



BRAIN DRAIN

BY SASHA BORISSENKO

New Zealand's borders opened more than two years ago, yet 2024 has seen record numbers of young professionals leaving for greener pastures. Why now, and should we be worried?

“[New Zealand’s] lack of jobs, low salary and high cost of living made it unappealing to stay. I had even interned during uni and was still underqualified for most roles advertised.”

Mikayla Kear moved to Melbourne in January after turning down a role in Auckland that would see her “living paycheck to paycheck”.

The 24-year-old University of Canterbury communications graduate opted for a programme in Melbourne that offered a competitive salary, clear career progression, and a better future.

“I felt that in New Zealand, it was a privilege to get a job in your discipline straight out of uni, [which means] you can’t be picky about salaries, growth and opportunity. While in Australia, I feel that they are trying to ensure our success. [They] value and want to grow emerging talent.”

Australian Bureau of Statistics data suggests Mikayla is one of 46,900 who left New Zealand for Australia in the year ending March 2024. In contrast, between 2004 and 2013, New Zealand lost an average of 30,000 people to Australia.

This year, the number of people leaving the country has seen record highs according to recent StatsNZ figures, with 134,300 leaving New Zealand in August, up 37 per cent since August last year. New Zealand citizens made up the largest group with 81,200 departures, exceeding the previous record of 72,400 in the February 2012 year.

Using data ending June 2024, people aged 18-30 comprised 38 per cent of the 80,200 New Zealand citizens leaving the country. Mikayla forms part of this group dubbed the ‘brain drain’,

a term that describes the migration of skilled young professionals who flock overseas for a better quality of life.

Detailed information is limited, as departure cards that asked people about their nationality, occupation, New Zealand address, reasons for leaving, and whether they planned to return were discontinued in 2018, a Customs spokesperson told *North & South*.

Infometrics chief executive and principal economist Brad Olsen says New Zealand typically loses young talent overseas, but a weaker labour market could better explain the spike. Importantly, it has been two years since the country’s borders opened, and the focus on shifting to Australia implies people are not simply “catching up for lost time”.

“With job ad numbers across New Zealand down, there’s much more competition for the jobs available, and often younger people without as much experience are competing for roles against people with higher skills or experience who have lost their jobs in other areas.”

With national unemployment at 4.5 per cent, under-30-year-olds make up two-thirds of the increase in unemployment in the last year, Olsen says. Citing StatsNZ data, the number of unemployed people has increased by 32,000, and 21,700 are under 30.

OE, forever, or wait and see

Raphael Solomon says that, as a 29-year-old with qualifications, experience, and nothing necessarily tying him to New Zealand, he didn’t want to miss out on the opportunity to live overseas.

While he jokes about the high cost of living and job prospects, they were not necessarily the drivers for the criminal defence lawyer.

“I would quite happily keep working as a public defender in New Zealand, although the money is significantly better in Australia.”

Glassdoor figures suggest the average Public Defence Service salary ranges from NZD\$52,000-\$100,000 in New Zealand, compared to AUD\$120,000-\$142,000 in Australia.

Does Raphael plan to come back to New Zealand? “I purposefully wanted to get to a stage in my career where I could come back and pick up where I left off. I have a huge affection for my home in Wellington, but for now, I’m scoping out jobs and seeing where the wind takes me.”

This is not true for Mikayla, who plans to apply for Australian citizenship.

“I know a lot of Kiwis who talk about looking at moving home when they have a family, but even that means [greater] financial pressure that, to me, doesn’t feel appealing.”



Raphael Solomon and Mikayla Kear have both crossed the Tasman for better job prospects.

Opportunities aplenty across the ditch

Social Development and Employment Minister Louise Upston says an opportunities deficit has existed for a while now, “which speaks to the damage done by the acute cost-of-living crisis we have been suffering from since the middle of 2021”.

This is true for small business owner, teacher, and shoemaker Lou Clifton. Like Mikayla, she moved to Melbourne for good in November after trying to get her business, Shoe School, back on its feet after the pandemic.

“I really worried that I had exhausted the New Zealand market and that collective recession fears would make people reluctant to treat themselves to a workshop. It was nerve-racking. Every time I got a booking, I worried about whether it might be the last one.”

Although the shoe industry in Melbourne is small, there are more people, business, and business support.

