

Who goes overseas?

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Ministry of Education

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This talk

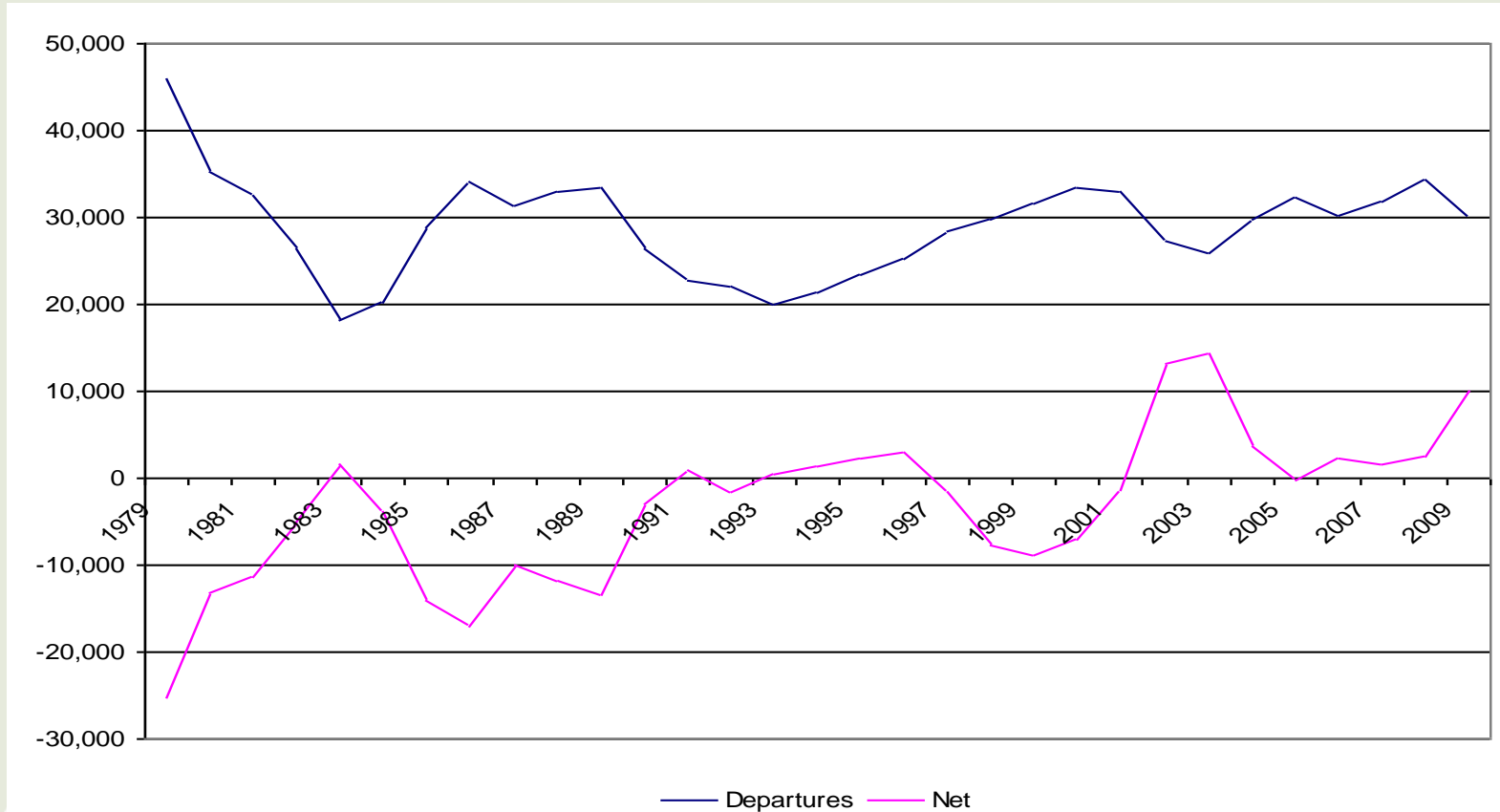
- ♦ The New Zealand OE
- ♦ Going overseas and student loans
- ♦ A profile of those overseas
- ♦ What we know about the pattern of departure
- ♦ And the pattern of return

