



# Youth in the New Zealand labour market

NATIONAL MONITORING SERIES



## ACKNOWLEDGEMENT

This report arose from a period of consultation with key personnel in the following Ministries and agencies, whose input is acknowledged here:

- Ministry of Youth Development
- Ministry of Social Development
- Ministry of Women's Affairs
- Ministry of Pacific Island Affairs
- Te Puni Kōkiri
- Tertiary Education Commission
- Economic Development Agencies of New Zealand
- Mayors' Taskforce for Jobs
- Ministry of Economic Development
- Reserve Bank of New Zealand.

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ISBN 978-0-478-33357-2

April 2009

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## **EXECUTIVE SUMMARY**

This report, the first in the new National Monitoring Series of labour market reports, provides a detailed examination of youth labour market performance over the last five years. It presents a broad range of indicators and provides data from as recently as December 2008 in order to capture the impact of the current economic downturn on the youth labour market.

Youth occupy a distinct place within the New Zealand labour market. They have a lower labour force participation rate than for the general population, as many youth are still in school or tertiary study. Those who work are over-represented in certain industries. There are also clear differences between youth aged 15–19 years and those aged 20–24 years. Presenting study trends and employment patterns as well as examining unemployment and disengagement is the central focus of this report.

### **The youth population**

At the time of the 2006 Census, there were 571,176 youth living in New Zealand, up from 505,065 in 2001. Youth comprised 14% of the population. By 2026, the youth population is expected to grow by 11% but its composition will change. The Pacific and Maori youth population is predicted to increase by 59% and 25%, respectively, while the European youth population will only marginally increase.

Youth are highly migratory, often moving region for tertiary study. This can be detrimental for the labour supply in smaller, rural centres and benefit the major cities. The international migration of youth is also having a significant impact on the labour market. Permanent and long-term migration figures reveal that 22,117 youth left New Zealand in the year to December 2008, compared with 23,686 who arrived, meaning net youth migration of 1,569.

### **Youth in education**

There is clear evidence that youth are performing better at school overall. The number of school leavers achieving the highest level of schooling, NCEA level 3, increased from 29.6% to 35.3% over the last three years. Significantly, the numbers of pupils who left school with little or no formal attainment dropped from 12.9% to 4.9%. Despite these gains, Maori and Pacific youth were over-represented among those without qualifications and under-represented among those with NCEA level 3. A noticeable gap between males and females was also evident.

At the tertiary level, 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. Between 2000 and 2007, 25% more youth under the age of 18 years completed qualifications. Completions for 18–19 year old youth increased by 11% over the period, while completions for those aged 20–24 years, who make up the large majority of students, increased by 15%.

Within the workplace, 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.

## **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. Working youth were also under-represented in the education, health and community services industries, which reflects the fact that qualifications are often needed for entry to these industries, which youth may have not completed.

The number of youth working in the retail trade and accommodation, cafés and restaurants is well ahead of the proportion of the total population in these industries. The major youth employment 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.

One clear feature of youth employment is the extent to which many are employed on a part-time basis, considerably more so 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. In the 15–19 year age group, part-time employment was particularly high in the retail trade and accommodation, cafés and restaurants industries, with 72% and 70% respectively of youth workers employed in these industries part-time in 2006.

## **Unemployed youth**

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 significantly higher unemployment rates.

## **NEET youth**

Youth disengagement remains a problem, as an analysis of youth who are not engaged in education, employment or training (NEET) highlights. NEET youth are considered to be missing the opportunity to develop their potential at an age that heavily influences future outcomes. 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.

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. Youth aged 18–19 years were most likely to be disengaged.

## **Challenges ahead**

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.

## Summary labour force statistics

The following table summarises the key labour force indicators from the Household Labour Force Survey, December 2008 quarter that are discussed in more detail elsewhere in this report. It highlights the differences in labour force outcomes of youth based on gender, age group and ethnicity. It shows that youth aged 15–19 years had lower labour force participation and employment rates than those aged 20–24 years and higher unemployment rates. Poorer outcomes for Maori and Pacific youth were also evident, particularly in terms of unemployment and NEET rates.

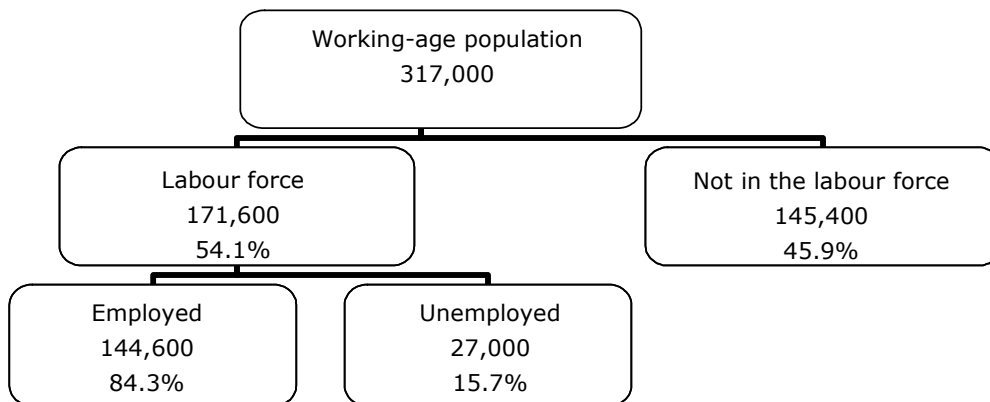
**Table 1: Key labour force indicators, December 2008**

			Labour force participation rate (%)	Employment rate (%)	Unemployment rate (%)	NEET rate (%)
<b>Gender</b>	Male	15–19 years	55.1	45.9	16.7	7.6
		20–24 years	77.8	72.1	7.4	8.2
	Female	15–19 years	53.1	45.3	14.6	6.0
		20–24 years	69.2	64.1	7.3	7.2
<b>Ethnicity</b>	European	15–24 years	70.1	63.8	9.0	6.1
	Māori	15–24 years	58.3	48.2	17.3	12.6
	Pacific people	15–24 years	52.6	43.4	17.5	11.4
	New Zealand	15–24 years	63.5	56.5	11.1	7.2

Source: Household Labour Force Survey, Statistics New Zealand.

Diagram 1 depicts the labour force status of youth aged 15–19 years. In December 2008, there were 317,000 people in this age group. Of these, 145,400 youth were not in the labour force (45.9%) while 171,600 were in the labour force (54.1%). The latter group was made up of 144,600 youth who were employed and 27,000 who were unemployed. Most of those not in the labour force were studying.

**Diagram 1: Labour force status, December 2008 (youth aged 15–19 years)**



Source: Household Labour Force Survey, Statistics New Zealand.

Diagram 2 shows the labour force status of youth aged 20–24 years, which differs considerably from the status of those aged 15 to 19 years. There were 293,900 people in this age group, of whom 77,600 youth were not in the labour force (26.4%) while 216,300 were in the labour

force (73.6%). The latter group was made up of 200,400 youth who were employed and 15,900 who were unemployed.

**Diagram 2: Labour force status, December 2008 (youth aged 20–24 years)**



Source: Household Labour Force Survey, Statistics New Zealand.

# INTRODUCTION

## Background

This report is the first of the Department of Labour's new National Monitoring Series. It assists those making strategic decisions at a national level by providing a comprehensive picture of labour market outcomes for selected groups.

The National Monitoring Series reports will have a national rather than regional focus in order to satisfy a wider range of stakeholders. Readers with a regional-specific interest in youth labour market outcomes are encouraged to read the 12 reports in the 2008 Annual In-Depth Regional (AIDR) report series.<sup>1</sup>

This report provides a detailed examination of youth labour market performance over the last five years. It presents a broad range of indicators and provides data from as recently as December 2008 in order to capture the impact of the current economic downturn on the youth labour market.

This report, the first in the redesigned format, builds on the analysis provided in the 2008 AIDRs, which focused on youth labour market outcomes at the regional level.

## Why choose youth?

The path our future takes is often decided in our formative years, between the ages of 15–24 years. Successful transitions from school to tertiary study and employment are an important part of that process. Ensuring the labour force has particular skills and knowledge is linked with the country's prosperity. Some youth, however, leave school and do not enter into employment or further study. This small but significant group are in a very vulnerable position as they are at a critical point in their lives and are unlikely to be developing their knowledge and skills, or 'human capital'. In short, their marginal connection to the labour market often leads to long-term disadvantage.

A recently released OECD report, *Jobs for Youth: New Zealand*, highlights that, although most young people are engaged in employment, education and training, there are a number who are at risk of poor long-term life outcomes. To facilitate the transition of young people from school to work, the OECD report recommended:

- improving retention rates in secondary education
- ensuring that tertiary education provides the skills required in the labour market, while improving the quality and scope of vocational education at the tertiary level
- improving the design and coherence of the current activation strategy for disadvantaged youth
- monitoring potential demand-side barriers to youth employment.<sup>2</sup>

Maximising successful labour market outcomes for youth requires regular monitoring of their progress, as the OECD report recommended. Understanding employment and study trends and knowing which youth are not involved in either is important for policy-makers. Being able to monitor changes over time in a reliable manner is a central aim of this report. Where possible, this report incorporates the latest available data from a range of agencies and provides

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<sup>1</sup> See <http://dol.govt.nz/publications/lmr/regional/indepth/index.asp>.

<sup>2</sup> *Jobs for Youth: New Zealand*, OECD 2008 – see [www.oecd.org/document/32/0,3343,en\\_2649\\_201185\\_40045280\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/32/0,3343,en_2649_201185_40045280_1_1_1_1,00.html).

analysis by gender and ethnicity. Data from a wide range of sources was used, with emphasis placed on sources that are regularly updated, as this allows time series analysis to be conducted.

### **The government focus on youth**

Ensuring that youth transition smoothly into employment and study is critically important for the government.

New policy initiatives that have been announced include the development of specialised trades academies, expanded opportunities for school-based apprenticeships and enhanced trades and technology-based learning opportunities.

The government has also announced its intention to accelerate the introduction of the Youth Guarantee Scheme. This will provide 16 and 17 year olds with an entitlement to free school-level education at a wider range of institutions, including schools, polytechnics, wānanga and private training establishments or through apprenticeships.<sup>3</sup>

### **Definition of youth**

The definition of 'youth' can differ, generally based upon age groupings. Data available to the Department of Labour (DoL) is generally split into five-year age groups. On this basis, the definition of youth used in this report is 'people aged 15–24'. This definition of 'youth' is consistent with international standards (such as the International Labour Organisation) and those used across DoL. Those aged 15–24 are undergoing a major developmental phase, with young people generally transitioning from living at home and attending school, to adulthood and employment. Importantly, a 15 year old generally has quite different characteristics to someone aged 24 and so, where available and appropriate, data will be presented separately for 15–19 year olds and 20–24 year olds. Data from the 2006 Census shows that 79% of all 15–19 year olds lived with their families, while the corresponding figure for 20–24 year olds was 32%. This difference has major effects on a variety of the results in this report, including migration, work and labour force participation decisions.

### **Changes in labour market conditions**

Like most developed countries, New Zealand is experiencing a downturn in economic performance following the financial crisis first seen in the United States of America. This situation continues to evolve and will have a pronounced impact on the labour market. This report includes Household Labour Force Survey data from the December 2008 quarter in an effort to capture the impact of the downturn on the youth labour market.

### **Outline**

The report is divided into six major sections:

Section 1 of this report looks at population characteristics of the youth population, including:

- key demographic facts
- youth migration patterns and motivations.

Section 2 looks at youth labour force participation, including:

- the labour market conceptual model
- trends in labour force participation rates.

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<sup>3</sup> From Speech from the Throne, 9 December 2008 – see <http://beehive.govt.nz/speech/speech+throne+0>.

Section 3 looks at education and training, including:

- tertiary education
- school leavers
- industry training.

Section 4 looks at youth in employment, including:

- trends in employment rates
- employment by industry
- employment by occupation.

Section 5 looks at unemployed and NEET youth, including:

- unemployment rates
- NEET rates.

Section 6 looks at challenges confronting youth in the labour market now and in the future.

# 1. KEY CHARACTERISTICS OF THE YOUTH POPULATION

New Zealand's youth population has a number of key characteristics that have implications for not only the future labour market of the nation, but also for individual regions.

Young people tend, for instance, to be highly mobile and are more likely to migrate for work or study than older people. They move from region to region for a range of reasons, such as seeking employment and education or for personal reasons. Regions such as Auckland that are largely urban and offer a range of educational opportunities generally have a net inflow of young people.

Broadly speaking, the supply of labour in an area consists of a combination of people from the existing population base, migration of people from other regions in New Zealand, and overseas migrants.

This section examines several important characteristics of the youth population, beginning with analysis of youth population change and migration. An examination of the motivations for youth migration, tertiary education enrolment patterns and international migration trends follows. The labour market implications of these findings are then discussed.

## 1.1 The youth population

It is useful to begin by briefly detailing New Zealand's youth population to provide some context for many topics covered elsewhere in this report.

As Table 2 illustrates, in 2006, there were 300,198 people aged 15–19 years and 270,978 aged 20–24 years.<sup>4</sup> These age groups were 7.5% and 6.7% respectively of the total population:

**Table 2: Youth population by gender, 2006<sup>5</sup>**

Gender	15–19 years	20–24 years
Male	152,436	135,087
Female	147,762	135,891
<b>Total</b>	<b>300,198</b>	<b>270,978</b>

Source: 2006 Census of Population and Dwellings, Statistics New Zealand.

