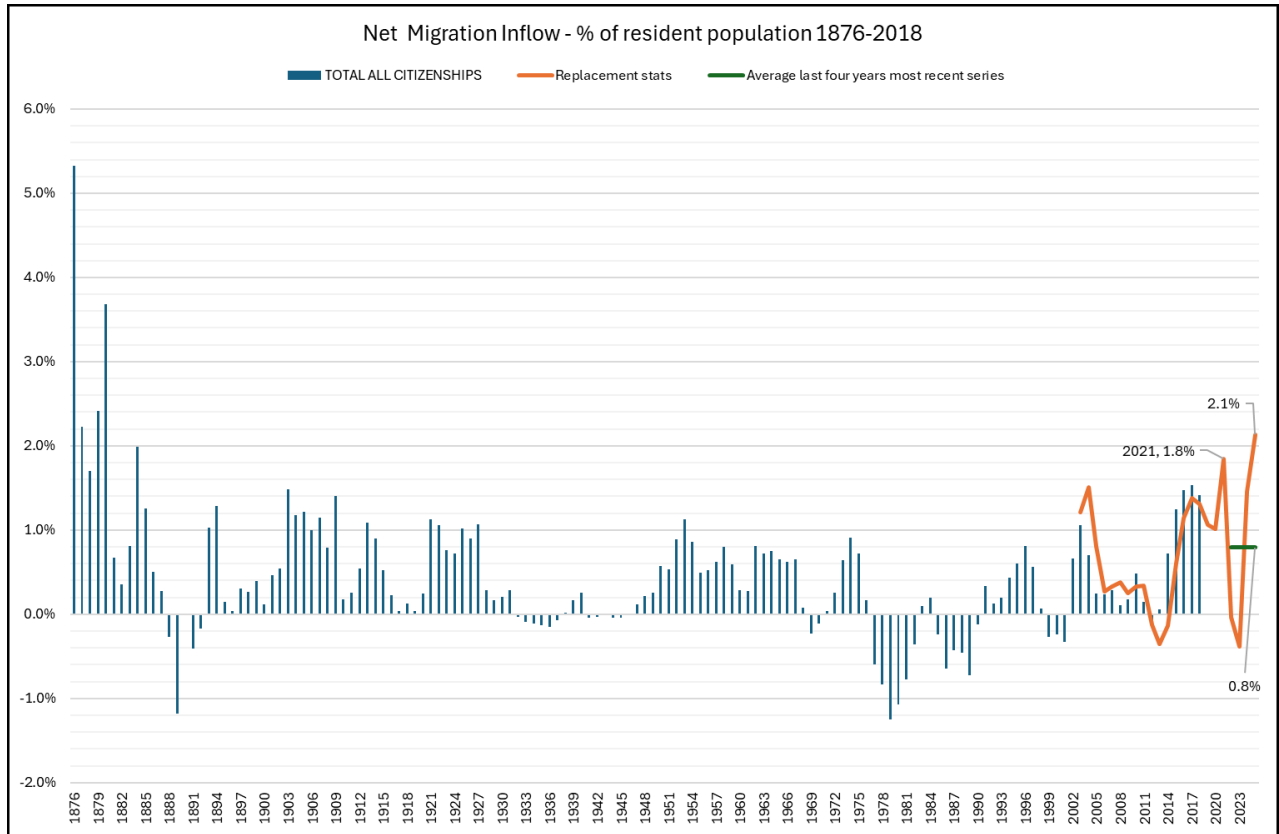
Figure 4: Net New Zealand and non-Zealander Migration 2002-2024



Historical volatility in migration flows

How unusual is the volatility in net migration that we have seen in the last four years? Annual net migration flows have been quite volatile historically (Figure 5¹²). Big swings have occurred in the past.

Figure 5: Annual net migration 1850-2018



On average, the net migration inflow in the last four years has contributed 0.8% p.a. to the resident population. That is large, but not unprecedented, in a long historical context.

The net contribution of 2.1% in the year ended March 2024 is the largest since the late 1870s.

Nevertheless, the volatility in these annual flows is large. The latest figures should not be assumed to signal a sustained new trend. The following sections delve deeper into the characteristics of these migration flows and their potential impacts on New Zealand's workforce and economy.

Summary observations

The net *inflows* of non-New Zealand citizens in the last two years are extraordinarily large, even on this population-adjusted basis. An element of bounce-back from the Covid lockdown years is plausible.

The weak economic outlook in New Zealand currently adds a cyclical factor to the net flow of New Zealand citizens. The significant net inflow of citizens from other countries may reflect pressure on immigration officials to issue visas overly-freely to ease pressures on domestic families and employers. Even so, the scale of the net flows is well above average.

¹² The statistics in Figure 5 are all on a year-ended March basis.

Section 3: Analysing the ‘brain drain’ concern

A key question at the heart of this report is whether the current migration trends represent a ‘brain drain’ - a significant loss of skilled and educated individuals from New Zealand. Statistics on the educational qualifications and skills of both those leaving New Zealand and those arriving can throw some light on this concern.

Educational qualifications of New Zealanders leaving

Unfortunately, there is a dearth of systematic information about the skill mix of emigrating New Zealanders. Since 2018, travellers have not had to fill out a departure card, limiting the information collected about departing New Zealand citizens. Officials do not ask for the reasons for leaving, nor do they collect information on how long departing citizens expect to be overseas or their intended destination country.