Why it matters

- ♦ Small countries with large neighbours have high levels of emigration
 - NZ
 - Also Ireland and Luxembourg
- ♦ NZ has a very high level of emigration of graduates
 - The OE tradition
- ♦ Balanced by very high graduate immigration
- ♦ But an exchange of graduates isn't an exchange of skills
- ♦ We need to watch the loss of human capital
 - Paid for at NZ taxpayers' expense

Young peoples' migration

Emigration and net migration for New Zealanders aged 18 to 30, 1979 to 2009

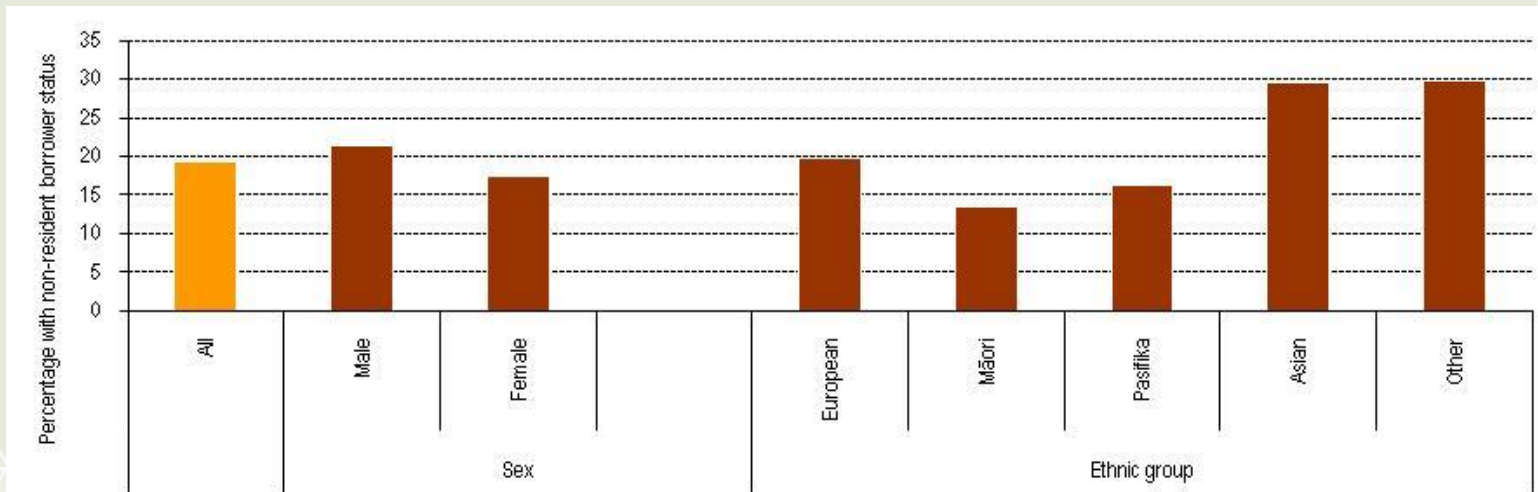


