



Inquiry into how we can attract and utilise the skills of young Kiwis returning from their overseas experience

Recommendation

The Transport and Industrial Relations Committee makes the following recommendations to the Government

- individuals should be given information and support about the issues they may face when trying to return to New Zealand before going away on an overseas experience, and be given accessible support when they return by a Government organisation.
- networks, such as KEA and others, should improve their support for New Zealand expatriates living abroad and those considering overseas travel, to focus more on links between New Zealanders abroad and New Zealanders at home.
- the Government should work to increase job visibility in New Zealand, and facilitate the provision of jobs for those returning from working overseas.
- employers should be encouraged to value the contribution of those who have worked overseas.
- encourage young New Zealanders to have an overseas experience in hope of achieving a mutual appreciation of the value of these experiences, through promotion in universities.
- that employers emphasise the value of the skills and work ethic gained from a degree as well as the content of the course, so there is more flexibility around entering careers, not necessarily specific to the content of the person's study.
- encourage the Government to have discussions with organisations, such as Global Link, to help young people structure their overseas experiences and maximise their opportunities, and look at the long-term benefit for New Zealand.

- to promote overseas experiences funded by employers, for the benefit of the company.
 - encourage market research into industries in which there is a high percentage of kiwis working abroad, to promote expansion of these industries in New Zealand.
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Introduction

An overseas experience (OE) is typically undertaken by an individual in their early 20s who spends an average of three years overseas in an English-speaking country. In 2005 the expatriate population of New Zealand was estimated at between 460,000 and 1,000,000 people, with roughly three quarters of these living in Australia. One third of the expatriate population was estimated to be on a two-year OE, one third to be living overseas between three and five years, 10 percent between six and nine years, and almost 20 percent for more than 10 years.

Brain drain debate

The notion of a brain drain has been a concern in New Zealand since the 1980s, with 24 percent of New Zealanders with some level of tertiary education living overseas in 2005. However, New Zealand's immigrants are more highly skilled than its emigrants. With more than two thirds of New Zealand citizens who emigrate returning within five years, we agree that weight can be given to the concept of a "brain exchange" rather than a "brain drain". Net immigration into New Zealand is positive, and was 21,600 people in the year to February 2010, making up 180,900 people between 1960 and 2000.

New Zealanders gain valuable skills and experience whilst living abroad, and we were told this was worth on average \$250,000 for each individual who returned. We believe that travelling and working overseas are important in developing individuals and that their experiences will enhance New Zealand's cultural diversity on their return. Consequently, attracting these individuals to return to New Zealand with these skills and experiences is becoming an increasing priority for the Government.

Working overseas

Whilst working overseas New Zealanders can gain valuable skills and experience to which they would not otherwise necessarily have access. This is especially true of working in certain roles, or industries, that are not widely available, or available at all, in New Zealand. Many individuals also want the opportunity to travel, and experience difference lifestyles and culture, and move abroad to do so. Life experiences gained from living and working in a different culture provide valuable skills that may be recognised by employers.

Some individuals move because of the opportunities presented by different education systems internationally. For example, in the United Kingdom the subject of an undergraduate degree is considered less important than the transferable skills gained from completing the degree, so a person can become an accountant without having studied accountancy, unlike in New Zealand, where a degree subject must correlate with an individuals career path.

Many New Zealanders work abroad, where incomes are higher, to save money for purchases such as a deposit for a house with the intention of returning once they have reached their required amount. However, many such individuals find themselves on a career path in their new country, and face barriers when returning to New Zealand. If the Government wants to attract these individuals back to New Zealand then it must work to break down these barriers, facilitating individuals' return to New Zealand.

Issues facing expatriates when returning to New Zealand

There are many factors that attract individuals who have been working overseas to come back to New Zealand, such as family, friends, lifestyle, a sense of belonging, a smaller business environment, and the unique kiwi culture.