However, we can gain some insights by looking at the educational qualifications of New Zealand-born individuals living in Australia, as Australia is the primary destination for emigrating New Zealanders.

A 2010 paper for the Department of Labour found that “New Zealand-born individuals living in New Zealand have, on average, the same level of education as New Zealand migrants living in Australia and as Australian-born individuals living in Australia”.¹³ That comparison may be dated.

According to Australia’s 2021 population census, 19.8% of those aged 15+ years born in New Zealand but living in Australia had at least a Bachelor’s degree (Table 2). This is lower than the average for all those in Australia (26.3%) and those born in Australia aged 15+ years (22.7%).

Table 1: Educational Achievement of NZ-born in Australia’s 2021 Census

Level of highest educational attainment People aged 15 years and over	Born in New Zealand	%	Born overseas	%	Born in Australia	%	Total	%
Bachelor Degree level and above	98,125	19.8	2,505,433	37.5	2,943,161	22.7	5,454,631	26.3
Advanced Diploma and Diploma Level	52,142	10.5	714,077	10.7	1,222,353	9.4	1,946,738	9.4
Certificate level IV	22,781	4.6	159,326	2.4	556,932	4.3	719,425	3.5
Certificate level III	76,794	15.5	589,957	8.8	2,003,455	15.5	2,617,766	12.6
Year 12	98,056	19.8	1,037,580	15.5	2,044,418	15.8	3,104,116	14.9
Year 11	35,467	7.2	203,615	3	745,842	5.8	958,803	4.6
Year 10	55,003	11.1	431,799	6.5	1,624,637	12.5	2,086,308	10
Certificate level II	254	0.1	3,685	0.1	9,838	0.1	13,687	0.1
Certificate level I	25	0	1,022	0	1,557	0	2,614	0
Year 9 or below	19,697	4	459,998	6.9	1,001,243	7.7	1,490,444	7.2
Inadequately described	15,842	3.2	186,626	2.8	315,214	2.4	506,359	2.4
No educational attainment	1,742	0.4	140,060	2.1	32,635	0.3	175,844	0.8
Not stated	19,355	3.9	253,286	3.8	442,198	3.4	1,694,773	8.2
Column Total	495,283		6,686,464		12,943,483		20,771,508	

Source: Australian Bureau of Statistics: Census 2021 https://www.abs.gov.au/census/find-census-data/quickstats/2021/1201_AUS

This indicates that, on average, New Zealanders in Australia are not as highly educated as Australians. However, it is important to note that these statistics reflect the overall population of New Zealand-born in Australia, not just recent migrants, and they cannot tell us about the skill mix of those who have left in the last couple of years.

¹³ Steven Stillman and Malathi Velamuri, ‘Immigrant Selection and the Returns to Human Capital in New Zealand and Australia’, Department of Labour, 2010.

Educational qualifications of New Zealand immigrants

In contrast to the limited information about departing New Zealanders, we have more comprehensive data about the educational qualifications of immigrants arriving in New Zealand.

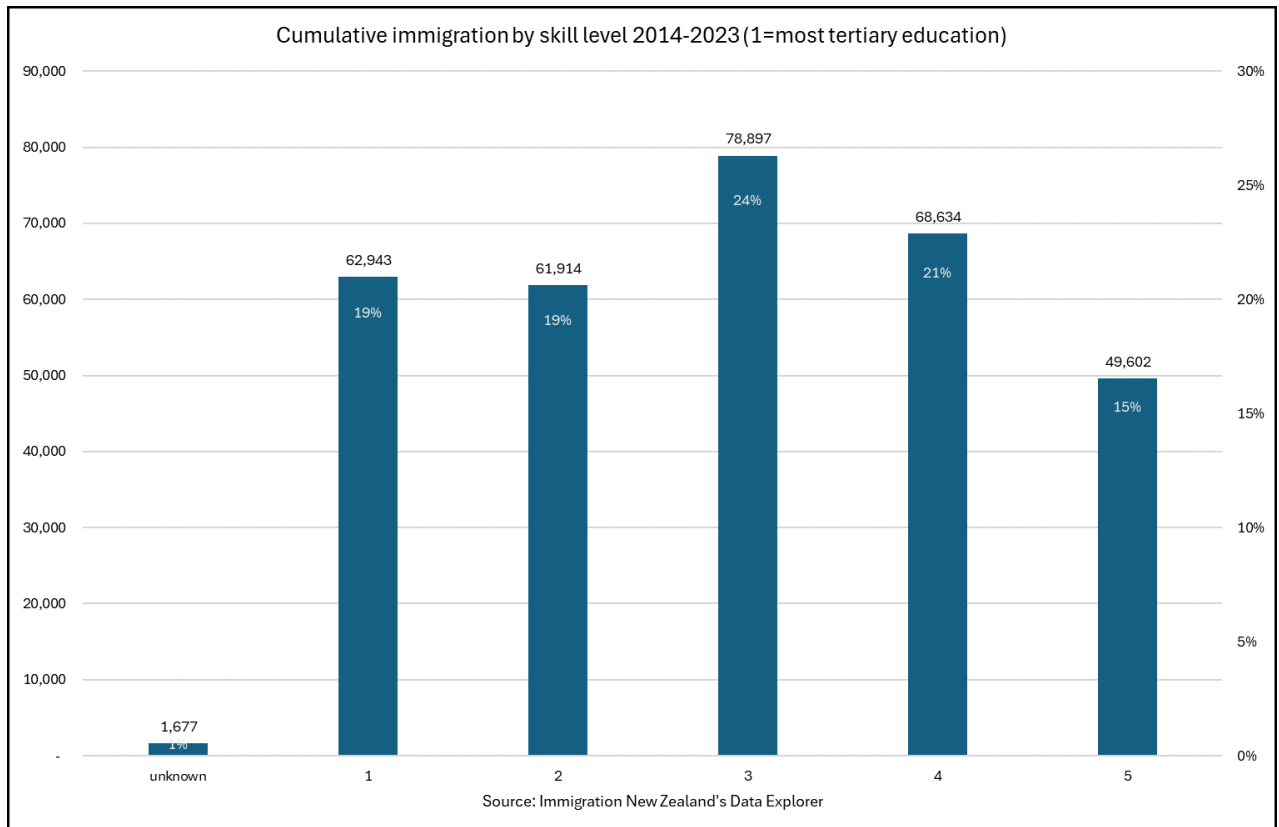
According to the 2018 population census, 32% of the overall population in New Zealand had a diploma or higher educational qualification, compared to 29% of those born in New Zealand. For immigrants from North America, the figure was as high as 56% (Table 3).