By ethnicity,<sup>6</sup> there are some noticeable differences between the youth population and the total population, as illustrated in Table 3. The proportion of non-Europeans is greater in the youth population. For instance, in the 15–19 year group, Māori comprise 18% of all youth compared with 14% of the total population.

In the future, the non-European component of the youth population is expected to grow substantially (see Section 6: Challenges ahead).

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<sup>4</sup> 2006 Census of Population and Dwellings

<sup>5</sup> Tables 2 and 3 refer to the usually resident population.

<sup>6</sup> The Census figures found here use 'total response' ethnicity, which is different from the Household Labour Force Survey prioritised ethnicity measures used throughout this report. See the Glossary for more detail.

**Table 3: Population by ethnic group, 2006**

<b>Ethnic group</b>	<b>15–19 years</b>	<b>20–24 years</b>	<b>Total population</b>
European	188,706	154,194	2,609,589
Māori	58,533	42,771	565,329
Pacific people	27,690	20,718	265,974
Asian	32,079	45,621	354,549
Middle Eastern/Latin American/African	3,441	3,372	34,746
Other ethnicity	20,706	20,388	430,881
Not elsewhere included	12,144	14,472	167,784
<b>Total</b>	<b>300,198</b>	<b>270,978</b>	<b>4,027,947</b>

Source: 2006 Census of Population and Dwellings, Statistics New Zealand.

## 1.2 Youth migration

One significant feature of the youth population is its high degree of mobility.

The 2006 Census revealed that 9% of 15–19 year olds and 15% of 20–24 year olds lived overseas in 2001. Furthermore, 13% and 19% respectively of the two age groups had lived in another region five years prior.<sup>7</sup> More recent figures show similar patterns. In the two years to March 2007, 101,400 youth aged 15–19 moved within New Zealand, while 10,500 moved from overseas. Of those aged 20–24, 148,100 moved internally, with 20,100 arriving from other countries. This latter group was responsible for 17.9% of all movers in New Zealand and the second highest number of movers from overseas, which included international students.<sup>8</sup>

Migration within New Zealand and from overseas affects regional labour supply. People moving to and from a region can have a large impact on the labour force characteristics of the area. Table 4 shows the change in the number of youth aged 15–19 and 20–24 years between the 2001 and 2006 Census. These age groups grew by 13.2% and 13.0% respectively. What is particularly interesting are the differing patterns for each age group, with strong evidence of growth in the major centres for 20–24 year olds (the number of youth in Auckland grew by 20.5% in 2006, in Otago by 20.1%, in Canterbury by 11.3% and in Wellington by 10.5%) at the expense of the more rural regions. This trend is far more pronounced for the older youth group, with many students most likely moving to study, as seen in Table 4.

<sup>7</sup> 2006 Census of Population and Dwellings, Statistics New Zealand.

<sup>8</sup> Survey of Dynamics and Motivation for Migration in New Zealand, Statistics New Zealand.

**Table 4: Population distribution and growth by region, 2001 to 2006**

Area	2006				Growth 2001 to 2006 (%)	
	15–19 years		20–24 years		15–19 years	20–24 years
	Male	Female	Male	Female		
Northland	5,466	5,094	3,354	3,246	14.7	6.2
Auckland	50,235	49,095	48,771	50,211	18.9	20.5
Waikato	14,643	14,298	12,813	12,285	8.7	12.0
Bay of Plenty	9,294	8,820	6,258	6,345	13.3	3.9
Gisborne	1,788	1,668	1,080	1,218	8.3	0.5
Hawke's Bay	5,445	5,280	3,798	3,666	8.4	1.2
Taranaki	3,945	3,672	2,814	2,634	6.0	4.0
Manawatu-Wanganui	8,877	8,715	7,413	7,221	7.6	1.6
Wellington	16,392	16,485	15,885	17,031	14.4	10.5
Tasman	1,470	1,347	945	852	11.3	1.5
Nelson	1,578	1,548	1,188	1,125	10.3	2.3
Marlborough	1,473	1,227	1,050	891	8.7	7.3
West Coast	1,038	933	753	666	13.9	3.5
Canterbury	19,389	18,156	17,850	17,031	12.8	11.3
Otago	8,109	8,373	8,481	8,853	8.0	20.1
Southland	3,276	3,042	2,619	2,607	-1.4	8.7
<b>Total</b>	<b>152,436</b>	<b>147,762</b>	<b>135,087</b>	<b>135,891</b>	<b>13.2</b>	<b>13.0</b>

Source: 2006 Census of Population and Dwellings, Statistics New Zealand

Statistics New Zealand's Survey of Dynamics and Motivation for Migration in New Zealand shows that, for those under 20 years, movement within a region was taken mainly for social reasons (such as moving with parents or going flatting) which differed from those aged above 20 years, who moved mostly for economic reasons. Furthermore, in the under 20 year age group, those who moved within the region did so for quite different reasons than those who moved outside the region, for whom educational opportunities were the leading motivation. Interestingly, employment factors were not a leading consideration among those of the younger age group who moved within their regions.

**Table 5: Main reasons for moving from previous residence**

Age group	Moved within region			Moved to other region		
	Most common reason ranked:					
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Under 20 years	Social	Economic	Housing	Education	Social	Employment
20–29 years	Economic	Social	Housing	Social	Employment	Education

Source: Survey of Dynamics and Motivation for Migration in New Zealand: March 2007 quarter, Statistics New Zealand.

This desire to move for educational reasons can be further understood by reference to the distances youth are prepared to move to study. The Ministry of Education's research has looked at the largest 25 tertiary education campuses and the predicted distances students travel to study at each. It is evident that students travelling to a number of campuses travel long distances. The University of Otago, for instance, has the fewest local students (31%) who travel less than 44km to study, with 9% travelling between 44 and 354km and 60% travelling more than 354km in order to study, with a median travel distance of 807km. Indeed, universities dominate the campuses with the largest median travel distances and help account for the population growth in the major centres evident in Table 4 above, at the expense of

some smaller regions. See Appendix 1 for median distances students travel to attend the 25 largest tertiary education campuses.

**Table 6: Predicted probabilities and median distance of how far students travelled to attend university campuses**

Campus	Predicted probabilities (%)			Median distance travelled (km)
	Less than 44km	44-354km	More than 354km	
Massey University (North Shore)	97%	2%	2%	13
Unitec New Zealand (Auckland)	96%	1%	3%	12
Auckland University of Technology (Auckland)	95%	3%	2%	13
University of Auckland (Auckland)	95%	2%	3%	12
University of Waikato (Hamilton)	82%	13%	5%	81
University of Canterbury (Christchurch)	80%	2%	18%	16
Massey University (Palmerston North)	71%	10%	19%	161
Victoria University of Wellington (Wellington)	69%	10%	21%	55
Lincoln University (Lincoln)	66%	5%	29%	340
Massey University (Wellington)	63%	18%	19%	230
University of Otago (Dunedin)	33%	9%	58%	807

Source: *What makes a student travel for tertiary study?*, Ministry of Education, 2006, p17.

The international migration of youth is also having a significant impact on the labour market. Permanent and long-term migration figures reveal that 22,117 youth left New Zealand in the year to December 2008, compared with 23,686 who arrived, meaning net youth migration of 1,569. New Zealand attracts a significant number of youth from overseas, many of whom bring with them skills our labour market requires. The net migration for 2008 is the highest since 2003.

**Table 7: Permanent and long term-migration departure**

Year to December	Arrivals		Departures		Net	
	15-24 years	New Zealand	15-24 years	New Zealand	15-24 years	New Zealand
2003	25,533	92,660	17,213	57,754	8,320	34,906
2004	20,353	80,479	19,352	65,371	1,001	15,108
2005	19,014	78,963	20,300	71,992	-1,286	6,971
2006	19,680	82,732	18,805	68,123	875	14,609
2007	20,547	82,572	20,410	77,081	137	5,491
2008	23,686	87,463	22,117	83,649	1,569	3,814

Source: International Travel and Migration, Statistics New Zealand.

### 1.3 Discussion

The movement of youth to study in the major centres brings with it many benefits. The acquisition of skills and knowledge can help ensure successful labour market outcomes for the individual concerned. The social benefits of independence should not be understated either. For some regions, however, the consequences can be costly, as skills shortages hinder a region's economic development. All too often the best students who leave to study do not return. Greater opportunities exist in larger centres.

Efforts to entice youth to return to their home regions should be encouraged. One example is Te Rūnanga o Ngāti Porou, which has visited all universities and met with their students

(predominantly from Gisborne) and told them about local developments in Gisborne, what skills the region requires and about potential careers in the region. On a larger scale, the recently announced bonding scheme for health professional, teacher and veterinarian graduates is an important initiative to ensure that key professionals work in hard-to-staff regions.<sup>9</sup>

The movement of youth overseas has a significant impact on the national labour market. A recently released study has shown that half of New Zealand's 'best and brightest' school achievers were abroad at age 30 and 70% had worked or studied abroad by age 45.<sup>10</sup> Those who stayed in New Zealand or returned to work here gave up more than \$2,000 a week on average in income. The study also noted that 24% of New Zealanders with tertiary qualifications live abroad, the equal highest rate in the OECD. This loss of some of the best youth is not new and will probably continue to be an issue for a small country.

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<sup>9</sup> See <http://beehive.govt.nz/release/voluntary+bonding+scheme+doctors+nurses+and+midwives+announced>.

<sup>10</sup> John Gibson and Stephen David McKenzie, 2009. *The Microeconomic Determinants of Emigration and Return Migration of the Best and Brightest: Evidence from the Pacific*, CReAM Discussion Paper Series 0903, Centre for Research and Analysis of Migration (CReAM), Department of Economics, University College London. Accessed March 2009 from <http://ideas.repec.org/p/crm/wpaper/0903.html>.

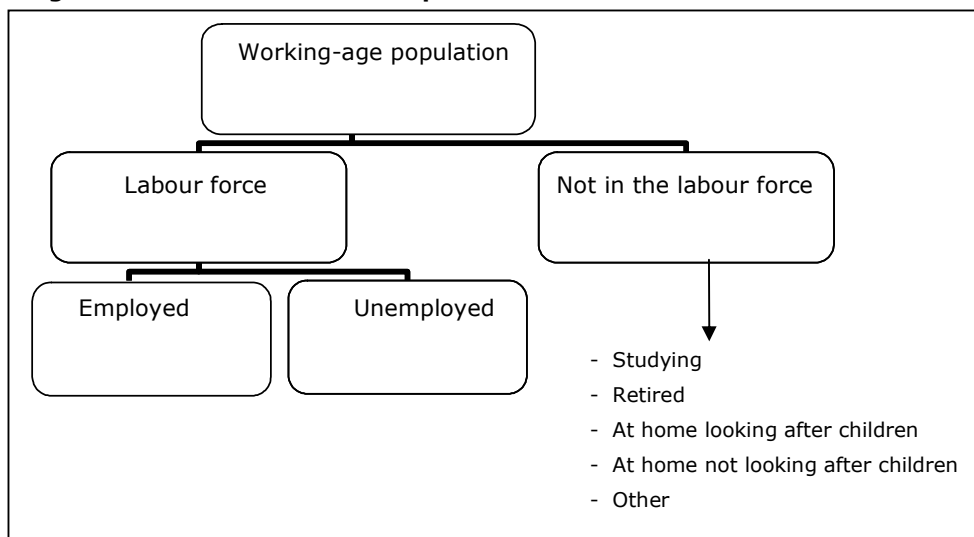
## 2. YOUTH LABOUR FORCE PARTICIPATION

One of the key themes of this report is the extent to which youth differ from the general population. Arguably, the largest distinction between youth and others is the proportion participating in education, whether at school or at the tertiary level. In other words, youth have a considerably different labour market profile to other age groups. As the conceptual model below highlights, the 'not in the labour force' component of the youth population is high, with many studying and some at home looking after dependents.

### 2.1 The labour market

Traditionally, the level of engagement of any given group in the labour market is measured by the labour force participation rate.<sup>11</sup> For youth, however, particularly those aged 15–19 years, the labour force participation rate is not an ideal indicator of labour market outcomes. As it is common for many 15–24 year olds to be involved either in school education or further education, the participation rate for this age group tends to be lower than for other age groups. Over the past decade, there has been a national trend towards lower participation among 15–24 year olds as increasing proportions engage in further study. This is a positive development over the longer term, as those furthering their education are investing in skills to bring to the labour market in future.

**Diagram 3: Labour market conceptual model**

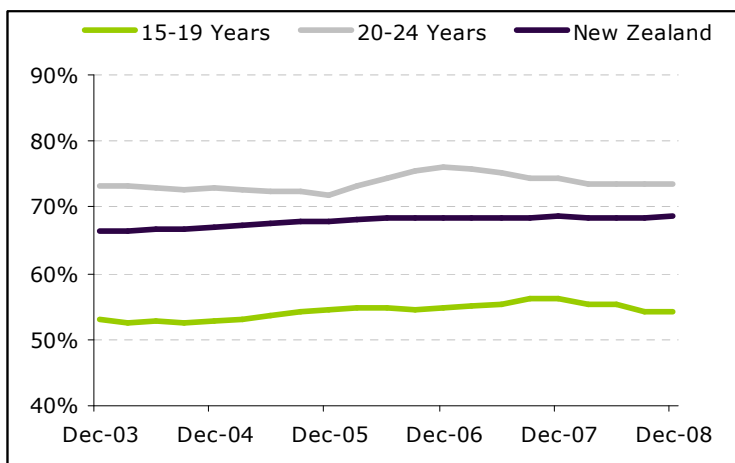


### 2.2 The labour force participation rate

Despite some limitations, the labour force participation rate (or 'participation rate') is still the key measure of youth labour market outcomes and captures disparities between age groups, ethnic groups and genders. For instance, among youth aged 15–19 years, the participation rate increased from 53% in December 2003 to 54% in December 2008, well below the rate of growth for the total population. The rate for the 20–24 year age group also increased slightly, from 73% to 74% over this period, and remained well above the national rate. Overall, youth participation rates were quite stable over the five-year period.

