



# YOUTH IN THE NEW ZEALAND LABOUR MARKET SUMMARY DOCUMENT

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Department of Labour  
TE TARI MAHI





The Department of Labour has written a new report, *Youth in the New Zealand labour market*, which combines a wide range data with detailed analysis and commentary. The report includes baseline data to inform strategic decision-making. Key aspects of the labour market, including education and employment, are presented, alongside newer measures such as NEET (not in education, employment or training). Recent data is included in order to highlight the plight of youth in the recent economic downturn.

- At the time of the 2006 Census, there were 571,176 youth living in New Zealand, up from 505,065 in 2001. Youth made up 14% of the population. By 2026, the composition of the youth population will change. The Pacific and Maori youth population will increase by 59% and 25%, respectively.
- Over recent years, youth qualification completion rates and school achievement has improved significantly. However, Maori and Pacific youth are still trailing European youth. There is also a gap between the achievement of males and females.
- The number of youth who are not engaged in employment, education or training (NEET) remains a major concern. These youth are most at risk of poor labour market outcomes. Maori and Pacific youth have the highest NEET rates. There is also evidence of improving female but worsening male NEET rates.
- Youth have different employment patterns from the rest of the workforce, with higher rates of part-time work. Youth tend to work mostly in low skilled industries like the retail trade and accommodation, cafes and restaurants.
- Youth labour force participation is much lower than for the general population, as many youth are still in school or tertiary study. As a group, they are particularly at risk in the current economic downturn.

## YOUTH IN EDUCATION

### *Youth are doing better at school overall*

The number of school leavers achieving the highest level of schooling, NCEA level 3, increased over the last three years. Significantly, the numbers of pupils who left school with little or no formal attainment dropped. Information on the qualifications of school leavers is essential for identifying how many youth will enter tertiary education, which is a guide to the level of skills likely to be available in the future.

#### ■ HIGHEST ATTAINMENT OF SCHOOL LEAVERS, 2005–2007

	2005 [%]	2006 [%]	2007 [%]
NCEA level 3 or higher	29.6	32.6	35.3
Halfway to a level 3 qualification	12.0	12.0	12.1
NCEA level 2	15.5	15.6	18.1
Halfway to a level 2 qualification	8.5	8.5	9.2
NCEA level 1	7.1	6.6	6.8
Halfway to a level 1 qualification	8.7	8.2	8.3
Less than halfway to a level 1 qualification	5.8	5.3	5.2
Little or no formal attainment	12.9	11.1	4.9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: School leavers 2007 data, Ministry of Education.

### *More youth are completing tertiary courses*

Almost one-half of 18–19 year olds and one-third of 20–24 year olds were participating in tertiary education. Although participation has remained stable, there was evidence of greater tertiary education completion rates in recent years.

### *More youth workers are undertaking training*

11% of workers receiving industry training were aged 15 to 19 years. A total of 10,850 youth were in a Modern Apprenticeship in 2007, an increase of 15% on the year prior. The most common types of Modern Apprenticeships were building and construction, engineering and motor engineering.

### *But challenges remain*

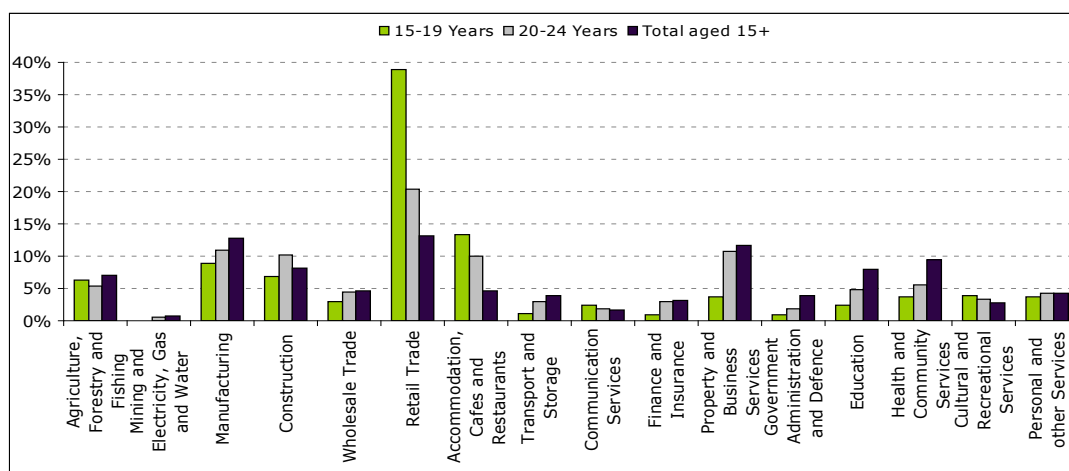
Significantly fewer Maori and Pacific youth achieved NCEA level 3. Furthermore, both groups were over-represented among those youth who left school with little or no formal attainment. By gender, females outperformed males in NCEA level 3. These disparities are also largely mirrored in tertiary education.