Table 2: Educational qualification in NZ by country of birth, 2018

Proportion of those aged 15+ who were in New Zealand for the 2018 population census and had a diploma or higher educational achievement - by country of birth	
Total people - ages 15+	32.4%
Qualifications not identified	4.1%
Pacific-born	21.9%
NZ-born	29.3%
Australian-born	37.0%
United Kingdom and Ireland	42.1%
Middle East and Africa	46.9%
Europe (excl. United Kingdom and Ireland)	47.6%
Asia	48.8%
Other	50.6%
North America	56.1%
<i>Source: Statistics New Zealand, NZ.Stats</i>	

New Zealand's immigration policy has increasingly focused on attracting skilled migrants. Between 2014 and 2023, the skill mix of immigrants has been biased away from the least skilled, although New Zealand's need for immigrant unskilled labour remains considerable (Figure 6).

Figure 6: Immigrants by skill Category, 2014-2023



Migrants on skilled work, business and student visas have been much more educated than the general native population. Those on family and temporary visas had similar or slightly lower qualification levels than natives.

Comparison with qualification levels in Australia

Interestingly, according to New Zealand's 2018 population census, 27.3% of those born in Australia and aged at least 15 years who were living in New Zealand had a level 7 or Bachelor's degree qualification, compared to 18.6% for the New Zealand-born resident population (Table 3).

Table 3: Educational attainment comparison - census statistics

Australia - NZ Comparison	Proportion of those aged 15+ with	
	No qualification	Bachelor Degree level and above
Australian-born in Australia - 2021 Census	0.3%	22.7%
NZ-Born in Australia - 2021 Census	0.4%	19.8%
NZ-Born in New Zealand - 2018 Census	20.0%	18.6%
Australian-born in NZ - 2018 Census	10.8%	27.3%
NB. NZ figure for Bachelors+ includes those with a level 7 qualification		

The proportion of New Zealand-born aged at least 15 years in Australia with a Bachelor's degree or higher at the time of that country's 2021 population census was 19.8%, compared to 26.3% for the

country. That 19.8% proportion is greater than the 18.6% proportion in 2018 for New Zealand-born in New Zealand with the level 7 qualification.

(Note that the statistics in Table 2 include those with level 5 and level 6 qualifications. This is why the proportions of the population are greater than those in Table 3.)

Skill composition of migrants by visa type

The Ministry of Business, Innovation and Employment's (MBIE's) visa statistics highlight the high skill levels of migrants entering through the points-based Skilled Migrant Category (SMC). In 2016/17, 78% of SMC principal applicants had a bachelor's degree or higher, and 42% had occupations on the Long Term Skill Shortage List.

These statistics also show that temporary workers on Essential Skills visas are bifurcated in their skill levels. In 2016/17, 48% were in ANZSCO skill levels 1-3 (generally degree/diploma level), while 52% were in levels 4-5 (lower-skilled occupations).

Earnings as an indicator of skills

While educational qualifications are one measure of skills, earnings can also provide insights. According to Australia's 2021 census, the median weekly income in Australia of New Zealand-born people exceeded that of Australian-born by 19% (being A\$976 vs A\$823, Table 5). However, this might not necessarily indicate higher productivity, as age and effort factors need to be considered. The same census statistics showed that New Zealand-born workers in Australia tended to be older and worked longer hours, being more engaged in full-time work.