<sup>11</sup> The labour force participation rate is the proportion of the working-age population (people 15 years old and above) who are employed or unemployed, where the unemployed are defined as those without a paid job, who are available for work and have actively sought work in the past four weeks, or who have a new job to start within the next four weeks.

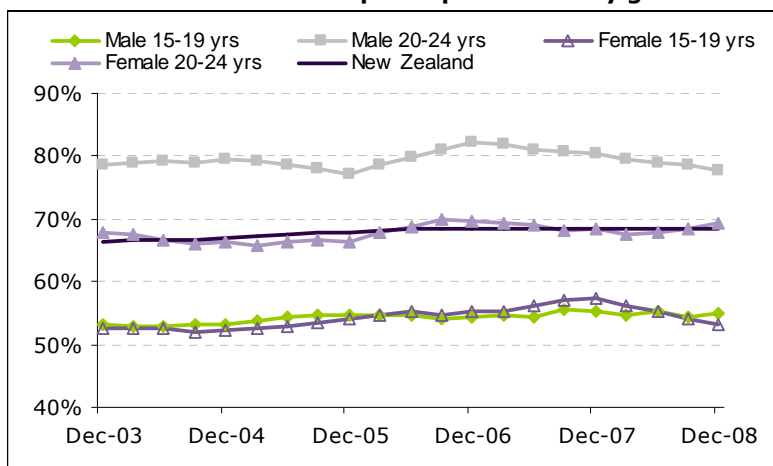
**Chart 1: Youth labour force participation rate**



Source: Household Labour Force Survey, Statistics New Zealand.<sup>12</sup>

By gender, there was also stability in participation rates over the five-year period. Both males and females aged 15–19 years had very similar rates, considerably below that of the total population. In contrast, the 20–24 year age group showed a distinct gender difference, with the male rate (78% as at December 2008) considerably higher than the female rate (69% at December 2008) and in line with the rate of the total population. Factors such as females not being in the labour force for family reasons and the higher participation of females in tertiary education account for some of the difference seen in Chart 2.

**Chart 2: Youth labour force participation rate by gender**

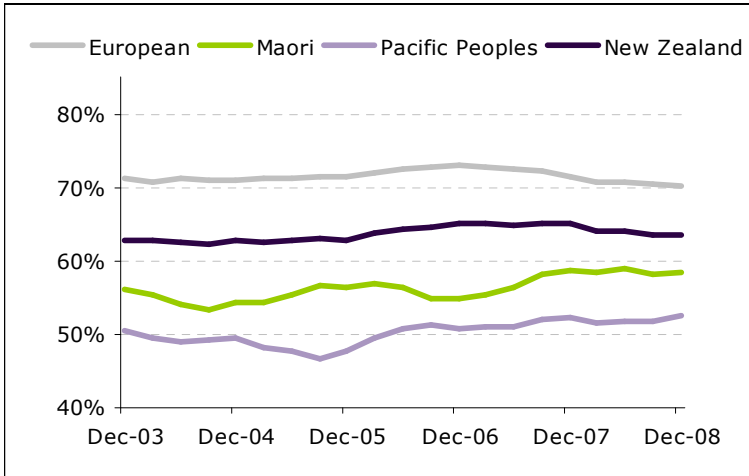


Source: Household Labour Force Survey, Statistics New Zealand.

By ethnicity, European youth had by far the highest participation rate, at 70% for the December 2008 quarter. The Māori rate at this time was 58%, while the Pacific rate was 53%, and both increased marginally over the five-year period.

<sup>12</sup> The Household Labour Force Survey data presented throughout this report is annual average data. Four quarter moving averages are used to reduce the effects of sample error and seasonal variation. These numbers may differ from those found in other publications, which do not use this method. The data in this report is not rebased HLFS data, which is due for publication later in 2009.

**Chart 3: Youth labour force participation rate by ethnicity<sup>13</sup>**



Source: Household Labour Force Survey, Statistics New Zealand.

<sup>13</sup> The ethnic data presented throughout this report derived from the Household Labour Force Survey data is prioritised. See the Glossary for more details.

### 3. YOUTH IN EDUCATION AND TRAINING

Examining how youth attain skills is an important dimension in evaluating labour markets. 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. Knowing how well tertiary students are performing is important. For youth already in the workforce, on-the-job training is the key means of creating workers with necessary transferrable skills, given that 80% of the workforce in 2020 is estimated to be currently in employment.

This section examines tertiary education outcomes for youth, in particular, participation rates, fields and levels of study, and qualification completion rates. Trends in school leaver attainment, industry training and Modern Apprenticeships follow.

#### 3.1 School leaver qualifications

Table 8 reveals that the number of school leavers achieving the highest level of schooling, NCEA level 3 or higher, increased between 2005 and 2007 from 17,009 (29.6% of school leavers) to 20,030 (35.3%). There were also gains in those achieving NCEA level 2 (from 15.5% to 18.1%). Also of significance was the change in the numbers of pupils who left school with little or no formal attainment. The number dropped from 7,409 (or 12.9% of school leavers) in 2005 to 2,799 (4.9%) in 2007. These youth are the most at risk of poor labour market outcomes.

**Table 8: Highest attainment of school leavers, 2005–2007**

	2005 (%)	2006 (%)	2007 (%)
NCEA level 3 or higher <sup>(1)</sup>	29.6	32.6	35.3
Halfway to a level 3 qualification <sup>(2)</sup>	12.0	12.0	12.1
NCEA level 2 <sup>(3)</sup>	15.5	15.6	18.1
Halfway to a level 2 qualification <sup>(4)</sup>	8.5	8.5	9.2
NCEA level 1 <sup>(5)</sup>	7.1	6.6	6.8
Halfway to a level 1 qualification <sup>(6)</sup>	8.7	8.2	8.3
Less than halfway to a level 1 qualification <sup>(7)</sup>	5.8	5.3	5.2
Little or no formal attainment <sup>(8)</sup>	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.

#### Notes:

1. Includes NZ Scholarship, National Certificate at level 4, NCEA level 3 and other level 3 NQF qualification.
2. Includes 30+ credits at NCEA level 3 or above and International Baccalaureate year 13 or Cambridge International Exams year 13 or Accelerated Christian Education Certificate year 13 or other overseas awards at year 13 level.
3. Includes NCEA level 2 and other NQF level 2 qualifications.
4. Includes 30+ credits at level 2 or above and International Baccalaureate year 12 or Cambridge International Exams year 12 or Accelerated Christian Education Certificate year 12 or other overseas awards at year 12 level.
5. Includes NCEA level 1 and other level 1 NQF qualifications.
6. Includes 40+ credits at level 1 and International Baccalaureate year 11 or Cambridge International Exams year 11 or Accelerated Christian Education Certificate year 11 or other overseas awards at year 11 level.
7. Includes 14–39 credits at NCEA level 1 or above.
8. Includes fewer than 14 credits at NCEA level 1, 2 or 3.

When looked at by ethnicity, Asian pupils had the highest rate of NCEA level 3 attainment, (56%), ahead of Europeans (40%). There was a considerable drop back to Pacific pupils (19%) and Māori (17%). Both these groups were also over-represented at the other end of the spectrum – 10.1% of Māori and 6% of Pacific youth left school with little or no formal attainment. By gender, females outperformed males, with 42% of female school leavers having NCEA level 3 or above compared with 29% of male school leavers. Approximately 5% of school leavers left with little or no formal qualification.

**Table 9: Number of students leaving secondary schools in 2007 by highest attainment level and ethnic identification**

Highest attainment	European /Pākehā		Māori		Pacific		Asian		Other		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
NCEA level 3 or higher <sup>(1)</sup>	5,804	8,304	653	1,177	318	563	1,226	1,608	174	203	8,175	11,855	20,030
Halfway to level 3 qualification <sup>(2)</sup>	2,194	1,732	479	514	374	396	607	356	115	85	3,769	3,083	6,852
NCEA level 2 <sup>(3)</sup>	3,596	3,081	930	936	516	493	249	233	118	86	5,409	4,829	10,238
Halfway to level 2 qualification <sup>(4)</sup>	1,724	1,085	686	622	381	286	221	93	85	41	3,097	2,127	5,224
NCEA level 1 <sup>(5)</sup>	1,452	1,098	481	500	107	83	49	44	22	21	2,111	1,746	3,857
Halfway to level 1 qualification <sup>(6)</sup>	1,458	896	804	748	330	236	89	60	49	27	2,730	1,967	4,697
Less than halfway to level 1 qualification <sup>(7)</sup>	814	535	580	492	226	143	81	40	36	26	1,737	1,236	2,973
Little or no formal attainment <sup>(8)</sup>	679	541	500	576	171	128	72	54	50	28	1,472	1,327	2,799
<b>Total</b>	<b>17,721</b>	<b>17,272</b>	<b>5,113</b>	<b>5,565</b>	<b>2,423</b>	<b>2,328</b>	<b>2,594</b>	<b>2,488</b>	<b>649</b>	<b>517</b>	<b>28,500</b>	<b>28,170</b>	<b>56,670</b>
UE attainment – included in total	5,876	7,998	576	968	284	457	1,451	1,645	186	191	8,373	11,259	19,632

Source: School leavers 2007 data, Ministry of Education.

**Notes:**

1. Includes NZ Scholarship, National Certificate at level 4, NCEA level 3 and other level 3 NQF qualification.
2. Includes 30+ credits at NCEA level 3 or above and International Baccalaureate year 13 or Cambridge International Exams year 13 or Accelerated Christian Education Certificate year 13 or other overseas awards at year 13 level.
3. Includes NCEA level 2 and other NQF level 2 qualifications.
4. Includes 30+ credits at level 2 or above and International Baccalaureate year 12 or Cambridge International Exams year 12 or Accelerated Christian Education Certificate year 12 or other overseas awards at year 12 level.
5. Includes NCEA level 1 and other level 1 NQF qualifications.
6. Includes 40+ credits at level 1 and International Baccalaureate year 11 or Cambridge International Exams year 11 or Accelerated Christian Education Certificate year 11 or other overseas awards at year 11 level.
7. Includes 14–39 credits at NCEA level 1 or above.
8. Includes fewer than 14 credits at NCEA level 1, 2 or 3.

### 3.2 Participation in tertiary education

Tertiary education is an important stepping stone for youth. It plays a large part in determining their successful entry into employment.

Since 2001, participation rates<sup>14</sup> in tertiary education have declined among those aged under 18 years by 14%, but comparatively few tertiary students are aged under 18 years. There have been improved retention levels for youth in this time, which largely explains this trend, but other factors have also been influential. The labour market was ready to absorb more people with little or no qualifications until recently.

Furthermore, in 2005, tertiary education priorities changed, with emphasis placed on higher qualification levels. This led to a series of reviews of level 1–3 qualifications. One of the consequences was a major shift in the distribution of enrolments, with fewer people taking these qualifications. These qualifications were most popular among under 18 year olds.

The situation has been more positive among 18 and 19 year olds, with a 3% gain in total participation rates, due to the 5% increase in male rates and 2% in female rates. For those aged 20–24 years, participation rates have largely remained static, except for a 1% decline for females. For all three age groups, enrolment figures increased, though these were not necessarily matched by growing participation rates.

**Table 10: Tertiary education participation rates by age group and gender, 2001–2007<sup>15</sup>**

Age group	Gender	Year enrolled							% change 2001-2007
		2001	2002	2003	2004	2005	2006	2007	
Under 18	Female	11.1%	10.0%	9.0%	9.4%	12.3%	9.2%	8.7%	-21.1%
	Male	10.9%	10.1%	9.9%	10.5%	14.5%	10.8%	10.3%	-6.1%
	Total	11.0%	10.1%	9.5%	10.0%	13.4%	10.0%	9.5%	-13.5%
18–19	Female	48.6%	47.2%	46.7%	47.9%	48.6%	48.8%	49.6%	1.9%
	Male	40.6%	39.7%	38.6%	39.5%	40.9%	42.3%	42.7%	5.0%
	Total	44.6%	43.4%	42.6%	43.6%	44.6%	45.5%	46.0%	3.3%
20–24	Female	35.0%	36.1%	36.0%	36.4%	35.9%	34.8%	34.6%	-0.9%
	Male	31.1%	30.8%	29.8%	29.6%	29.7%	30.7%	31.2%	0.1%
	Total	33.0%	33.5%	32.9%	32.9%	32.8%	32.8%	32.9%	-0.5%

Source: Tertiary Education Commission.

Total enrolments and participation rates only paint part of the picture for youth. It is important to examine the levels at which students are enrolled, as it is an indication of the range of skills that will become available when students enter employment. Higher levels of enrolment generally equate to greater skill acquisition.

Youth under 18 tended to be enrolled mostly in level 1 to 3 certificates (71% of enrolments), while 59% studied at institutes of technology/polytechnics. For 18–19 year olds, enrolment in a degree prevailed, and accounted for 51% of the 57,400 enrolments. In the 20–24 year age

<sup>14</sup> The participation rate is the percentage of the population aged 15 and over who were enrolled at any time during the year.