However, we were told that there were many issues that make returning to New Zealand difficult. These include not understanding the New Zealand labour market as well as the labour market in the country in which the person is currently working, or feeling like they have no visibility in it or connection with it. This makes it difficult to know who is currently recruiting, where to apply for a job, and what to expect from an offer. Companies in New Zealand tend to be small, meaning that individuals who have become specialised working in a large firm abroad may no longer be suited to the industry when they return, and they may have also priced themselves out of the New Zealand labour market. Some service industries do not exist in New Zealand, where the economy is based around primary production, making career progression for individuals in these industries a problem. Wages also tend to be considerably higher overseas than in New Zealand—often around three or four times as much after tax.

Cultural challenges are also faced when re-integrating into the slower paced lifestyle of New Zealand, causing individuals to feel dislocated when they return. The individual has changed, whilst New Zealand feels the same to them as when they left; people want to talk about day-to-day issues rather than exciting experiences abroad. New Zealand also has the longest working hours in the OECD, contrary to the work-life balance that many expect when they return.

Information before leaving New Zealand

We would like to see information available for those planning to work overseas, so that they are aware of both the opportunities and the difficulties that they may face when they return. This would de-mystify working overseas, and open up the reality of what is actually involved. This should be carried out by the Government, universities, secondary schools, and private companies, and should encourage individuals to structure their OE so that they find it easier to find a job when they return to New Zealand. This should encourage a long-term approach when planning to move overseas rather than the short-term approach we think that many people adopt currently.

We would like to see initiatives in place to ensure that individuals working abroad are maximising their opportunities to gain skills and experience whilst overseas. For example, employees working in non-crucial roles and on contracts do not tend to get as much training as others. A think tank could be created to come up with solutions as to how to make sure those working overseas are maximising these development opportunities.

Expatriate networks

We would like to see networks set up for New Zealanders living overseas, so that they can retain their culture, identity, and ties with New Zealand and other New Zealanders living abroad. We think that this will enable New Zealand to maximise the gains that can be made by strengthening relations with other countries, through New Zealand citizens living in them. This is particularly appropriate in the modern age of the internet, facilitating instant global communication.

Networks could also help individuals who are planning to return to ensure they have the skills suitable for working in New Zealand. The New Zealand labour market should be explained to them, so they understand what skills and experience employers are looking for. This may mean them moving to a job in a smaller firm, or carrying out a broader role within their current country before leaving, so as to be better suited to the needs of the New Zealand market on their return.

Organisations such as the Kiwi Expats Association (KEA) could be used to form such networks and provide advice to those working abroad and thinking about returning to New Zealand.

Government policies

Some of the barriers to returning expatriates could be alleviated by Government initiatives. In an increasingly global economy the Government could identify functions the New Zealand economy could carry out where there is a large pool of individuals working in the area abroad. The Government would have to develop a plan for setting up industries based around these functions that would increase the variety of jobs available in New Zealand. This could be particularly relevant for many New Zealanders in cities such as London, who currently find no jobs available back home similar to the ones they are carrying out.

The Government could address the long hours worked in New Zealand, to bring these more in line with the work-life balance that returning expatriates expect. Businesses should also be encouraged to accommodate individuals returning from working abroad and appreciate the experience that they bring.

We are aware that the Government is planning on closing the income gap with Australia by 2025, which is where roughly three quarters of New Zealand expatriates live, and this should encourage some of them to return.

We think that a scheme should be set up so that current qualifications could be more flexible, to include experience gained overseas, aligned with previous work and study done in New Zealand. This would create a structure for some individuals on their OE and give them a qualification on their return that should help them to find a job and recognise the skills they have gained whilst working abroad.

Appendix

Committee procedure

The committee met on 6 and 7 July 2010 to consider the inquiry. The committee received and heard three submissions. Evidence was heard from the Department of Labour, Global Career Link, and the Young Corporate Lawyer of the Year – Institute of Public Administration New Zealand: New Professional Leadership team and advice was received from the Office of the Auditor-General.

Committee members

Jenny Zhang (Chairperson)

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