Table 4: Relative earnings of New Zealanders in Australia - 2021 Census

Median weekly incomes	Born in New Zealand	Born overseas	Born in Australia	Total
<i>People aged 15 years and over</i>				
Personal	\$976	\$784	\$823	\$805
Family	\$2,352	\$2,131	\$2,128	\$2,120
Household	\$2,186	\$1,936	\$1,635	\$1,746

Source: Australian Bureau of Statistics: Census 2021 https://www.abs.gov.au/census/find-census-data/quickstats/2021/1201_AUS

Summary

While there is a significant outflow of New Zealand citizens, the available evidence does not support the notion of a straightforward 'brain drain'. Immigrants to New Zealand tend to be more highly qualified than the native-born population, and they outnumber those leaving. The skill composition of migrants is complex, with variations across different visa categories and source countries. However, the lack of information about the skills of departing New Zealanders makes it difficult to draw definitive conclusions about the net effect of the recent outflows on New Zealand's skill base.

Overall, it is plausible that the net inflow has increased the average skill level in New Zealand on this measure.

Section 4: Economic impact of migration

The large-scale migration flows into and out of New Zealand naturally raise questions about their economic impact on employment opportunities and wage rates for native New Zealanders. This section examines the available evidence on these issues.

Effects on employment and wages for native New Zealanders

Past studies have generally found little evidence of negative impacts of immigration on native employment and wages in New Zealand. A 2021 New Zealand Productivity Commission review of its effects concluded that:

“Immigration has had small and mostly positive effects on the wages and employment of New Zealand-born workers over the last 25 years.”¹⁴

For example, David Maré and Steven Stillman (2009), using data from the 1996, 2001 and 2006 Censuses, found “little evidence that immigrants negatively affect either the wages or employment opportunities of the average New Zealand-born worker”.¹⁵

Sholeh Maani and Y. Chen (2012) found for New Zealand that the large increase in skilled migrants after 2001 policy changes had “no adverse wage impact on native workers of similar skill.” But, highly-skilled immigration “has a small negative wage effect for low-skilled native workers”.¹⁶

Immigrants may boost the employment of locals

New Zealand’s immigration policies have increasingly focused on attracting skilled migrants.

One reason that negative effects are limited is that migrants are increasingly entering higher-skilled occupations that can complement rather than substitute for local workers. Many projects need to combine specialist experts and local labour.

The 2018 Census showed that Chinese and Indian ethnic groups had labour force participation rates above the national average.

There is a concern that too many new immigrants, mainly those from non-English speaking countries, find it hard to get jobs that accord with their educational qualifications. Many analyses find that, on average, they are over-educated in the jobs they are working in. This plausibly reflects issues like language barriers, costs of verifying qualification quality, job experience and performance, and, in some cases, discrimination. Such studies suggest migrants experience an ‘occupational downgrade’ on arriving in New Zealand.

However, a 2016 paper by Jaques Poot and Steven Stillman noted that the average immigrant is more highly educated than the average New Zealander. But this does not mean that the average immigrant in a given occupation is more highly qualified than New Zealand workers in the same occupation,

¹⁴ New Zealand Productivity Commission, “Impacts of immigration on labour market and productivity”, Working Paper 2021/05. <https://www.treasury.govt.nz/sites/default/files/2024-05/pc-wp-impacts-of-immigration-on-the-labour-market-and-productivity.pdf>

¹⁵ David Maré and Steven Stillman, “The Impact of Immigration on the Labour Market Outcomes of New Zealanders”, Motu Working Paper 09-11. https://econpapers.repec.org/paper/mtuwpaper/09_5f11.htm. A useful two-page summary of their paper has been published by MBIE here: <https://www.mbie.govt.nz/dmsdocument/2852-impact-immigration-labour-market-outcomes-pdf>

¹⁶ Sholeh Maani & Y. Chen, 2012. “[Effects of a High-skilled Immigration Policy and Immigrant Occupational Attainment on Domestic Wages Effects](#),” *Australian Journal of Labour Economics*, Bankwest Curtin Economics Centre (BCEC), Curtin Business School, vol. 15(2), pages 101-121. [Australian Journal of Labour Economics \(AJLE\), Bankwest Curtin Economics Centre \(BCEC\), Curtin Business School | IDEAS/RePEc](#)

holding other relevant characteristics (such as age) constant. In the event, the authors find that using census statistics up to 2006, immigrants “are, on average, less skilled than natives”.¹⁷

Short-term strains on housing and infrastructure

While the overall economic impact of migration appears to be positive or neutral, sudden large inflows can strain housing markets and infrastructure capacity in the short term. Over the 1990s and early 2000s, large net immigration (from Asia and elsewhere) has been linked to faster increases in house prices and rents in New Zealand.¹⁸

The scale of the net inflow in the last two years is surprising. For the two years ended May 2022, there was a combined net outflow of 24,000 migrants.¹⁹ Such swings likely confound some of those making decisions affecting housing and infrastructure capacity.

Summary

While the empirical evidence suggests that the overall economic impacts of immigration on native New Zealand workers are generally small or even positive, the large swings in migration flows can pose challenges for infrastructure planning and housing markets.

Section 5: Demographic analysis

Understanding the demographic characteristics of migrants is crucial for assessing the long-term implications of current migration trends. This section examines the age distribution of migrants, trends in countries of origin, and the implications for New Zealand’s population composition.

Age distribution of migrants

Contrary to some popular perceptions, the available data does not suggest that young people of working age have disproportionately left New Zealand in the last two years. The age distribution of emigrants remains consistent with long-term trends.