“It’s so different from being in a place where you can have everyday conversations about your craft. I’ve got shoemaking colleagues in the same workshop, leather retailers down the road, and various shops dedicated to leathercraft and shoemaking supplies and advice.”

A bigger creative community was also a drawcard. Lou has since realised the isolation in New Zealand impacted her confidence, she says.

“I had a lot of decision paralysis in New Zealand, I think, because I wasn’t able to talk through ideas. There wasn’t a lot of feedback, and it did get to the point where it felt like my energy was going into a void. That ‘number 8’ wire mentality does wear on you. The shift in energy here is incredible. There’s still a recession, and it’s still tough, but there’s a lot more momentum.”

Lou says the quality of housing and feeling at the mercy of her landlord were factors for leaving, too.

“Black mould was a big one. It was everywhere in my flat. The lack of rights for renters was another. It was so easy to get bullied by my landlord because they didn’t have a code to follow. It was so unsettling.”

“One of the first things I did over here was adopt a

Photo: New Zealand Education Group, supplied.



Social Development and Employment Minister Louise Upston and Housing Minister Chris Bishop.

dog — I would never have been able to have a dog in New Zealand because my house wasn’t suitable, and having one would prevent me from renting anywhere else.”

Housing minister Chris Bishop says everyone should have a warm, dry home, and the Coalition Government supports the ‘healthy homes standards’ (HHS).

Introduced in July 2019 under the former Labour Government, the HHS requires minimum standards for heating, insulation, ventilation, moisture and drainage, and draught stopping in the 600,000-odd rental properties in New Zealand.

Since December 2020, landlords must provide a compliance statement to tenants at the beginning of the tenancy. Landlords that fail to comply with the standards can face fines between \$750 and \$7200.

For Lou, the time and energy taken to pursue remedies were not worth the hassle.

“All my time and energy went into running my business, especially after the pandemic. I didn’t have anything left over to fight my landlord. I was just waiting to leave, really.”

Quarter acre dream not a reality

Although Lou misses New Zealand, the prospect of owning a home in the future is in the realm of possibility. This was never the case in New Zealand, she says.

For context, credit agency Centrix reported the average age for first-home buyers was 37 years in January 2024. First-home buyers made up 24 per cent of all new residential mortgages during the same period.

The level of loan-to-value ratios (LVRs) for first-home buyers has largely remained unchanged since the Reserve Bank introduced LVRs in 2013 following “concerns about rapidly rising house prices, coupled with an increasing use of low-deposit loans,” a Ministry of Housing and Urban Development

spokesperson says.

“Even with LVRs in place, banks have the discretion to lend up to 20 per cent of their lending to lower deposit borrowers (recently increased from 10 per cent).”

Three-thousand-odd first home buyers each ear purchase houses through the Kāinga Ora First Home Loan scheme for low deposit borrowers, and rules remain unchanged for Kiwisaver, where more than 38,000 people withdraw funds for a first home purchase in the 12 months to July 2024.

“With job ad numbers across New Zealand down, there’s much more competition for the jobs available, and often younger people without as much experience are competing for roles against people with higher skills or experience who have lost their jobs in other areas.”

Official ‘Change in Housing Affordability Indicators’ give insight into the affordability of renting a home, saving for a deposit, and servicing a mortgage over time relative to median household income. Since 2014, the affordability of servicing a mortgage has reduced by 30 per cent and deposit affordability has decreased by 20 per cent. Renting affordability, however, has increased by 5 per cent in the last 10 years.

While the housing ministry spokesperson is reluctant to draw links between housing quality and emigration, they say New Zealand’s housing market is among the least affordable in the world due to restrictions on housing supply.

Poor housing affordability “has dampened growth in our towns and cities, stymied our productivity, locked young people out of the housing market and has resulted in the Government spending over \$5 billion a year on housing assistance”.

Housing Minister Chris Bishop says New Zealand’s housing crisis affects almost every aspect of New Zealand society.

“Our collective failure to build enough houses has trapped people in poverty, it has increased inequality, it has made us poorer rather than wealthier, and it has shattered the Kiwi dream of a property-owning democracy.

“The lure of London, New York and Sydney will always be attractive to young Kiwis, but our housing market is practically standing at the departure lounge at Auckland Airport and in big neon writing telling them to just get on the plane and not to bother coming home.”