Why going overseas matters for loans

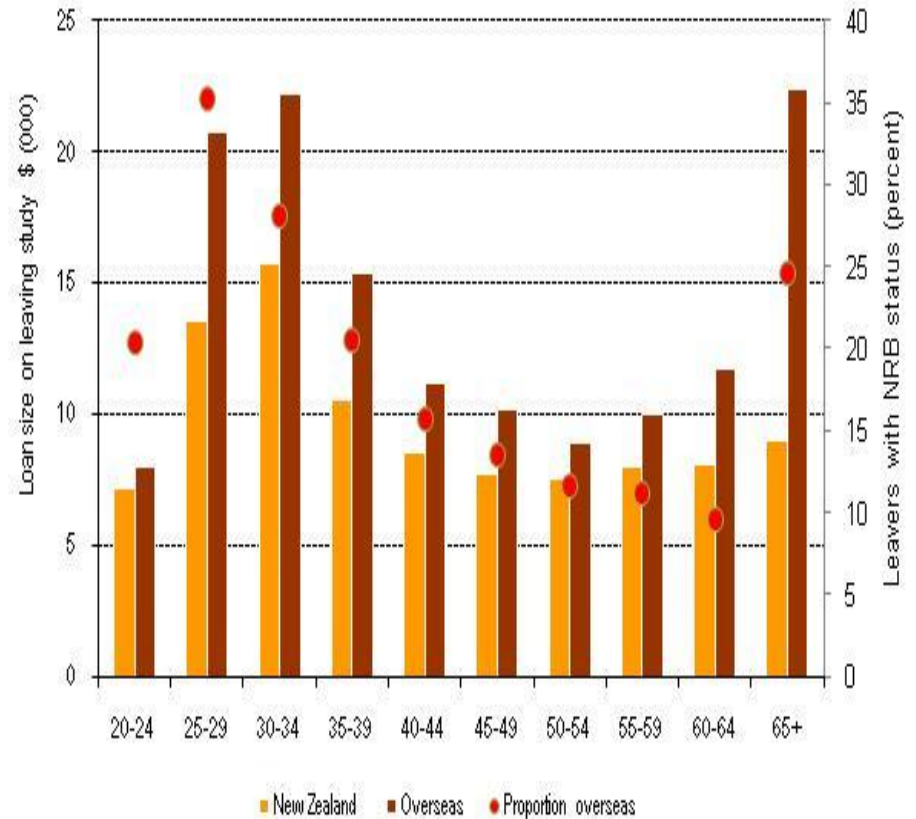
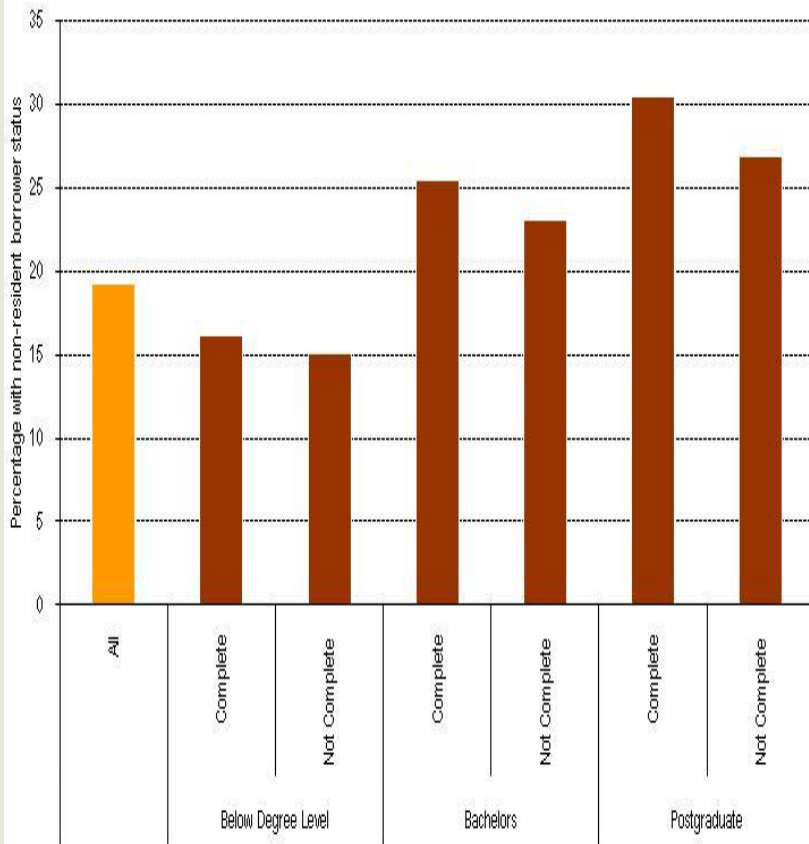
- ♦ Overseas-based borrowers have
 - Different repayment rules
 - And have to pay interest
- ♦ IR doesn't have a simple mechanism to collect from OBBs
 - Low compliance
 - Very long repayment times
 - High cost to government
- ♦ Until 2007, no reliable information on who was overseas
- ♦ Now the data is matched at the border
- ♦ Size of loans is statistically linked to propensity to go overseas
- ♦ But the effect is very small