On average, 29% of migrant departures from New Zealand were in the 25-34 age group bracket in the 24 years from 2001 to March 2024. The average for the last two years has been hardly different at 30%. Moreover, the average proportion of arrivals in the same age group has been 31% and remember that arrivals are a much larger number.

This dataset does not provide a nationality breakdown, so it throws no light on whether the ratios are different for departing New Zealand citizens. However, on the evidence, the age group proportions by age for immigrants have been very close on average to those for emigrants.

In short, there is no evidence in these statistics for a concern that young people of working age have disproportionately fled New Zealand in the last two years.

¹⁷ Jacques Poot and Steven Stillman, "Skill composition of immigration flows and the measurement of education-occupation mismatch", *Journal of Migration*, December 2016. ([PDF](#)) [Skill composition of immigration flows and the measurement of education-occupation mismatch \(researchgate.net\)](#)

¹⁸ Julie Fry, "Migration and Macroeconomic Performance in New Zealand: Theory and Evidence", New Zealand Treasury Working Paper, No. 14/10 (2014). <https://www.treasury.govt.nz/sites/default/files/2014-04/twp14-10.pdf>

¹⁹ The Government announced the reopening of the border in May 2022, with relaxed criteria for immigrants in order to “increase the available pool of labour” and to boost tourism. Anna Whyte, “Major reforms to NZ immigration settings announced”, Radio New Zealand news, 11 May 2022. <https://www.1news.co.nz/2022/05/11/major-reforms-to-nz-immigration-settings-announced/>

Country of origin trends

The source countries for immigrants to New Zealand have shifted significantly over time. As mentioned earlier, the share of the resident population born in Asia rose from just 1.6% in 1986 to 15.3% by 2018. There was a sharp fall in the proportion of residents declaring to have European ancestry.

Important countries of origin for migrants to New Zealand in the last two years include India and the Philippines, followed by China, Fiji, South Africa, the UK and Australia. In the two years to May 2024, of the 367,000 non-New Zealand migrants who entered the country, 240,000 were from Asia, of whom 134,000 were from India or the Philippines.

Implications for New Zealand's population composition

These migration trends have significant implications for New Zealand's population composition. As of the 2018 population census, 28% of New Zealand residents were foreign-born, one of the highest shares among OECD countries.²⁰

In turn, the proportion of New Zealanders living overseas is significant. A 2004 Treasury Working Paper estimated that, in 2001, 459,322 of the 3,350,191 people alive and born in New Zealand were living overseas. This represents a diaspora of 15.9% of the 2,890,869 New Zealand-born remaining in New Zealand.²¹ Expressed differently, for every 6.3 New Zealand-born in New Zealand, one New Zealand-born person was living overseas.

These demographic shifts have implications for New Zealand's international connections, cultural diversity, labour market, and social services. The increasing diversity of the population may require adaptations in areas such as education, healthcare, and social integration policies.

Summary

In summary, while there are significant migration flows both in and out of New Zealand, the age distribution of these flows remains relatively stable. The main demographic change is in the increasing diversity of New Zealand's population, with a growing proportion of residents born in Asian countries. These trends are reshaping New Zealand's demographic landscape, presenting opportunities and challenges for the country's future.

Section 6: Australia's gravitational pull

Australia's ability to attract emigrating New Zealanders makes relationships with it of particular interest. This section explores Trans-Tasman migration patterns, compares current trends with Australia's experience, and analyses Australia's attractiveness to New Zealanders.

Trans-Tasman migration patterns

The historical net outflow of New Zealanders has long been to Australia. Treasury's 2004 Working Paper cited above found that 355,765 people who were New Zealand-born were living in Australia in 2001. This amounted to 77% of New Zealand's diaspora at that time and 12.3% of the New Zealand-born people who were then residing in New Zealand.

²⁰ Switzerland's ratio is only fractionally lower than Australia's, Canada's is 22%. The UK and US are both at 14%. This is according to the OECD data base at <https://data.oecd.org/migration/foreign-born-population.htm>. But it does not include all OECD member countries.

²¹ John Bryant and David Law, "New Zealand's Diaspora and Overseas-born Population", Treasury Working Paper 04/13. <https://www.treasury.govt.nz/sites/default/files/2007-09/twp04-13.pdf>

Twenty years later, in June 2021, around 530,500 New Zealand-born people were living in Australia.²² That represented 2.3% of the Australian population and about 14% of the 3.5 million remaining in New Zealand who are New Zealand-born.²³

Australia's provisional estimate for 2023 shows that the number of New Zealand-born residents of Australia was higher again – at 598,000. This represented 2.2% of the 26.6 million residents in Australia.²⁴

The proportion of New Zealanders born in Australia does not give the complete picture of Australia's attractiveness to New Zealand citizens. Many New Zealand citizens living in Australia are not New Zealand-born. Statistics New Zealand reports that in 2022, 36% of New Zealand citizens migrating to Australia were not New Zealand-born.

Australia's Department of Foreign Affairs and Trade estimates that currently, around 670,000 New Zealand citizens live in Australia.²⁵ That represents about 13% of New Zealand's resident population of 5.1 million.

In addition, some Australian-born Australian residents have New Zealand ancestry. According to Australia's 2021 population census, 120,923 in this category reported "New Zealander" in their ancestry and 73,791 reported themselves to have Māori ancestry.