<sup>15</sup> This data relates to students enrolled in more than 0.3 EFTS of a formal qualification from a tertiary education provider at any time during the year. It relates to domestic students only and excludes all non-formal learning and on-job industry training as well as those private training establishments that neither received tuition subsidies nor were approved for student loans or allowances.

group, 8,028 students were enrolled in postgraduate study, some 12% of the 96,634 total enrolments. In total, 172,579 young New Zealanders were undertaking formal tertiary courses.

Tertiary education participation rates by qualification level over the period 2000–2007 were characterised by a high degree of stability. The percentage of the population enrolled at degree and diploma level have remained constant. While there was slightly increased participation among the 18–19 and 20–24 year age groups, this was not accompanied by more enrolments at post-graduate levels. See Appendix 2 for a detailed breakdown of 2007 participation rates by age group and qualification level.

Table 11 shows how much progress has been achieved since 2000 in terms of youth qualification completion rates – 25% more youth under the age of 18 years completed qualifications by 2007, due largely to a growth in male completions. Completion rates varied by level of study, with the lowest levels tending to have the least satisfactory completion rates.

The results also indicate that completions for 18–19 year old youth increased by 11% over the period, while completions for those aged 20–24 years, who make up the large majority of students, increased by 15%.

**Table 11: Domestic students completing qualifications by age group and gender, 2000–2006<sup>16</sup>**

Age group	Gender	Year completed							% change 2000–2006
		2000	2001	2002	2003	2004	2005	2006	
Under 18	Female	1,882	1,699	1,896	1,933	1,887	2,150	1,961	4.2
	Male	1,342	1,461	1,635	1,778	1,700	2,499	2,064	53.8
	Total	3,224	3,160	3,531	3,711	3,587	4,649	4,025	24.8
18–19	Female	3,932	4,152	4,346	4,663	4,735	4,333	4,481	14.0
	Male	3,002	3,256	3,337	3,210	3,342	3,467	3,203	6.7
	Total	6,934	7,408	7,683	7,873	8,077	7,800	7,684	10.8
20–24	Female	13,540	14,149	14,551	15,351	15,801	15,824	15,874	17.2
	Male	9,667	10,382	10,530	10,612	10,574	11,249	10,868	12.4
	Total	23,207	24,531	25,081	25,963	26,375	27,073	26,742	15.2

Source: Ministry of Education.

### 3.3 Industry training

The previous section looked at the qualification attainment of school leavers. This section focuses on youth participation in industry training, which includes training for those already in employment.

Training within the workplace or attendance at courses outside of work for those in employment is an indicator of some of the skills immediately available to employers. Upskilling workers not only leads to increased productivity, it also helps ensure that workers potentially have a broader range of transferrable skills that can be used throughout their working lives. Since 2000, the number of workers engaged in industry training grew because of increased government funding.

<sup>16</sup> This data relates to students enrolled in more than 0.03 EFTS of a formal qualification from a tertiary education provider at any time during the year. It relates to domestic students only and excludes all non-formal learning and on-job industry training as well as those private training establishments that neither received tuition subsidies nor were approved for student loans or allowances.

Currently, a wide range of industry training is undertaken by young New Zealanders. Youth were well represented among industry trainees in 2007, with 14,650 workers aged 15–19 years enrolled in some form of industry training (11% of all trainees) and 42,660 aged 20–29 (32% of all trainees). These figures increased 6% and 8% respectively on training numbers for 2006.

Hospitality training was the most common type of training among both age groups, ahead of building and construction, which are two of the leading industries in which youth work. Agriculture, motor and competenz training were also popular. See Appendix 3 for a detailed list of 2007 industry trainees by industry.

Much of the training available to 15–19 year olds is trades-based. It is difficult to speculate on training for youth aged 20–24 years as the data is not specifically available for this age group.

### Modern Apprenticeships

The Modern Apprenticeships scheme, which is targeted at youth, plays an important role in targeting skill shortages in key industries.

In 2007, 10,850 youth were in a Modern Apprenticeship, an increase of 15% on 2006 numbers. A disproportionate number were male (90%) and European (76%). The most common types of Modern Apprenticeships were building and construction (14.9%), engineering (14.2%) and motor engineering (13.4%).

**Table 12: Modern Apprenticeships by industry, 2007<sup>17</sup>**

<b>Industry</b>	<b>Number</b>	<b>Percentage</b>
Building and construction	1,618	14.9
Engineering	1,536	14.2
Motor engineering	1,459	13.4
Horticulture	742	6.8
Electrotechnology	728	6.7
Agriculture	690	6.4
Electricity supply	428	3.9
Hospitality	370	3.4
Forest industries	358	3.3
Plumbing	320	2.9
Boat building	316	2.9
Road transport	291	2.7
Joinery	244	2.2
Flooring	235	2.2
Contracting	197	1.8
Painting and decorating	180	1.7
Public sector	164	1.5
Printing	160	1.5
Retail	142	1.3
Baking	126	1.2
Other	546	5.0
<b>Total</b>	<b>10,850</b>	<b>100</b>

Source: Tertiary Education Commission, 2009.

<sup>17</sup> These are the figures as at 31 December 2007.

### 3.4 Discussion

For New Zealand's economy to grow at faster than average rates, the skill levels of workers needs to increase. New Zealand needs a workforce with a greater range of skills, experience and knowledge. Tertiary study in its different forms not only improves the skill sets and career prospects for youth, it benefits employers through increased productivity. The latter point is increasingly being recognised by employers, with a wide range of industry training available for workers.

Improving the opportunity for greater youth tertiary enrolment must first begin at school. While progress has been made over the last three years in the numbers gaining NCEA level 3 or above, matched by a decline in those leaving with little or no formal attainment, some groups are still underperforming. Males of all ethnicities lag behind females; Māori and Pacific youth of both genders do likewise. The end result of these disparities is mirrored in other key labour market measures, including the unemployment and NEET rates. Those with lower qualifications have a higher probability of unemployment. This is likely to be reinforced in the current economic climate, where unemployment rates are likely to rise faster among those with little or no qualifications. It has also been shown that people with higher-level tertiary qualifications have a noticeable earnings advantage over those with little or no qualifications, with the gap in median hourly earnings between these two groups growing.<sup>18</sup>

Among those youth who enter tertiary study, many gains have been realised in recent years. Enrolments and participation rates have risen among 18 and 19 year olds since 2001, while there has been a small drop for those aged under 18 years, largely due to improved school retention. Perhaps the most positive finding is the increased completion rates of qualifications among those under 25 years, as highlighted. There is a need for improving the relevance of tertiary education to the needs of the labour market.

Certainly, students are enrolled in a wider range of subjects, but improving course relevance is a difficult goal to realise. For instance, the number of tertiary graduates of information technology courses has halved over the past four years, which has further strengthened skill shortages in the sector. University of Auckland Professor of Computer Science John Hosking said this threatened the sector's ability to increase its volume of development.<sup>19</sup>

The economic downturn raises new challenges. There is a need for education providers to ensure the programmes they offer are increasingly relevant to the labour market, especially in the short term. This is particularly the case in the construction industry, for example, which has endured a significant downturn in the past few months. While the recently announced school rebuilding/modernisation programme and the building and upgrading of Housing New Zealand properties should benefit some residential construction workers, industry expectation is that residential construction demand will remain low over the short term.

With major infrastructure projects being at the core of the government's recent economic stimulus package, there is likely to be an increased demand for civil construction skills. While some skills may well be transferrable, it is likely that additional training will be required to

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<sup>18</sup> See Tertiary Sector Performance Analysis and Reporting, November 2008, *Profile and Trends 2007: New Zealand's Tertiary Education Sector*, Ministry of Education, Wellington. Accessed March 2009 from [www.educationcounts.govt.nz/publications/series/2531](http://www.educationcounts.govt.nz/publications/series/2531).

<sup>19</sup> Jacqueline Smith, 'IT grads halved over past 4 years', 8 December 2008. Accessed December 2008 from [www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=10546944](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10546944).

transition these trainees. This presents a challenge for both tertiary education providers and employers, but also raises the long-term prospects of the construction workers whose skills bases will widen.

## 4. YOUTH IN EMPLOYMENT

Youth in work have a number of characteristics that set them apart from other groups in the labour market. They tend, for instance, to work on a part-time basis at a higher rate than any other group. Almost two-thirds (62%) of 15–19 year olds in employment worked part-time as at December 2008.<sup>20</sup> Similarly, 42% of all casual workers were aged 15–24.<sup>21</sup> Moreover, youth juggle study with work at a greater rate than any other age group. Two industries – retail trade, and accommodation, cafés and restaurants – employ the bulk of youth. These industries are characterised by their high proportion of part-time work. By occupation, most youth fit into the service and sales workers group. Distinct patterns also exist between youth aged 15–19 and 20–24 years, with the older youth group more similar to the total working-age population.

The youth labour force faces challenges, particularly in times of economic downturn. The industries and occupations in which youth work tend to be amongst the most vulnerable in such times. Their comparatively limited work experience and lack of skills only heighten their vulnerability, to the extent that 15.7% of 15–19 year olds and 7.4% of 20–24 year olds in the labour force were unemployed, according to the latest available figures.<sup>22</sup>

This section begins with an analysis of changing youth employment rates, by age, gender and ethnicity. It then examines youth employment by industry, focusing on changing patterns, the youth share of industry and the part-time and full-time nature of work. The occupation distribution of youth employment is then presented, which includes an assessment by skill level. Finally, some important employment characteristics are discussed, including income patterns, job tenure and turnover.

### 4.1 Employment rates

The employment rate<sup>23</sup> is a significant indicator of how well the labour market is functioning. Note, though, that improvements in the rate, while closely linked to gains in the country's economic growth as well as benefits for the individuals concerned, do not reflect the quality and sustainability of jobs. This is important when considering youth employment.

Employment rates show quite distinct differences between the 15–19 and 20–24 age groups. Many in the younger age group are still at school, and so the rate was considerably lower, at around 45% for most of the past five years.

The 20–24 age group has, in the same period, maintained a higher employment rate than the national total, with a minor decline evident over the past 18 months. The employment rate for this group has stayed at around 68% for much of the past five years.

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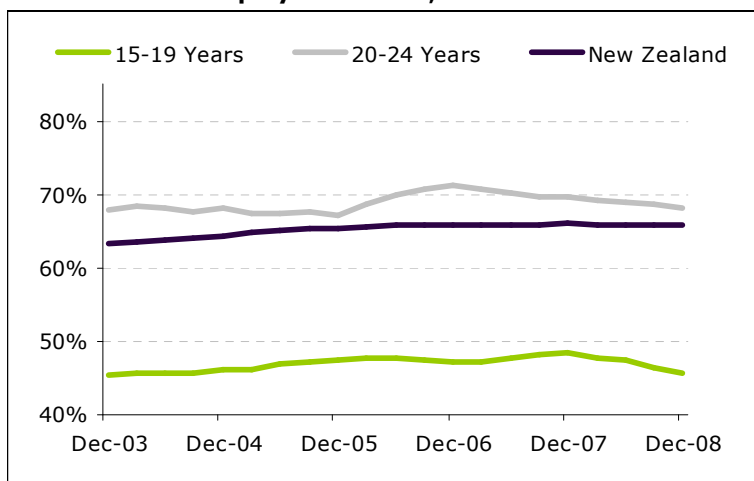
<sup>20</sup> Household Labour Force Survey, December 2008 quarter, Statistics New Zealand.

<sup>21</sup> Survey of Working Life, Household Labour Force Survey, March 2008 quarter, Statistics New Zealand.

<sup>22</sup> Household Labour Force Survey, December 2008 quarter, Statistics New Zealand.

<sup>23</sup> The proportion of the working-age population that is employed.

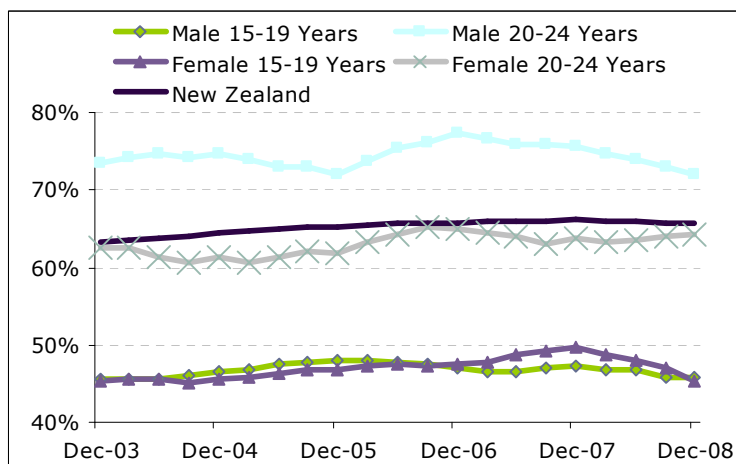
**Chart 4: Youth employment rates, 2003–2008**



Source: Household Labour Force Survey, Statistics New Zealand.

When examined by gender, male and female employment rates in the 15–19 age group were at similar levels over the past five years. In the 20–24 age group, however, the male employment rate (72% in December 2008) was considerably higher than its female equivalent (64%). Factors such as women opting not to work for family reasons and higher tertiary education participation rates help explain the difference.