## YOUTH EMPLOYMENT

*The youth workforce is distinct*

Working youth were clearly over-represented in the predominantly low-skilled service and sales worker occupation group, and the retail trade and accommodation, cafés and restaurants industries. These industries are low-skilled and have a higher rate of part-time workers, which are two features likely to attract new entrants to the labour force and people engaged in study or other activities. This cluster of workers in several industries was less apparent for workers aged 20–24 years, because as youth grow older and complete their studies, their employment patterns become more representative of the total workforce.

### ■ EMPLOYMENT BY INDUSTRY, DECEMBER 2008

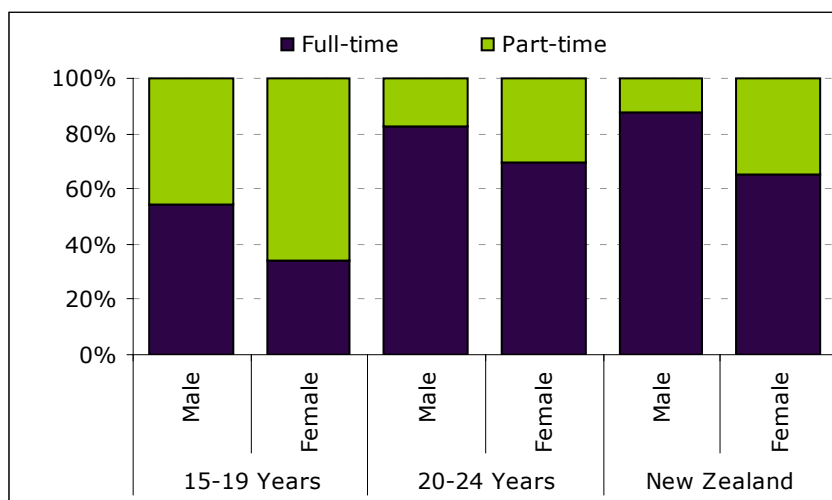


Source: Household Labour Force Survey, Statistics New Zealand.

### Part-time work is common

One clear feature of youth employment is the extent to which many are employed on a part-time basis. Data from the 2006 Census shows that 15–19 year olds were considerably more likely to work on a part-time basis than older age groups. This characteristic is also one that changes markedly between 15–19 year olds and 20–24 year olds, as many 15–19 year olds still live at home and work to supplement their study or other activities.

### ■ FULL-TIME AND PART-TIME EMPLOYMENT BY AGE GROUP AND GENDER



Source: Population Census 2006, Statistics New Zealand.

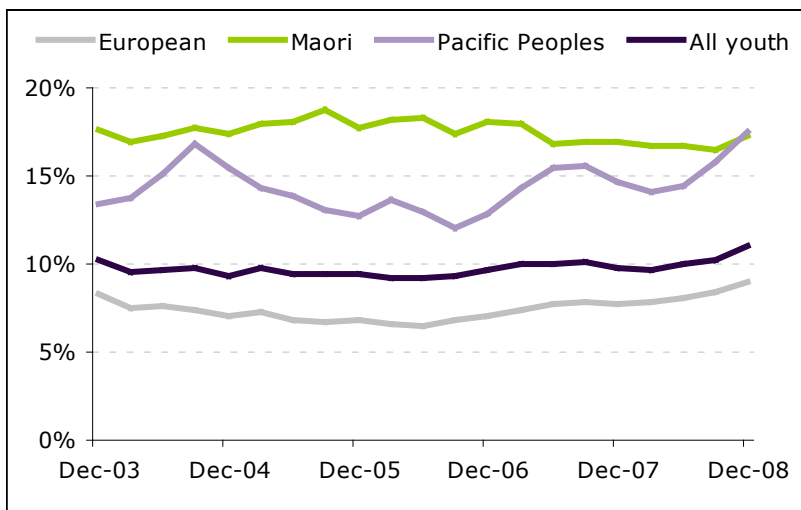


## UNEMPLOYED YOUTH

*Youth have higher rates of unemployment*

Youth aged 15–19 years have an unemployment rate over three times that of the entire working-age population. Young workers are more vulnerable to downturns in labour market conditions due to their lower skill levels and lesser work experience. The latest official figures show that 17.2% of youth aged 15 to 19 and 8.4% of those aged 20 to 24 years were unemployed, which represents a deterioration of the trends found in the report. Maori and Pacific youth had the highest unemployment rates.