The proportion of New Zealand-born living in Australia may have increased since 2021. According to Australia's 2021 census, 586,020 New Zealand-born individuals were living in Australia, representing about 17% of the New Zealand-born population in New Zealand in 2018. (A more up-to-date figure for New Zealand may be available in October 2024.)

The flow is not entirely one-way. According to New Zealand's 2018 population census, 1.6% of New Zealand residents were Australian-born (Table 5).

²² Australian Bureau of Statistics, "People in Australia who were born in New Zealand", 2021 Census https://www.abs.gov.au/census/find-census-data/quickstats/2021/1201_AUS

²³ Statistics New Zealand, "Net Migration Loss to Australia in 2022", 12 July 2023. [Net migration loss to Australia in 2022 | Stats NZ](#)

²⁴ Australian Bureau of Statistics, "Australia's Population by Country of Birth, Reference Period June 2023", [Australia's Population by Country of Birth, Jun 2023 | Australian Bureau of Statistics \(abs.gov.au\)](#)

²⁵ Department of Foreign Affairs and Trade "New Zealand Country Brief", <https://www.dfat.gov.au/geo/new-zealand/new-zealand-country-brief>

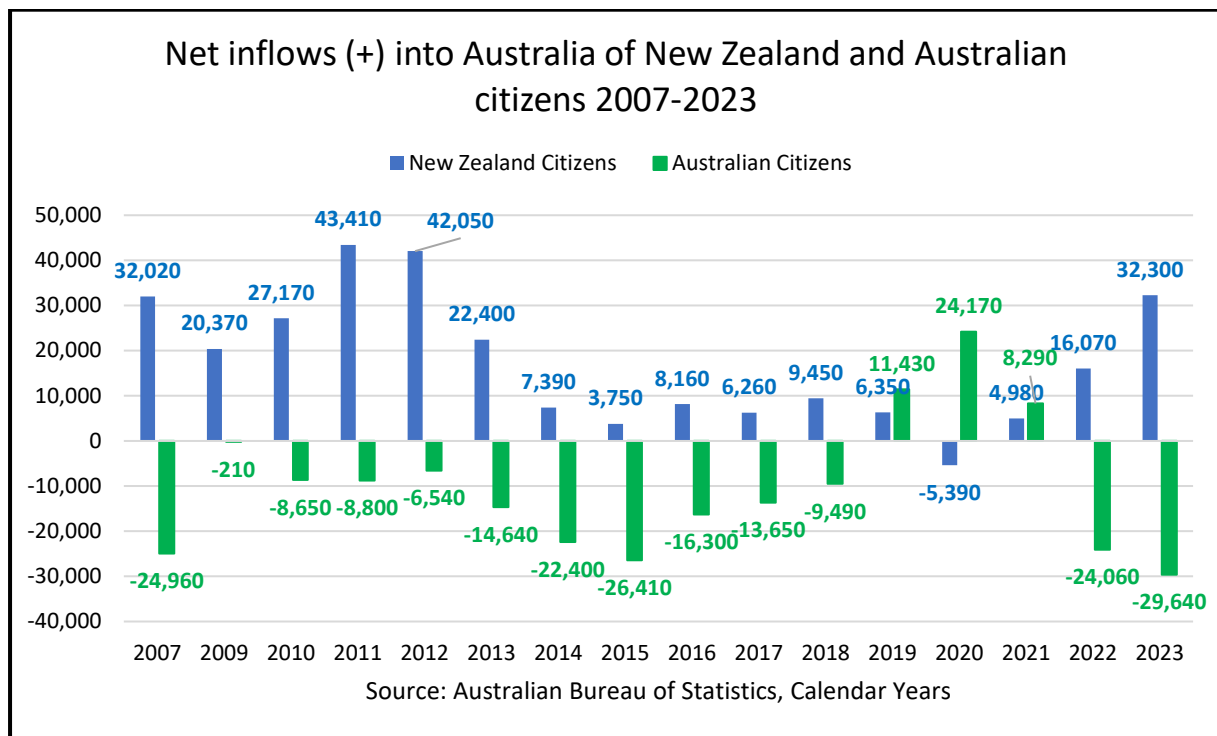
Table 5: Proportions of locally born in Australia and New Zealand

Places of birth of Australian and New Zealand residents			
	2021	Residents in	2018
Residents in Australia	Census	New Zealand	Census
Australian-born	18,332,620	Australian-born	75,696
New Zealand-born	586,020	New Zealand-born	3,370,122
Others	7,094,430	Others	1,253,937
Total not Australian-born	7,680,450	Total not NZ-born	1,329,633
Total	26,013,070	Total	4,699,755
Percentages			
Residents in Australia		Residents in	
		New Zealand	
Australian-born	70.5%	Australian-born	1.6%
New Zealand-born	2.3%	New Zealand-born	71.7%
Others	27.3%	Others	26.7%
Total not Australian-born	29.5%	Total not NZ-born	28.3%
Total	100.0%	Total	100.0%
<i>Memorandum: New Zealand-born residents in Australia in 2022 represent 17% of New Zealand-born residents in New Zealand in 2018. A more up-to-date figure for New Zealand is needed.</i>			
Source: Australia and New Zealand census statistics as reported by Wikipedia, June 2024			

Comparison of current trends with Australia's experience

Australia has also experienced a larger than usual net outflow of its citizens in the last two years. Net emigration of Australian citizens from Australia totalled 53,700 in 2022 and 2023 combined, while the net migrant inflow of New Zealand citizens into Australia was 48,370 (Figure 7).