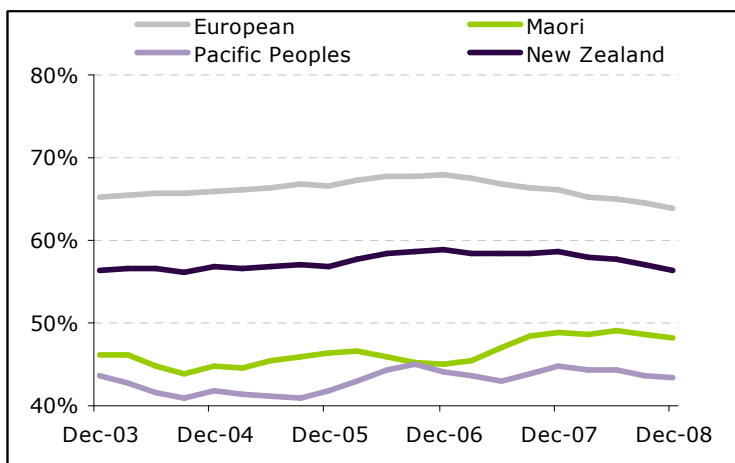
**Chart 5: Youth employment rates by gender, 2003–2008**



Source: Household Labour Force Survey, Statistics New Zealand.

By ethnicity, Europeans aged 15–24 years had the highest employment rate (64% as at December 2008), considerably higher than for Māori (48%) and Pacific people (43%). Over the past two years, however, Māori have experienced an increased rate at a time when the European rate was declining.

**Chart 6: Employment rates by ethnicity, 2003–2008**



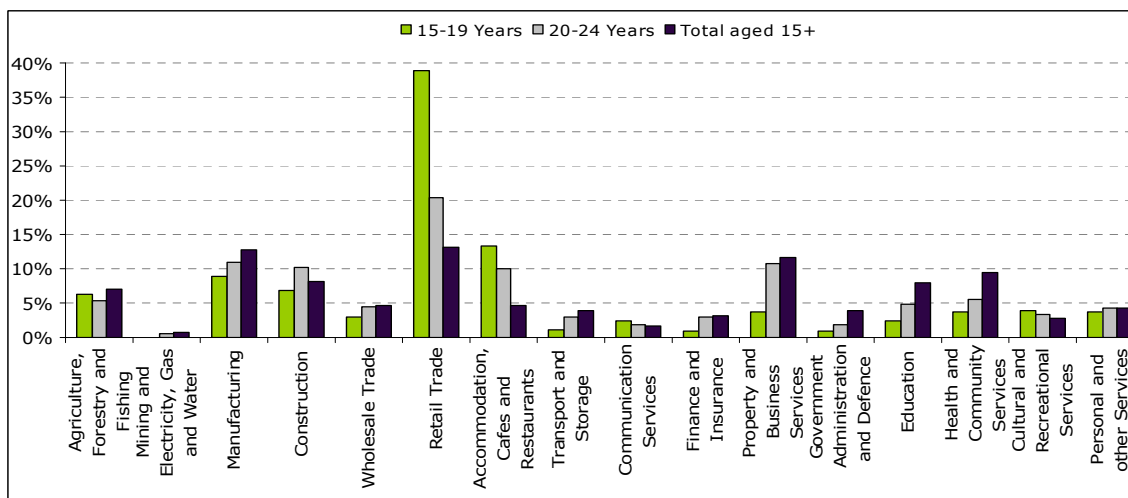
Source: Household Labour Force Survey, Statistics New Zealand.

## 4.2 Employment by industry

In the year to December 2008, 39% of employed youth aged 15–19 years worked in the retail trade industry, well ahead of the 13% in accommodation, cafés and restaurants. This domination by one industry was less apparent for workers aged 20–24 years, although the industries that employ the majority of youth aged 20–24 were the same as for the younger age group. The number of youth working in the retail trade and accommodation, cafés and restaurants is well ahead of the proportion of the total population in these 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.

Youth were noticeably under-represented in the education and health and community services industries, which reflects the fact that qualifications are often needed for entry to these industries, which youth have not completed, as Chart 7 illustrates.

**Chart 7: Employment by industry, December 2008**



Source: Household Labour Force Survey, Statistics New Zealand.

## Changes in employment by industry from 2003–2008

Over the period December 2003 to December 2008, the number of workers aged 15–24 years grew by 40% in the construction industry, making it the fastest growing industry for youth employment. This is an industry that is very cyclical and one that does well in times of economic prosperity and poorly when the economy makes a downturn. This growth in construction, in particular, is evident in the extent of industry training provided to youth (see Appendix 3). Communications services and the retail trade had the next highest growth rates, at 27% and 21%, respectively. These three industries also experienced considerable growth in the numbers of workers of all ages, but at lower levels. For the total population, the overall increase (11%) was higher than it was for youth (7%). The industries with the largest decrease in youth workers were agriculture, forestry and fishing (which fell 16%) and manufacturing (which fell 14%), as shown in Table 13.

**Table 13: Youth employment by industry, 2003–2008**

Industry	15–24 years			New Zealand 2003–2008 change (%)
	December 2003 (000)	December 2008 (000)	2003–2008 change (%)	
Agriculture, Forestry and Fishing	23.5	19.7	-16.4%	-5.2%
Mining and Electricity, Gas and Water Supply	1.4	1.3	-5.4%	35.1%
Manufacturing	39.7	34.3	-13.7%	-3.2%
Construction	21.5	30.1	40.2%	26.0%
Wholesale Trade	12.5	13.0	3.8%	7.3%
Retail Trade	80.0	96.5	20.7%	10.7%
Accommodation, Cafés and Restaurants	37.7	38.9	3.2%	4.9%
Transport and Storage	7.7	7.5	-1.6%	5.6%
Communication Services	5.6	7.2	27.1%	11.0%
Finance and Insurance	6.6	7.0	6.1%	23.4%
Property and Business Services	22.8	26.7	17.1%	27.0%
Government Administration and Defence	5.5	5.0	-10.0%	15.6%
Education	14.2	13.1	-7.4%	12.2%
Health and Community Services	15.5	16.3	5.2%	15.5%
Cultural and Recreational Services	12.8	12.5	-2.5%	19.6%
Personal and Other Services	14.0	13.8	-1.1%	4.8%
<b>Total all industries</b>	<b>320.9</b>	<b>342.9</b>	<b>6.8%</b>	<b>10.7%</b>

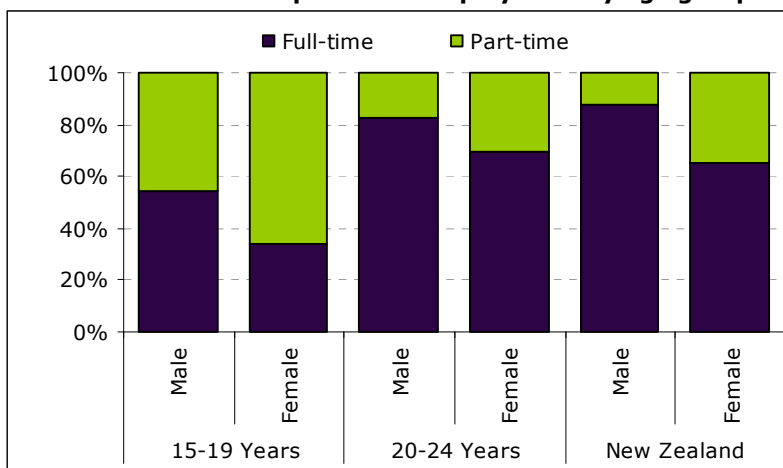
Source: Household Labour Force Survey, Statistics New Zealand.

## 4.3 Part-time and full-time employment

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. The employment status of 20–24 year olds was more closely aligned with that of the total population, as much of their formal training has been completed. In contrast, many 15–19 year olds still live at home and work to supplement their study or other activities.

It is noticeable that there are quite distinct differences between male and female youth employment status, with 66% of females aged 15–19 working on a part-time basis, compared with 46% of males. This disparity was also evident among 20–24 year olds, where 30% of females worked part-time, compared with 17% of males. This is due in part to more females being enrolled in tertiary study.

**Chart 8: Full-time and part-time employment by age group and gender**



Source: Population Census 2006, Statistics New Zealand.

In the 15–19 year age group, part-time employment was particularly high in the retail trade and accommodation, cafés and restaurants industries, with 72% and 70% respectively of youth workers employed in these industries part-time in 2006.<sup>24</sup> This is in contrast to other leading industries, notably construction and manufacturing, where only 12% and 27% respectively worked part-time. In the 20–24 year age group, similar patterns are evident, with the retail trade and accommodation, cafés and restaurants industries also having the highest proportion of part-time staff, at 35% and 42% respectively. Close similarities between the 20–24 year age group and the total population were also evident (see Table 14).

**Table 14: Full-time and part-time employment by age group and industry**

	Employed full-time (%)			Employed part-time (%)		
	15–19	20–24	15+	15–19	20–24	15+
Agriculture, Forestry and Fishing	56.9	86.0	79.2	43.1	14.0	20.8
Mining	89.2	94.7	94.1	8.1	4.3	5.9
Manufacturing	73.5	91.3	89.4	26.5	8.7	10.6
Electricity, Gas and Water Supply	82.1	90.2	92.7	20.5	9.8	7.3
Construction	88.4	94.5	89.7	11.5	5.5	10.3
Wholesale Trade	60.0	86.7	86.7	40.0	13.2	13.3
Retail Trade	28.2	64.9	66.6	71.8	35.1	33.4
Accommodation, Cafés and Restaurants	30.5	57.9	60.9	69.5	42.0	39.1
Transport and Storage	68.3	87.2	86.6	31.9	12.8	13.4
Communication Services	26.4	78.9	78.1	73.8	21.1	21.9
Finance and Insurance	62.4	86.4	85.5	37.6	13.6	14.5
Property and Business Services	49.7	79.5	80.0	50.3	20.5	20.0
Government Administration and Defence	79.4	89.1	88.7	20.5	10.9	11.3
Education	28.6	65.7	69.4	71.4	34.2	30.6
Health and Community Services	29.9	69.5	67.3	70.1	30.5	32.7
Cultural and Recreational Services	25.0	64.3	69.4	75.1	35.7	30.6
Personal and Other Services	50.2	72.6	74.8	49.9	27.4	25.2
Not elsewhere included	42.3	70.0	62.2	57.7	30.0	37.8
<b>Total</b>	<b>44.5</b>	<b>76.7</b>	<b>77.1</b>	<b>55.5</b>	<b>23.3</b>	<b>22.9</b>

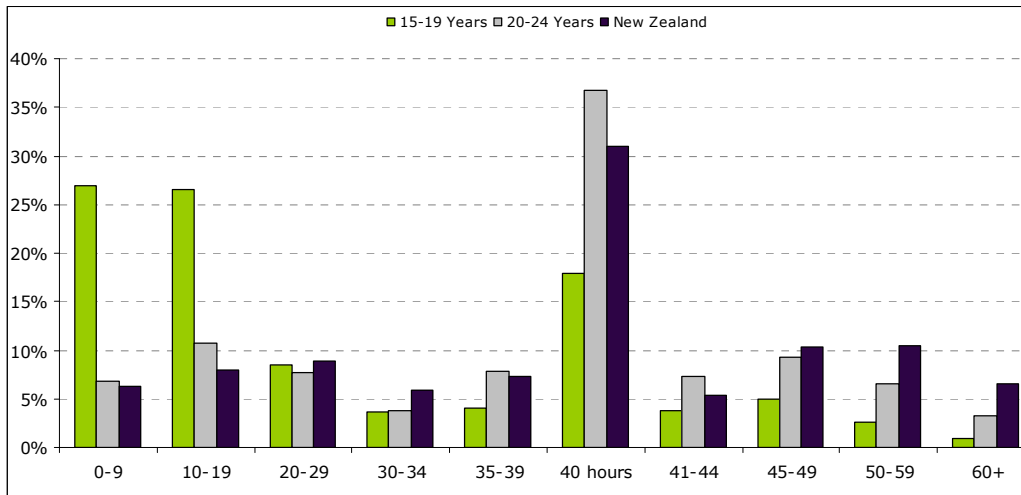
Source: Population Census 2006, Statistics New Zealand.

<sup>24</sup> 2006 Census of Population and Dwellings, Statistics New Zealand.

## Hours worked

The predominance of part-time employment among 15–19 year olds is reflected in the fact that 27% worked fewer than nine hours a week, and just over half (54%) worked fewer than 19 hours. By contrast, only 18% of those aged 20–24 worked fewer than 19 hours a week. Indeed, more 20–24 years were working a 40 hour week (37%) than were all workers (31%),.

**Chart 9: Hours worked per week by age group, December 2008**

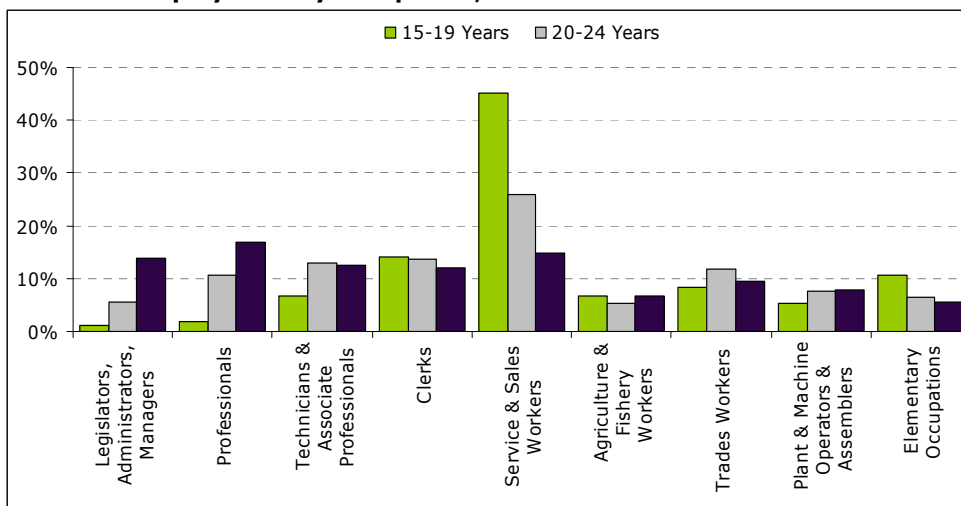


Source: Household Labour Force Survey, Statistics New Zealand.