### ■ YOUTH UNEMPLOYMENT RATE BY ETHNICITY



Source: Household Labour Force Survey, Statistics New Zealand.

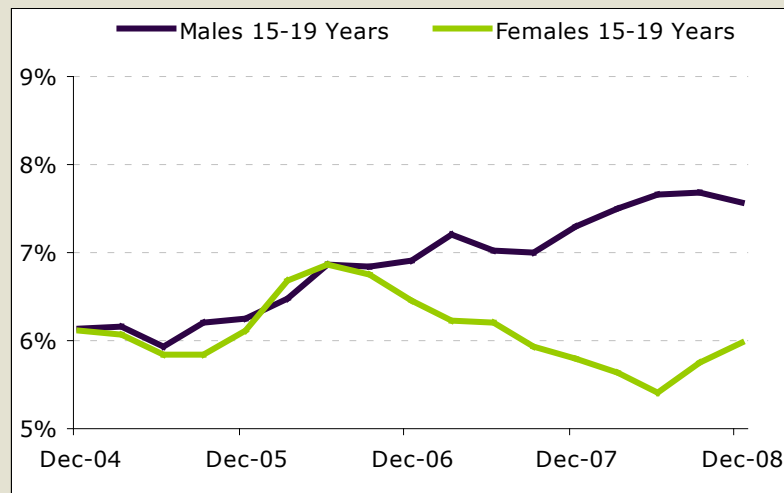
## NEET YOUTH

### *Youth disengagement remains a problem*

NEET is an indicator of youth disengagement from formal learning or employment. NEET serves as a good alternative to the traditional labour force participation rate, which is less relevant for youth given the high numbers of youth out of the labour force because they are at school or in tertiary study. NEET youth are considered to be missing the opportunity to develop their potential at an age that heavily influences future outcomes.

The latest official figures show that 7.3% of youth aged 15 to 19 and 8.7% of those aged 20 to 24 years were NEET. Among 15–19 year olds, there has been a strong upward trend in the male NEET rate in recent years, while the female rate has dropped, although there is evidence that it is starting to rise. A similar trend is also evident among youth aged 20 to 24 years. The reasons why this is so are not clear, although higher female school attainment levels are likely to be a key factor. By ethnicity, Maori and Pacific youth had the highest NEET rates.

#### ■ NEET RATES BY GENDER, 15–19 YEARS



Source: Household Labour Force Survey, Statistics New Zealand.





## CHALLENGES AHEAD

### *The current economic downturn's effect on youth*

The recent economic downturn is likely to have a more profound impact on youth than any other age group. Youth are often the most at risk group during a recession. This can be attributed to youth having low levels of experience, the vulnerability of the industries in which most youth work and also because those aged 15–24 years old are two to three times more likely to be unemployed in general. In the early 1990s recession, the unemployment rate for 15–24 year olds reached almost 20% in early 1992. While the current youth unemployment rate is lower than it was in 1990, similar growth in unemployment is possible. The number of youth in employment also fell by 12,800 or 3.5% over the last year.

The effects of the economic downturn are not restricted to youth who are working. It is likely that fewer job opportunities will exist for graduates, given the weaker labour market. This may have an unexpected positive benefit: more youth returning to study or studying longer and accumulating more skills and qualifications. With more youth entering or returning to the workforce with more qualifications, the workforce of the future may be better served than expected.

### *What else are we doing?*

DOL is producing a range of reports focusing on a wide range of labour market issues, including the future of the New Zealand labour market, and is creating a suite of online tools to provide users with the data they require. *Youth in the New Zealand labour market* is the first in our new National Monitoring Series of labour market reports.

**For more, please visit: [www.dol.govt.nz/services/lmi/](http://www.dol.govt.nz/services/lmi/)**