Figure 7: Net migrant flows in and out of Australia 2007-2023



An interesting point of difference this time is that in the last two years, Australia attracted more New Zealand citizens (net) than usual while losing more Australian citizens (net) than usual. This contrasts with previous periods when Australia lost its own citizens and only weakly attracted New Zealand citizens. This suggests that in 2023, a New Zealand-specific factor may have been important.

Attractiveness of Australia for New Zealanders

Several factors contribute to Australia's attractiveness for New Zealanders:

1. Economic Opportunities: Australia generally offers higher wages and a larger job market.
2. Ease of Movement: The Trans-Tasman Travel Arrangement allows New Zealanders to live and work in Australia without a visa.
3. Cultural Similarities: The cultural proximity between the two countries makes it easier for New Zealanders to integrate into Australian society.
4. Climate: Australia's warmer climate can be appealing to some New Zealanders.

Skill composition of Trans-Tasman migrants

Section "Short-term strains on housing and infrastructure" above noted that New Zealanders in Australia are, on average, less highly educated than Australians. In contrast, Australians in New Zealand are more highly qualified on average than New Zealanders. According to New Zealand's 2018 population census, 27.3% of those born in Australia who were living in New Zealand had a level 7 or bachelor's degree qualification, compared to 23.2% of the overall New Zealand population.

Summary

While Australia remains a significant draw for New Zealanders, the relationship is complex. The current trends suggest that factors specific to New Zealand may be driving the recent increase in emigration to Australia. However, the skill composition of inward migrants does not support the notion of an overall 'brain drain' and skill loss to Australia.

Section 7: Policies and their implications

The migration trends and patterns discussed in this report reflect the policy landscapes in New Zealand and Australia.

Current immigration policies

New Zealand's immigration policy has evolved significantly, with a growing focus on attracting skilled migrants. Key elements of the current policy framework include:

1. **Skilled Migrant Category:** A points-based system prioritises migrants with skills, qualifications, and experience that align with New Zealand's economic needs.
2. **Essential Skills Work Visas:** Allows employers to recruit overseas workers for jobs where no New Zealanders are available.
3. **Student Pathways:** Policies that allow international students to work during and after their studies, potentially leading to permanent residence.
4. **Recognised Seasonal Employer scheme:** Permits the temporary entry of overseas workers to fill seasonal labour shortages in the horticulture and viticulture industries.
5. **Trans-Tasman Travel Arrangement:** Allows free movement between New Zealand and Australia for citizens of both countries.

Areas of policy relevance

The above review does identify some areas where changes to policy settings might usefully be considered:

1. **Infrastructure and Housing:** The large swings in net migration flows underscore the need for flexible and responsive infrastructure and housing policies to accommodate population changes.
2. **Retention Strategies:** While the current outflow of New Zealanders is not unprecedented, policies to enhance New Zealand's attractiveness for skilled workers could help retain talent. For example, better housing and a higher quality education system would help.
3. **Data Collection:** The lack of systematic information about departing New Zealanders' skills and reasons for leaving hampers policymaking.
4. **Integration Support:** With the increasing diversity of New Zealand's population, policies to support the integration of immigrants may become increasingly important.
5. **Trans-Tasman Coordination:** Given the significant migration flows between New Zealand and Australia, continuing policy coordination between the two countries is desirable.
6. **Capacity in Visa Processing:** The recent large inflows highlight the need for a visa processing system that can handle fluctuations in demand while maintaining integrity.²⁶
7. **Economic Competitiveness:** Policies to enhance New Zealand's economic competitiveness, particularly in relation to Australia, could help mitigate the push factors for emigration.

²⁶ It is possible that the inflow of immigrants has been artificially high because the pressure was on immigration officials to process visa applications faster than was consistent with verifying whether applicants really met the criterion for entry. See, for example, Steve Kilgallon, "Shambles of our visa regime, Immigration staff reveal the truth", *Stuff*, 3 September 2023, <https://www.stuff.co.nz/national/immigration/132853434/shambles-of-our-visa-regime-immigration-staff-reveal-their-truth>

Summary

While New Zealand's current immigration policies have successfully attracted skilled migrants, there is scope to do a better job of harmonising policies that affect the level and composition of immigration flows and the flexibility of response to pressures on housing and other infrastructure.

Conclusion

This report set out to address a central question: Is New Zealand experiencing a concerning brain drain? This analysis of current migration trends, historical patterns, and various economic and demographic factors produces the following conclusions.