## 4.4 Employment by occupation

Almost half (45%) of all 15–19 year old youth in employment were in the service and sales workers occupation group. This group also accounted for 25% of all workers aged 20–24 years. The greater number of the older age group in the professional, technician and associate professional and trade workers groups, as shown in Chart 10, can be partly explained by the fact that qualifications need to be gained for entry into these sectors, and very few 15–19 year olds are likely to have completed them.

**Chart 10: Employment by occupation, December 2008**



Source: Household Labour Force Survey, Statistics New Zealand.

Over the period December 2003 to December 2008, there was rapid growth in the number of youth workers who were technicians and associate professionals (by 42%), clerks (19%),

trades workers (17%) and professionals (14%). Notably, the number of youth service and sales workers did not grow, while elementary workers decreased by 16%, which reflects an increasingly qualified workforce. The growing number of trades workers is likely to be at least partly a result of the Modern Apprenticeship scheme.

**Table 15: Employed youth by occupation, 2003–2008**

Occupation group	15–24 years			New Zealand 2003–2008 change (%)
	December 2003 (000)	December 2008 (000)	2003–2008 change (%)	
Legislators, Administrators, Managers	7.5	12.7	69.9%	22.3%
Professionals	21.1	24.2	14.3%	27.8%
Technicians and Associate Professionals	24.9	35.4	42.1%	26.1%
Clerks	40.0	47.4	18.5%	6.8%
Service and Sales Workers	116.7	116.7	0.0%	2.2%
Agriculture and Fishery Workers	24.3	20.5	-15.9%	-9.5%
Trades Workers	30.4	35.5	16.8%	9.4%
Plant and Machine Operators and Assemblers	21.8	22.8	4.9%	2.5%
Elementary Occupations	33.8	28.3	-16.2%	-7.7%
<b>Total all occupations</b>	<b>320.5</b>	<b>343.5</b>	<b>7.2%</b>	<b>10.8%</b>

Source: Household Labour Force Survey, Statistics New Zealand.

When the above occupation groups are combined,<sup>25</sup> there were small gains in the high-skilled and skilled categories, accompanied by slight decreases in semi-skilled and low-skilled occupations. While modest, these changes indicate that some progress towards an increasingly skilled workforce has occurred over the last five years.

**Chart 11: Youth occupations by skill level, 2003–2008**



Source: Household Labour Force Survey, Statistics New Zealand.

<sup>25</sup> High-skilled occupations include legislators, administrators and managers, and professionals; skilled occupations include technicians and associate professionals, and trades workers; semi-skilled occupations include clerks, service and sales workers, agriculture and fisheries workers, and plant and machine operators and assemblers; low-skilled occupations include elementary occupations.

## Income

Young people tend to have significantly lower incomes than the rest of the working-age population, influenced in part by the high share of part-time youth employment. Other reasons for lower than average earnings are:

- less time on average in the job
- less seniority
- lower workplace skills
- higher levels of employment in low-paying industries and occupations.

In terms of median hourly income, 15–19 year old youths earned \$12.00, compared with \$15.34 for 20–24 year olds and \$18.75 for all workers, as at June 2008. Over the five years to June 2008, the rate for 15–19 year olds rose 26%, while the increase was 21% for 20–24 year olds and 22% for all workers.

**Table 16: Youth median hourly income by year**

	June 2003	June 2004	June 2005	June 2006	June 2007	June 2008
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
15–19 years	9.00	9.50	10.00	10.50	11.25	12.00
20–24 years	12.50	12.70	13.50	14.00	14.19	15.34
All workers	15.00	15.34	16.10	17.00	18.00	18.75

Source: New Zealand Income Survey, Statistics New Zealand.

In the 2006 tax year, the median earnings for 15–19 year olds was \$7,170, which was approximately one-third of what workers aged 20–24 years earned (\$21,360) and less than one-quarter of that of all workers (\$30,610).<sup>26</sup>

On 1 April 2008, the youth minimum wage was abolished and the new entrants' minimum introduced. The new entrants' minimum was set at \$9.60, or 80% of the adult minimum, but only applies to 16 and 17 year olds who recently entered the workforce. Youth workers with more than 200 hours or 3 months' work experience are not eligible for the new entrants' minimum and are paid the adult minimum wage instead.

The introduction of the new entrants' minimum had a dramatic impact on the hourly earnings of 16 and 17 year olds. Before 1 April 2008, over two-thirds or 68%<sup>27</sup> of 16 and 17 year olds reported wages below the adult minimum of \$12, but this fell to 20%<sup>28</sup> after the introduction of the new entrants' minimum. After the introduction of the new entrants' minimum, four out of every five 16 and 17 year olds reported earning \$12 or more, with half reporting hourly earnings of exactly \$12.

The introduction of the new entrants' minimum has raised the proportion of 16 and 17 year olds likely to be impacted by changes in the new entrants' and adult minimums. The Department of Labour's 2008 Minimum Wage Review estimated that 70% of 16 and 17 year olds are paid below the 2009 adult minimum of \$12.50, compared with 26% of 18 and 19 year olds, 11% of 20–24 year olds and 4% of 25–64 year olds.

The combination of the introduction of the new entrants' minimum and the slowing economy may lead to greater impacts on the employment outcomes of 16 and 17 year olds. A previous

<sup>26</sup> Linked Employer-Employee Data, Statistics New Zealand.

<sup>27</sup> 2007 New Zealand Income Survey (NZIS), June quarter, Statistics New Zealand.

<sup>28</sup> 2008 NZIS, June quarter, Statistics New Zealand.

study (Hyslop and Stillman, 2004)<sup>29</sup> of the impact of a relatively large (41%) increase in the minimum wage for 16 and 17 year olds found no robust evidence of adverse effects on youth employment or hours worked. However, this study was conducted during a period of economic growth (1997–2003) and the share of 16 and 17 year olds impacted by increases in the youth minimum was relatively low; around a quarter in 2003, compared with over two-thirds in 2008.

### **Job tenure**

Youth in employment spent less time in their jobs than older workers. For instance, 9% of youth had been in their main job for less than one month, compared with 3% of all workers. Similarly, almost one-quarter had been in their main job for less than six months, 15% for 6 months to less than a year and 36% for between one and three years. Only 17% had worked in their job for more than three years compared with 55% of the total population.<sup>30</sup> Figures for June 2007 show that 31% of youth turned over their jobs on a quarterly basis, compared with 18% of all workers.<sup>31</sup>

## **4.5 Discussion**

Many youth are employed in the retail trade and accommodation, cafés and restaurants industries, and the service and sales worker occupation group. The recent economic downturn leaves such workers heavily exposed, as these industries are among the most affected. Such jobs generally require a low skill base, with few specific skills. Because they lack work experience, youth are often among the first workers made redundant. The risk to youth workers is tempered somewhat by the fact that many are only working part-time, often around their studies, and are thus less affected than full-time workers who may lose their jobs. For the latter group, the opportunity to upskill through further training will present itself, which, in turn, will lead to an increasingly skilled labour market in the years ahead.

The 15–19 years and 20–24 years workforces are quite distinct. Those aged 20–24 years were more aligned with the total population in terms of industries and occupations in which they worked, largely on a full-time basis. Within both age groups, however, Māori and Pacific youth have the lowest employment rates. Evidence also exists of a slight decrease in the employment rate of 15–19 year olds in the past two years, at a time when tertiary education participation rates showed a marginal increase among 18 and 19 year olds and a drop in those aged under 18 years. This is a positive sign in terms of upskilling youth. The gains in the overall skill level, by occupation, are perhaps linked to improved qualification completion rates among students. This may well translate into higher levels of labour productivity in the future.

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<sup>29</sup> Hyslop and Stillman (2004), *Youth Minimum Wage Reform and the Labour Market*, New Zealand Treasury Working Paper 04/03.

<sup>30</sup> Survey of Working Life, Household Labour Force Survey, March 2008 quarter, Statistics New Zealand.

<sup>31</sup> Linked Employer-Employee Data, Statistics New Zealand. The turnover rate is the ratio of the average of the total accessions and separations to the average of the total jobs in the reference quarter and the previous quarter.

## 5. UNEMPLOYED AND NEET YOUTH

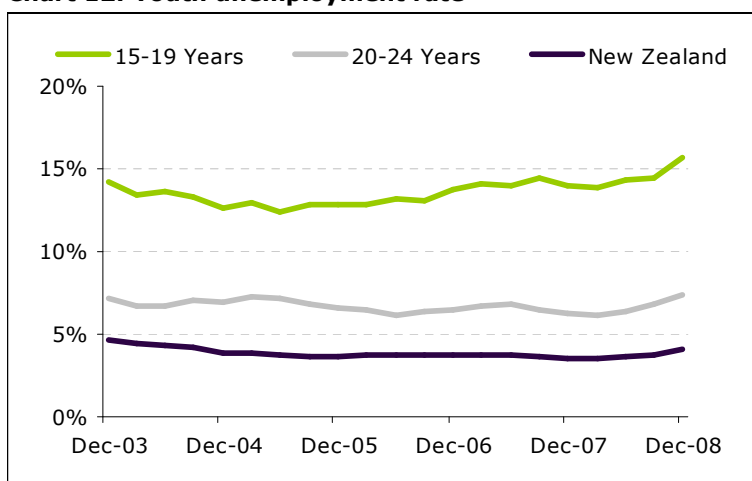
As shown in the previous sections, youth in employment and education are involved in activities that benefit both themselves and the labour market. There is, however, a group of youth who are not succeeding. While it possible to study this group through the traditional unemployment rate measure, a newer measure that assesses the number of youth who are not engaged in education, employment, training or caregiving (NEET) is increasingly recognised internationally. Youth who are not engaged in one of these activities are seen to be most at risk of poor labour market outcomes.

This section looks first at trends in youth unemployment, with a focus on age, gender and ethnic differences. The remainder of it is devoted to NEET youth. This includes a breakdown of the study and employment status of youth as well as analysis by age, gender and ethnicity.

### 5.1 Unemployed youth

The unemployment rate is the proportion of the labour force that is unemployed.<sup>32</sup> 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. In the recession that occurred at the beginning of the 1990s, for instance, the unemployment rate for 15–24 year olds rose from 13% in early 1990 to 20% in early 1992. Over the past five years, the unemployment rate for 15–19 year olds was relatively steady, moving from 14% in December 2003 to 16% in December 2008. Unemployment in the 20–24 year age group, which remained around 7% over this period, was considerably below the younger age group, but above the rate for the total population. For all three groups, there is evidence of a growing rate over recent quarters, in line with the economic downturn, but the increase has been more prominent among youth.

**Chart 12: Youth unemployment rate**



Source: Household Labour Force Survey, Statistics New Zealand.

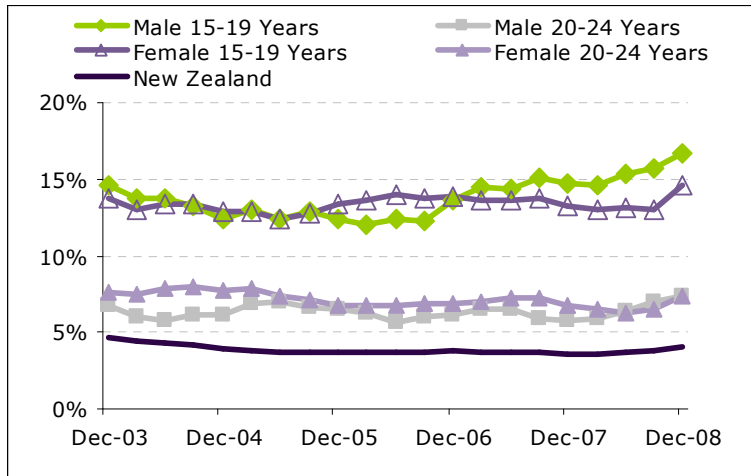
### Unemployment by gender

Within the 15–19 year age group, the male unemployment rate surpassed the female rate over the last two years and has been increasing since March 2006, reaching 17% in December 2008. In the 20–24 year age group, the female rate had been higher than the male rate until

<sup>32</sup> To be counted as unemployed, a person must be without a paid job, be available for work and have actively sought work in the past four weeks or have a new job to start within the next four weeks.

being overtaken last year by the male rate; since then, it has increased at a rate higher than the total population to reach 7% in December 2008.

**Chart 13: Unemployment rate by gender**

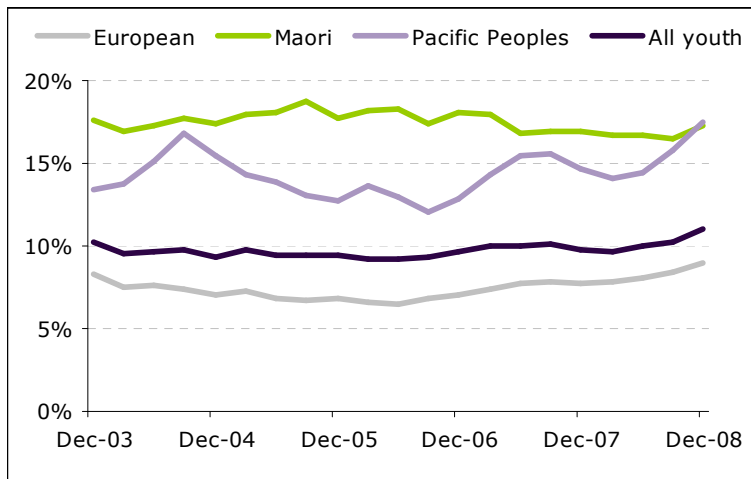


Source: Household Labour Force Survey, Statistics New Zealand.