How many? Who?

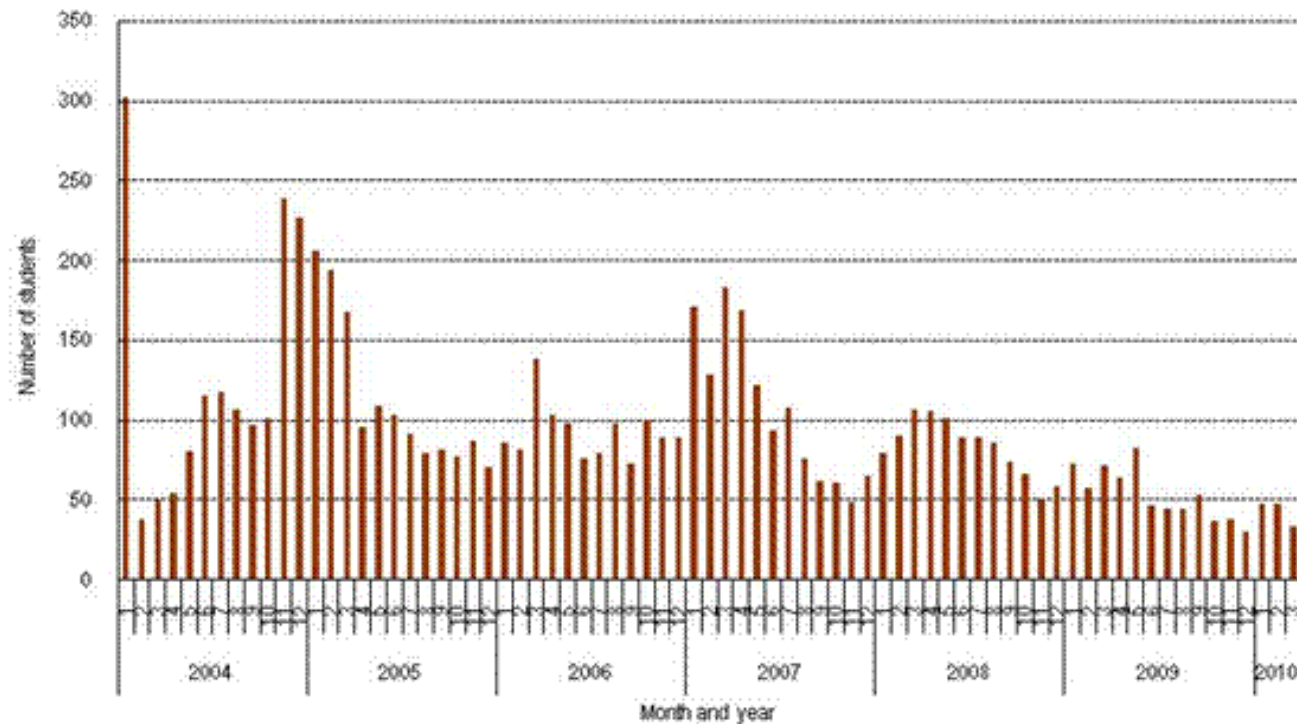
- ♦ Of those who left study after 1999, 19% were overseas in 2010
 - 62,000 people
- ♦ More likely:
 - Male, NZ permanent residents, aged 25-34
 - People who complete a qualification, especially a degree