1. **Current Trends in Context:** The record net outflow of 61,100 New Zealand citizens in the year to May 2024 is exceptional, but so is the net inflow from other countries. Net outflows of New Zealanders are not exceptional. New Zealand experienced net outflows of its citizens in 64 out of 69 years from 1950 to 2018.
2. **Balancing Outflows and Inflows:** New Zealand continues to be a net attractor of migrants.
3. **Skill Composition:** The available evidence does not support the 'brain drain' fear. Immigrants to New Zealand tend to be more highly qualified than the native-born population, and they outnumber those leaving. Better statistics are needed about the skills of those leaving.
4. **Economic Impact:** Studies have generally found little evidence of significant negative impacts of immigration on employment or wages for native-born New Zealanders. In some cases, immigration has helped fill skill shortages and boost productivity.
5. **Demographic Implications:** The age distribution of emigrants remains consistent with long-term trends, not showing a disproportionate exodus of young working-age people. The main demographic change is in the increasing diversity of New Zealand's population, with a growing proportion of residents born in Asian countries.
6. **The Australia Factor:** Australia attracts New Zealanders. Factors specific to New Zealand may contribute to the recent high net outflow of New Zealand citizens to Australia.
7. **The migration concern underscores the need for flexible policies in areas such as employment, infrastructure, housing, and visa processing.**

While the current outflow of New Zealand citizens is noteworthy and warrants attention, it does not represent a crisis or make a net 'brain drain' plausible. It should be viewed as an orange light rather than a red light.

New Zealand remains an attractive destination for skilled migrants, and the overall impact of migration on the country's skill base appears to be positive.

New Zealand's experience underscores a global reality: in an interconnected world, talent is mobile. Countries that can offer attractive opportunities, high quality of life, and inclusive societies will be best positioned to thrive in the competition for skills and talent.

New Zealand has the advantages of natural beauty, foundational English-based institutions and a stable democracy. But, institutional quality is eroding, and Australia and others are also competitive in these respects.

Improvements in infrastructure, health, education, housing and labour market employment opportunities in New Zealand would help retain New Zealanders and attract needed skills and investment.

Done well, immigration policy is an opportunity to diversify New Zealand's skill base, enrich its culture, and strengthen its position in the global economy. New Zealand's capacity to adapt and thrive in a world of increasingly fluid global talent flows is where the focus should be.

Appendix A: Further information on New Zealanders in Australia

Table 6: Years of Arrival for New Zealand-born in Australia in 2021

Year of arrival in Australia - of those there in 2021	Born in New Zealand	% Born in New Zealand	Born overseas	% Born overseas	Born in NZ as % of Born overseas
All people					
Before 1951	1,441	0.3	70,483	1.0	2.0
1951 - 1960	3,490	0.7	274,018	3.9	1.3
1961 - 1970	20,171	3.8	558,641	7.9	3.6
1971 - 1980	57,703	10.9	545,150	7.7	10.6
1981 - 1990	90,429	17.0	787,899	11.2	11.5
1991 - 2000	88,634	16.7	793,266	11.3	11.2
2001 - 2010	125,669	23.7	1,557,332	22.1	8.1
2011 - 2021	125,464	23.7	2,285,466	14.5	5.5
Total respondents	513,001	96.8	6,872,255	79.6	7.5
Year not identified	17,497	3.3	171,452	2.4	10.2
Total in Census	530,498	100.00	7,043,707	100.00	7.5
More information on Year of arrival in Australia (YARP)					
Source: ABS 2021 Population Census, Table based on place of usual residence					

Appendix B: Definitions of skill levels in Figure 6

Each skill level reflects the complexity and range of tasks performed in an occupation. The higher the skill level, the greater the complexity and range of tasks. Formal qualifications, work experience and job training requirements increase with each skill level.

Skill Level 1

Occupations at Skill Level 1 are equivalent to a bachelor's degree or higher qualification. At least five years of relevant experience may substitute for the formal qualification. In some instances, relevant experience and/or on-the-job training may be required in addition to the formal qualification.

Skill Level 2

Occupations at Skill Level 2 are comparable to one of the following:

- NZ Register Diploma
- AQF Associate Degree, Advanced Diploma or Diploma

At least three years of relevant experience may substitute for the formal qualifications listed above. In some instances, relevant experience and/or on-the-job training may be required in addition to the formal qualification.

Skill Level 3

Occupations at Skill Level 3 are equivalent to one of the following:

- NZ Register Level 4 qualification
- AQF Certificate IV
- AQF Certificate III, including at least two years of on-the-job training

At least three years of relevant experience may substitute for the formal qualifications listed above. In some instances, relevant experience and/or on-the-job training may be required in addition to the formal qualification.

Skill Level 4

Occupations at Skill Level 4 are equivalent to one of the following:

- NZ Register Level 2 or 3 qualification
- AQF Certificate II or III

At least one year of relevant experience may substitute for the formal qualifications listed above. In some instances, relevant experience and/or on-the-job training may be required in addition to the formal qualification. Applicants for Skill Level 4 roles now need to demonstrate English proficiency to qualify for an Accredited Employer Work Visa.

Skill Level 5

Occupations at Skill Level 5 are equivalent to one of the following:

- NZ Register Level 1 qualification
- AQF Certificate I
- Completion of compulsory secondary education

In some instances, a short period of on-the-job training may be required in addition to or instead of the formal qualification. In other instances, no formal qualification or on-the-job training may be required. Applicants for Skill Level 5 roles now need to demonstrate English proficiency.

Source: <https://www.nzmigrationhelp.com/anzsco-the-new-zealand-way-of-work/>

This ANZSCO classification should not be confused with Statistics New Zealand's use of the New Zealand Curriculum's 8 levels for educational attainment.

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