**Unemployment by ethnicity**

Māori youth had the highest rates of youth unemployment (17% in December 2008), but there has been a slight decline in the last five years. Pacific youth had the next highest rate, but their rate has increased, especially since June 2008, to also reach 17%. In contrast, the rate for European youth (9% in December 2008) was more stable and well below the other ethnic groups.

**Chart 14: Unemployment rate by ethnicity**



Source: Household Labour Force Survey, Statistics New Zealand.

**5.2 NEET rates**

Over recent years, the proportion of young people in New Zealand who are not engaged in employment, education, training or caregiving (NEET) has been monitored as an indicator of youth engagement in training and employment. It 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.

Those youth who are categorised as NEET are disengaged from both formal learning and work, and, as such, are considered to be missing the opportunity to develop their potential at an age that heavily influences future outcomes. While the NEET measure does not count young people involved in other activities that could contribute to their well-being, or are 'in between' activities for a short period of time (for example, just returned from or about to leave for overseas, or on holiday from work or study), it is still a particularly useful indicator of youth disengagement.

The NEET rates outlined in this report are derived from the Household Labour Force Survey. This approach differs from our previous method based on Census data.<sup>33</sup> The biggest difference is that youth who are acting as youth caregivers are excluded here (as caregiving is deemed to be an activity in which the caregiver is engaged) when calculating NEET rates, when previously they were not. The end result is noticeably lower NEET rates here than may appear in some publications. Additionally, this survey is conducted quarterly, meaning information is updatable and current, which is something we desired in selecting our indicators.

Diagram 4 highlights those youth who are NEET, by looking at youth study and employment status. In the 15–19 year age group, as at December 2008, 6.8% (or 21,400) of youth were not working, studying or caregiving and were thus defined as NEET. The NEET rate was higher among the 20–24 year age group, at 7.7% at this time (22,500 youth). The high rates of schooling, tertiary study, caregiving and studying while working (especially among the 20–24 year age group) can also be seen.

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<sup>33</sup> The NEET rates published last year in our Annual In-depth Regional Report series were calculated using 2006 Population Census data, in which youth that are acting as caregivers cannot be separated from others who are not engaged in employment or education. This difference leads to higher NEET rates in that publication series.

**Diagram 4: Study status of employed and not employed youth**

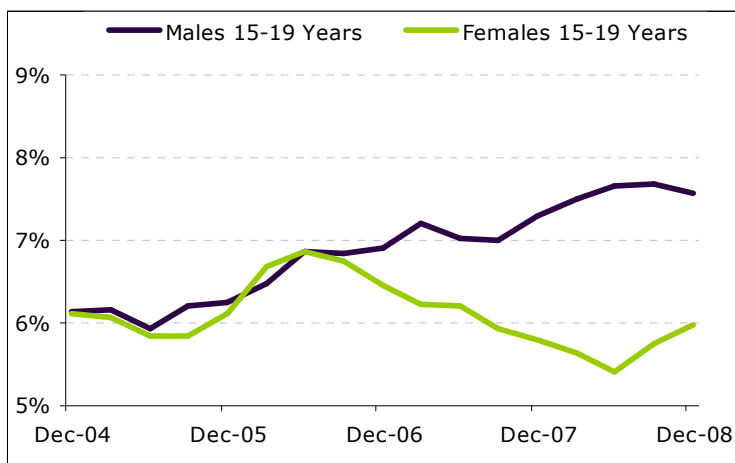
		<b>15-19 Years</b>	<b>20-24 Years</b>
<b>Employed</b>	Engaged in formal study	29,200 (9.2%)	50,700 (17.3%)
	Engaged in informal study	3,400 (1.1%)	7,700 (2.6%)
	No study	53,200 (16.8%)	140,200 (47.8%)
	Student still at school	58,600 (18.5%)	1,300 (0.4%)
<b>Not Employed</b>	Engaged in formal study	25,400 (8.0%)	45,000 (15.4%)
	Engaged in informal study	6,300 (2.0%)	5,700 (2.0%)
	No study - Caregiver Home Duties	3,100 (1.0%)	17,600 (6.0%)
	No study - No Caregiving (NEET)	21,400 (6.8%)	22,500 (7.7%)
	Student still at school	116,000 (36.6%)	2,700 (0.9%)

Source: Household Labour Force Survey, December 2008 quarter, Statistics New Zealand.

**NEET by gender**

Among 15–19 year olds, there was a noticeable change since June 2006. There has been a strong upward trend in the male NEET rate to 7.6%, while the female rate has dropped to 6.0%, although there is evidence that it is starting to rise. The reasons why this is so are not clear, although higher female school attainment levels are likely to be a key factor.

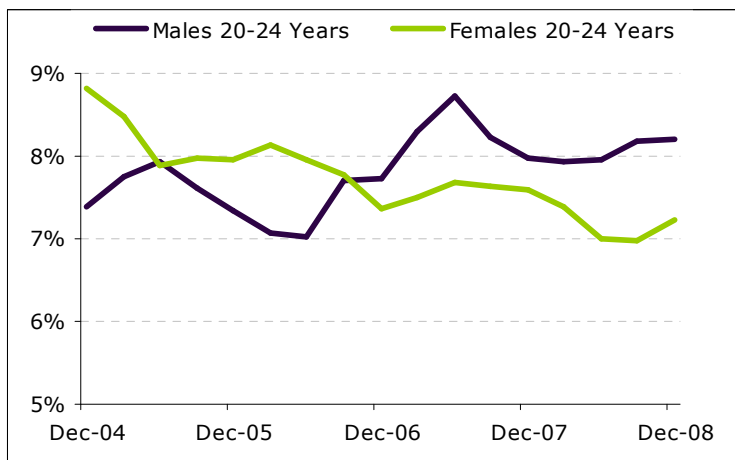
**Chart 15: NEET rates by gender, 15–19 years**



Source: Household Labour Force Survey, Statistics New Zealand.

Among the 20–24 year age group, a quite different pattern was evident. Females went from having the higher NEET rate (8.8% compared with 7.4%) to being noticeably lower (7.2% compared with 8.2%) between December 2004 and December 2008:

**Chart 16: NEET rates by gender, 20–24 years**

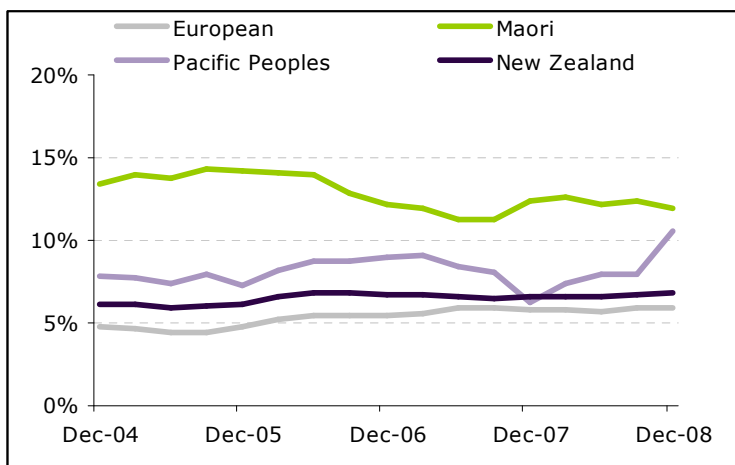


Source: Household Labour Force Survey, Statistics New Zealand.

**NEET by ethnicity**

Among 15–19 year olds, Māori youth had the highest NEET rate, though there was an overall decline over the period December 2004 to December 2008 from 13.4% to 12.0%. The NEET rate for Pacific youth remained relatively stable over this period at just under 8%, but there was evidence of large growth over the last three months to reach 10.5% in December 2008. The European NEET rate remained relatively stable and rose from 4.8% to 5.9% over this time.

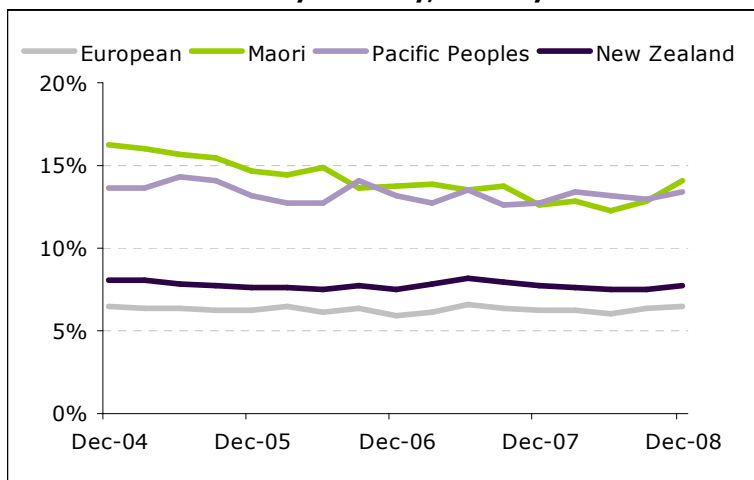
**Chart 17: NEET rates by ethnicity, 15–19 years**



Source: Household Labour Force Survey, Statistics New Zealand.

In the 20–24 age group, Māori began the period starting December 2004 with the highest NEET rate (16.2%), but fell to 14.1% by December 2008. The Pacific rate was more stable, and declined marginally from 13.6% to 13.5% over this time. Both the Māori and Pacific rates have been considerably larger than the European NEET rate, which has remained at 6.5% for much of the period.

**Chart 18: NEET rates by ethnicity, 20–24 years**

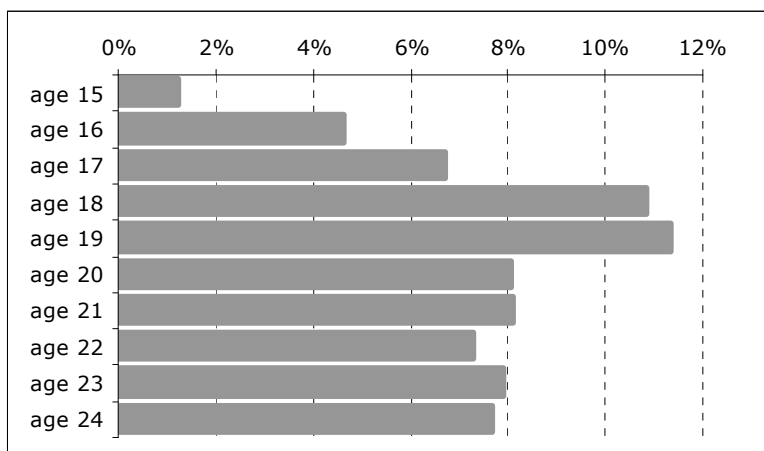


Source: Household Labour Force Survey, Statistics New Zealand

**NEET by age**

While youth aged 20–24 years have a higher overall NEET rate (7.7% in December 2008) compared with those aged 15–19 years (6.8%), when individual years are taken into account, it was apparent that younger youth (that is, those aged 15, 16 and 17 years) have lower NEET rates, largely because many were still studying at school. As the snapshot of December 2008 shows, only 1.2% of 15 year olds were NEET, but the number grew to a peak of 11.3% of 19 year olds. Youth aged 18 and 19 years, who had the highest NEET rates, are in a transition age, with many waiting to embark upon overseas travels or for tertiary courses to start. Yet for many, this age marks the beginning of their disengagement from the labour force.

**Chart 19: NEET rates by individual year of age**



Source: Household Labour Force Survey, Statistics New Zealand.

### 5.3 Discussion

Youth who are NEET are at serious risk. Those who are inactive for prolonged periods of time have a heightened risk of poor outcomes, including: lower earnings; greater reliance on social assistance; and higher rates of unemployment, criminal offending, substance abuse, teenage fertility, suicide, homelessness and mental or physical ill health.<sup>34</sup>

Perhaps the most compelling finding is the divergence between male and female NEET rates. Among 15–19 year olds, the gap grew appreciably; among those 20–24 years, female rates have gone from being higher to being lower than that of males. In short, the greater rates of male disengagement are troubling.

Similar disparities, by ethnicity, were also apparent, with Māori and Pacific youth having noticeably higher NEET rates than Europeans. Given the lower median age of the Māori and Pacific populations, the impact of the high NEET rates is likely to be even more profound.

The high proportion of 18 and 19 year olds who were NEET in December 2008 shows many youth are not transitioning from school to tertiary study or work. NEET rates have not necessarily followed prevailing labour market trends. In 2006, despite slowing employment growth, NEET rates fell. When unemployment fell to a 20 year low of 3.4% in late 2007 and labour force participation was subsequently at a record high, the NEET rate grew. With economic conditions currently worsening, the risk of an even higher NEET rate remains. The '90 day probation' Bill, which potentially gives more at risk youth a chance to succeed in the workforce, may impact positively on NEET rates. Many programmes<sup>35</sup> are now in place to assist NEET youth, so the prospects are not all negative. The fact remains, however, that this small but significant sector of the labour market need greater attention.

<sup>34</sup> Youth Transitions Report Series 2003 – Executive Summary, *Key Findings on Youth Transitions*, Ministry of Social Development, p3.

<sup>35</sup> For instance, Youth Transition Services assists youth in many centres who are becoming disengaged from school, including those excluded from school or absent for considerable periods, to connect to further training, education or employment. Each is provided with customised support, including careers advice. For more information, see [www.winz.govt.nz/community/a-z-grants-and-other-help/youth-transition-service.html#Formoreinformation1](http://www.winz.govt.nz/community/a-z-grants-and-other-help/youth-transition-service.html#Formoreinformation1).