The Coalition Government has thus pledged

to smash urban limits, fix infrastructure funding and financing, and introduce incentives to encourage cities and regions to grow. He says improvements to the rental market will also make it easier to be a landlord and tenant, and building and construction changes will improve competition and lower building costs.

For Lou, she is not convinced. “When the Labour Government was in power, I felt things were getting tougher for people. With living costs being so high and such dwindling support for renters, I thought things could only get worse under a National Government.”

Luring back the country's bright, young things

Infometrics chief executive Brad Olsen says the issue remains, “How do we convince those young people back?”

“Over time, the New Zealand population is ageing, and we continue to worry about future skills shortages as older workers retire and more younger workers are needed to take their place. Already, we see a lower number of workers supporting every retiree, and that trend will continue in the future.”

Earlier this year, Prime Minister Chris Luxon told reporters that his job was to build a long-term proposition that would see New Zealanders choosing to stay in the country. He told North & South his view has not changed, which is why he “continues to focus on rebuilding the economy, restoring law and order and delivering better public services”.

Yet delivering better public services has come at a cost for what the PSA estimates to be 7000-odd public servants, whose roles have been disestablished under Luxon’s government.

This was the case for 30-odd Wellingtonian, musician, and long-time public servant Sophie Scott-Maunder, who, after avoiding a first round of redundancies in February, remembers asking herself whether voluntary redundancy could be a blessing.

Months later, a second round of redundancies would see 19 roles merge into six. At the time, Sophie remembers feeling it would be unfair to apply for a role against colleagues with more responsibilities, mortgages, and families.

“Although the decision wasn’t taken lightly, it’s scary. I don’t think it ever feels right to completely throw out your career [of a decade] on a whim.”

Sophie’s role was disestablished in July, and she moved to London in late August.

She says London was the best option because of the visa availability, its proximity to Europe, and New Zealand’s cost of living crisis.

Cost of living crisis a kick in the guts, no end in sight

Producing a picture of a receipt from her phone during the interview, Sophie says she couldn’t believe that she recently paid just £0.60 (NZD\$1.30) for a mozzarella ball. “I can’t get over how cheap it is for even fancy stuff over here. I got Grana Padano und Parmesan for two pounds. That would be \$12 in New Zealand. I just

hope I come back and the country will be in a better state than it currently is”.

In September, the Commerce Commission released its inaugural annual grocery report revealing that competition among the country’s supermarket duopoly had not improved - two years after its landmark study into New Zealand’s \$25b grocery sector. Grocery commissioner Pierre van Heerden announced he would use his powers to ramp up regulation and enforcement, noting retail margins had increased at the expense of consumers.

Infometrics’ Brad Olsen says overall food prices were more than 18 per cent higher in July this year than in July 2021. While the contrast is stark, Olsen says overall costs of living in international cities tend to be higher too, which means the net effect is difficult to determine.

“You’re earning a little bit more, food is cheaper, and rent is cheaper. It’s just a lighter feeling.”

The Prime Minister did not respond to questions relating to the high cost of living, but Employment Minister Louise Upston says the only way to reverse the brain drain is to increase opportunities for young people, “to make our country a better place to go to work, to start a business, to earn a decent wage, to buy a house, to raise children and send them to school”.

Budget 2024 offered tax relief to Kiwis and prioritised front-line services, she says. Changes to the welfare system, such as increased seminars and phone-based case management, will also mean it is more “proactive about helping young people into work rather than letting them languish on welfare for long periods”.

Ministry of Social Development (MSD) employment group general manager Hugh Miller says that July and August saw an increase of 1500 job seekers moving from welfare support and into employment compared to last year.

Upston says it is early days, and there is more work to do, “but I strongly believe young people have a bright future in this country.”

“We still have the foundations for a strong economy and a government focussed on rebuilding it so that businesses can offer more job opportunities to our young people”.

For Raphael and Sophie, they are riding the wave and waiting for the economic storm to pass. But for Lou and Mikayla, it is a case of too little and too late. “It’s warmer in Australia. The quality of housing is better. You’re earning a little bit more, food is cheaper, and rent is cheaper. It’s just a lighter feeling,” Lou says.

“I miss New Zealand, the landscape, and my family, but until there’s affordable housing and the opportunity to have a reliable income, I don’t see myself coming home.” ■