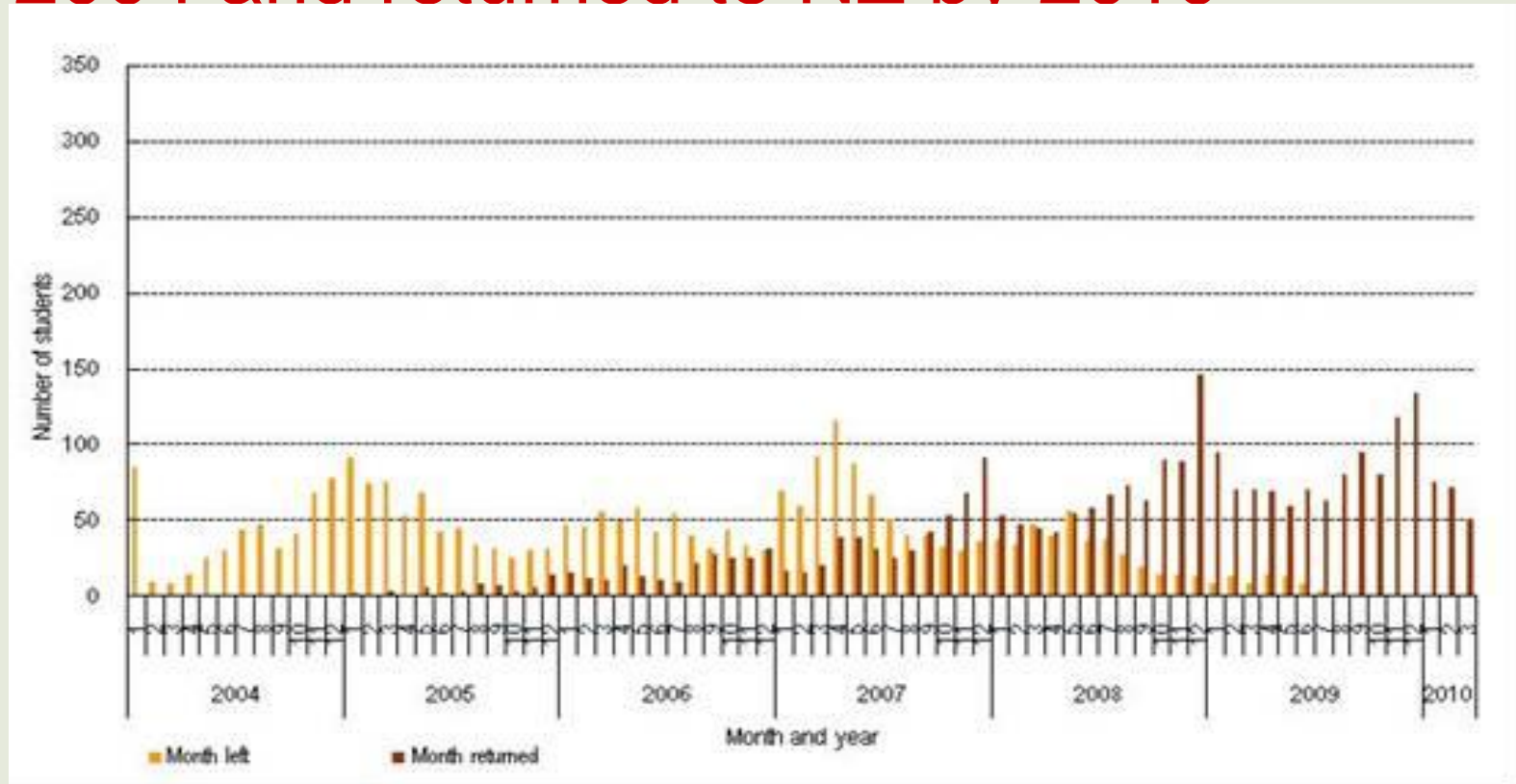
Who? How much?