## 6. CHALLENGES AHEAD

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, but 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 rose from 13.3% in early 1990 to 19.5% in early 1992. While the current youth unemployment rate (11.1% as at December 2008, up from 9.7% a year earlier) is lower than it was in 1990, similar growth in unemployment is likely. This is consistent with recent Ministry of Social Development data that shows unemployment beneficiary numbers rising 34% over the last year (to December 2008) with growth weighted towards those aged under 25 years.<sup>36</sup> The number of youth in employment also fell by 12,800 or 3.5% over the last year.

Youth employment is concentrated in industries that are expected to be particularly affected by the current recession. The retail and hospitality industries appeal to youth because they have relatively low skill entry requirements and much of the work is part-time and can be done around studies. The next largest industries in terms of youth employment are manufacturing and construction. Employment in construction is currently at historically high levels but new residential construction work is slowing, and this is expected to lead to a decline in employment in the short term. Of particular concern for youth employment is a report that about 1,400 building apprentices have left the industry over the past year.<sup>37</sup> This has the potential to open up a skills gap in construction, as the industry is expected to recover due to current under-supply of new housing and will then need skilled young workers.

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. Indeed, much progress has been made in youth educational achievement at the school level, which should translate into gains in tertiary education enrolments.

Recent initiatives should play a major role in addressing some long-standing issues facing young New Zealanders. The Youth Guarantee Scheme, which will provide 16 and 17 year olds with an entitlement to free school-level education at a wider range of institutions, including schools, polytechnics, wānanga and private training establishment or through apprenticeships, should benefit these youth. Similarly, the recently announced bonding scheme, which encourages health professional, teaching or veterinarian graduates to work in hard-to-staff areas<sup>38</sup> should help address nationwide skills shortages and keep some highly qualified graduates from leaving New Zealand.

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<sup>36</sup> Ministry of Social Development Benefit Factsheets – see [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2008-national-benefit-factsheets.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2008-national-benefit-factsheets.html).

<sup>37</sup> See [www.stuff.co.nz/the-press/news/2209285/Building-industry-losing-skills-as-apprentices-go](http://www.stuff.co.nz/the-press/news/2209285/Building-industry-losing-skills-as-apprentices-go).

<sup>38</sup> NZPA, "Bonding scheme for health and education," 2 March 2009. Accessed March 2009 from [www.stuff.co.nz/national/1754522](http://www.stuff.co.nz/national/1754522).

Nevertheless, greater challenges lie ahead.<sup>39</sup> This report has highlighted that Māori and Pacific youth have higher rates of unemployment and NEET, and lower rates of employment, labour force participation and educational achievement. In some cases, the disparities are widening. In the future, the ethnic composition of the youth population is projected to change dramatically. By 2026, the Pacific and Māori youth population is predicted to increase by 59% and 25% respectively.<sup>40</sup> The consequences for both communities will be more profound by that time if such labour market trends persist. The challenge remains to continually monitor youth labour market outcomes and to put in place initiatives to address these imbalances.

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<sup>39</sup> For a more detailed (though non youth-specific) discussion of the future of the labour market, see our *Forces for Change in the future labour market of New Zealand* at [www.dol.govt.nz/publications/research/forces-for-change/index.asp](http://www.dol.govt.nz/publications/research/forces-for-change/index.asp).

<sup>40</sup> This figure is a 'Series 6' population projection developed by Statistics New Zealand. It assumes medium fertility, medium mortality, medium migration and medium inter-ethnic mobility.

## GLOSSARY

**EFT:** Equivalent full-time.

**Employment:** The number of people in work for one hour or more per week.

**Employment rate:** The proportion of the working-age population that is employed.

**Ethnicity:** The ethnic group or groups that people identify with or feel they belong to. Ethnicity is a measure of cultural affiliation, as opposed to race, ancestry, nationality or citizenship. Ethnicity is self-assigned, and people can belong to more than one ethnic group.

Ethnicity data as used in this report is derived from the Household Labour Force Survey or from the Population Census. In the HLFS, only four groups are captured in the data: Māori, Pacific, Other and European. The data is prioritised to ensure only one ethnicity is assigned to a respondent, for counting purposes. Recently, the survey has started offering alternative ethnicity measures, but these were not available for older data at the time of writing.

In contrast, Census ethnicity data uses the 'total response' methodology, which includes all of the people who stated each ethnic group, whether as their only ethnic group or as one of several ethnic groups. Where a person reported more than one ethnic group, they have been counted in each applicable group.

**Hours worked per week:** Total number of hours usually worked in employment per week by the working-age population.

**Income:** Before-tax income from a range of sources such as labour, entrepreneurial skills and assets, and transfers received. Tax credits and money received by borrowing, making withdrawals from savings and receiving repayments of loan principal are excluded.

**Industry:** The type of activity undertaken by the organisation, enterprise or business within which a person aged 15 years or over is employed. It is based on a classification managed by Statistics New Zealand.

**Labour force:** The labour force consists of members of the working-age population who are classified as employed or unemployed (people in the labour force).

**Labour force participation rate:** The proportion of the working-age population who are either employed or unemployed.

**Labour supply:** People that make themselves available for work, and the attributes and skills these people bring to the workplace.

**Not in the labour force:** Any person in the working-age population who is neither employed nor unemployed. This includes, for example, retired people, students and people at home with children.

**NEET:** This measure refers to youth not engaged in education, employment and training. Youth who are not engaged in these activities are at risk of poor labour market outcomes. In this report, caregiving is deemed to be engagement and so is excluded from the way NEET is measured.

**Occupation:** A set of jobs that require the performance of similar or identical tasks, and collected for employed people aged 15 years and over. It is based on a classification managed by Statistics New Zealand.

**Population:** Unless explicitly stated, 'population' in this report refers to the national usually resident population.

**Qualifications:** Qualifications are registered at one of 10 levels, with the level depending on the complexity of the skills and knowledge that are being recognised. Level 1 qualifications are the least complex and are open-ended downward to capture all learning. Level 10 is the most complex. The levels do not equate to years spent learning but reflect the content of the qualification. A brief description of the contents of the qualifications is:

- level 1 to 3 – senior secondary school learning (NCEA), foundation skills and introductory trades training
- level 3 to 4 – initial trade certificates
- level 5 to 7 – advanced trades, technical and business qualifications
- level 7 and above – graduate and postgraduate qualifications.

**Unemployment:** The number of people in the working-age population who are without a paid job, are available for work and have actively sought work in the past four weeks or have a new job to start within the next four weeks.

**Unemployment rate:** The proportion of the labour force that is unemployed.

**Wage and salary earnings:** Earnings received for paid employment that is undertaken. Earnings consist of wages and salaries, back pay, commissions, allowances, bonuses (regular and non-regular), gratuities (tips), fees, piece rates, retainers, honoraria and paid leave.

**Working-age population:** Usually resident population aged 15 years and over.

## APPENDICES

### Appendix 1: Predicted probabilities and median distance of how far students travelled to attend the 25 largest tertiary education campuses

Campus	Predicted probabilities (%)			Median distance travelled (km)
	Less than 44km	44–354km	More than 354km	
Bay of Plenty Polytechnic (Tauranga)	100%	0%	0%	13
Eastern Institute of Technology (Napier)	100%	0%	0%	14
Western Institute of Technology Taranaki (New Plymouth)	100%	0%	0%	5
Manukau Institute of Technology (Manukau)	99%	1%	1%	10
Waiariki Institute of Technology (Rotorua)	99%	1%	0%	38
Massey University (North Shore)	97%	2%	2%	13
Northland Polytechnic (Whangarei)	97%	2%	1%	8
Unitec New Zealand (Auckland)	96%	1%	3%	12
Auckland University of Technology (Auckland)	95%	3%	2%	13
University of Auckland (Auckland)	95%	2%	3%	12
Universal College of Learning (Palmerston North)	88%	6%	6%	19
Waikato Institute of Technology (Hamilton)	88%	9%	3%	23
Southern Institute of Technology (Invercargill)	83%	1%	16%	32
Southern Institute of Technology (Christchurch)	82%	2%	16%	12
University of Waikato (Hamilton)	82%	13%	5%	81
Wellington Institute of Technology (Lower Hutt)	81%	6%	13%	15
University of Canterbury (Christchurch)	80%	2%	18%	16
Massey University (Palmerston North)	71%	10%	19%	161
Victoria University of Wellington (Wellington)	69%	10%	21%	55
Christchurch Polytechnic Inst of Technology (Christchurch)	68%	4%	28%	7
Lincoln University (Lincoln)	66%	5%	29%	340
Massey University (Wellington)	63%	18%	19%	230
Whitireia Community Polytechnic (Porirua)	34%	0%	66%	14
University of Otago (Dunedin)	33%	9%	58%	807
Otago Polytechnic (Dunedin)	31%	9%	60%	55

Source: *What makes a student travel for tertiary study?*, Ministry of Education, 2006, p17.

**Appendix 2: Tertiary education participation rates by age group and qualification level, 2007<sup>41</sup>**

Age group	Year	Percentage of the population aged 15 and over enrolled							Total
		Level 1-3 certificates	Level 4 certificates	Diplomas	Bachelors	Bachelors with honours and postgrad certs/dips	Masters	Doctorates	
	2000	8.3%	0.9%	0.8%	0.7%	0.0%			10.5%
	2001	8.6%	1.3%	0.8%	0.7%	0.0%			11.0%
	2002	7.4%	1.5%	1.0%	0.7%	0.0%	0.0%		10.1%
	2003	7.1%	1.5%	0.8%	0.6%	0.0%	0.0%		9.5%
	2004	7.5%	1.7%	0.8%	0.6%	0.0%	0.0%		10.0%
	2005	10.8%	1.8%	0.9%	0.6%	0.0%			13.4%
	2006	7.3%	1.8%	0.9%	0.6%	0.0%	0.0%		10.0%
	2007	6.7%	1.9%	0.9%	0.6%	0.0%	0.0%		9.5%
18-19 years	2000	13.7%	3.5%	6.1%	22.3%	0.3%	0.0%		43.9%
	2001	14.4%	4.4%	5.9%	22.0%	0.3%	0.0%		44.6%
	2002	13.9%	4.5%	5.8%	21.6%	0.2%	0.0%		43.4%
	2003	13.4%	4.8%	5.6%	21.4%	0.2%	0.0%		42.6%
	2004	14.2%	5.4%	5.3%	21.9%	0.2%	0.0%		43.6%
	2005	14.1%	6.1%	5.5%	22.6%	0.2%	0.0%		44.6%
	2006	13.9%	6.3%	5.6%	23.1%	0.2%	0.0%	0.0%	45.5%
	2007	13.0%	6.6%	6.1%	23.4%	0.9%	0.0%	0.0%	46.1%
20-24 years	2000	7.4%	1.9%	4.6%	16.9%	1.6%	0.8%	0.1%	31.4%
	2001	8.7%	2.4%	4.5%	17.3%	1.5%	0.7%	0.1%	33.0%
	2002	9.5%	2.5%	4.5%	17.2%	1.4%	0.7%	0.1%	33.5%
	2003	9.5%	2.8%	4.2%	16.8%	1.4%	0.7%	0.1%	32.9%
	2004	9.7%	3.1%	4.0%	16.6%	1.4%	0.7%	0.1%	32.9%
	2005	9.6%	3.3%	4.0%	16.5%	1.4%	0.7%	0.1%	32.8%
	2006	9.1%	3.3%	4.0%	16.6%	1.5%	0.6%	0.1%	32.8%
	2007	8.4%	3.6%	4.2%	16.8%	1.8%	0.6%	0.1%	32.9%

Source: Tertiary Education Commission.

<sup>41</sup> This data relates to students enrolled in more than 0.03 EFTS of a formal qualification from a tertiary education provider at any time during the year. It relates to domestic students only and excludes all non-formal learning and on-job industry training as well as those private training establishments that neither received tuition subsidies nor were approved for student loans or allowances.

**Appendix 3: Industry trainees by industry and age group, 2007<sup>42</sup>**

<b>Industry training organisation</b>	<b>15-19 years</b>	<b>20-29 years</b>
Agriculture	1,114	2,532
Apparel and Textile	12	147
Aviation, Tourism and Travel	143	1,234
Boating	141	275
Building and Construction	1,627	4,659
Building Service Contractors	30	167
Community Support Services	162	802
Competenz	1,240	4,083
Electricity Supply	139	688
Electrotechnology	986	3,204
Equine	90	123
Extractives	66	743
Fire and Rescue	36	259
Flooring	128	187
Forestry	634	3,349
Hairdressing	697	733
Horticulture	229	874
Hospitality	3,256	4,968
Infratrain	138	549
Joinery	245	469
Local Government		81
Motor	1,251	2,484
NZITO	465	2,034
Opportunity Training	21	136
Painting	228	612
Pharmacy		5
Plastics	15	174
Plumbing and Gasfitting	319	888
Printing	63	274
Public Sector	55	962
Retail	188	746
Retail Meat	176	178
Road Transport	276	2,125
Seafood	85	566
Sport, Fitness and Recreation	344	1,136
Sports Turf	47	138
Te Kaiawhina Ahumahi	4	76
<b>Total</b>	<b>14,650</b>	<b>42,660</b>

Source: Tertiary Education Commission, 2009.

<sup>42</sup> Data includes Modern Apprenticeship numbers. This is a snapshot as at 31 December 2007 and so the total differs from the 18,086 quoted above, which was the number of trainees throughout that year.