The departure pattern – those who left study in 2004



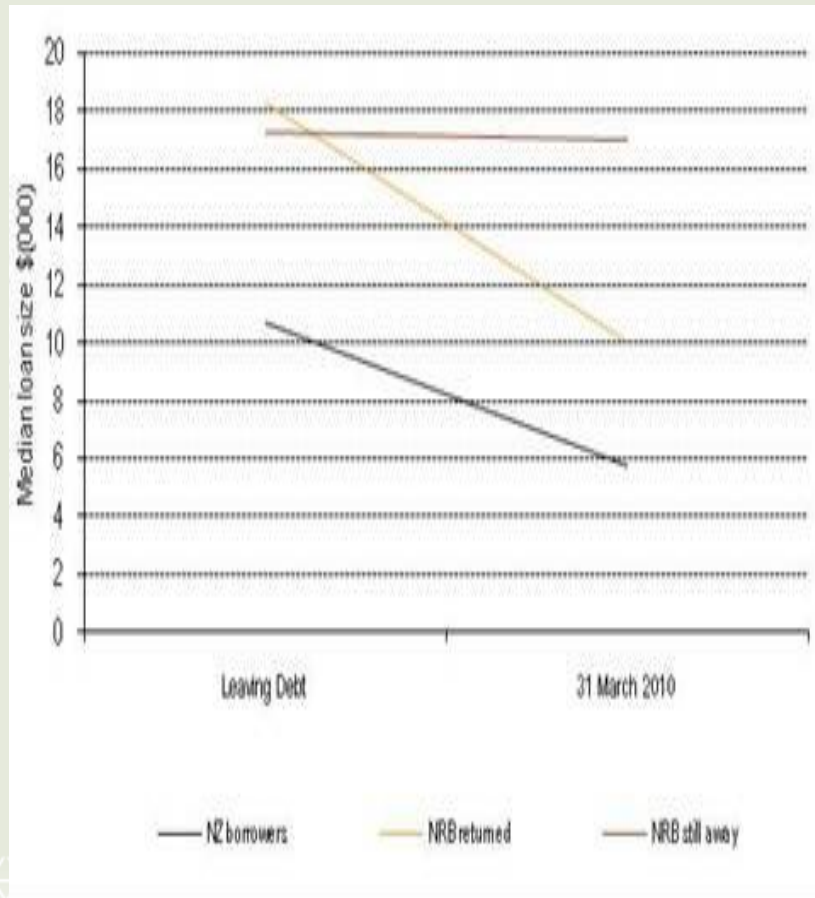
And returning – those who left study in 2004 and returned to NZ by 2010



Returners

- ♦ We can't yet work out the typical time away
- ♦ Of those who go overseas *and come back*
- ♦ Most come back within three years
- ♦ But a large proportion were still away at the end of the time series

What about repayments?



- Those who return have faster repayment rates
- Reflecting the higher qualifications of those who go overseas

Conclusion

- ♦ A high proportion of borrowers will be overseas-based. Many are young and have completed a higher-level tertiary qualification.
- ♦ Of those who return, most do so after three years or less.
- ♦ But a large proportion had been away for longer than three years..
- ♦ Those who go overseas have slightly larger loans
- ♦ Those who stay overseas see their loan balances rise,
- ♦ Those who return make good progress in repaying loans

Questions



Smyth R and D Spackman *Going abroad*

www.educationcounts.govt.nz

Other references

- Dumont and Lemaitre 2005
- Smart 2006
- Smyth and Lane 2009
- Maani 2009
- Student Loan Scheme annual reports