



# SKILLSINSIGHT: CHANGING QUALIFICATION LEVELS

February 2010

## 1. Introduction

This *SkillsInsight* report examines recent and forecast changes in the level of qualifications held by the New Zealand workforce.

Qualification levels, in this report, are as categorised by Statistics NZ: degree, vocational<sup>1</sup>, school qualification and no qualification.

Data on the number of people employed with different qualification levels is presented by skill type. Skill type is categorised as highly-skilled, skilled, semi-skilled and elementary. Examples of occupations in each of these skill types are:

- Highly-skilled: Legislators, administrators, managers, and professional occupations
- Skilled: Technicians and associate professionals, trade workers
- Semi-skilled: Clerks, service and sales workers, agriculture and forestry workers
- Elementary: plant and machinery operators and assemblers, and general labourers

This report is one of several reports prepared as a supplement to the [SkillsInsight tool](#). For any questions about the data contained in this report or other analysis available from the Department of Labour, please contact [info@dol.govt.nz](mailto:info@dol.govt.nz).

## 2. A more qualified workforce

New Zealand's workforce has become more highly qualified in recent years and this trend is forecast to continue. Overall, the proportion of the workforce who hold either degree level qualifications or vocational qualifications will continue to rise. Correspondingly, the proportion of the workforce who hold only school level qualifications is forecast to fall, while the proportion of the workforce with no formal qualifications is also forecast to decline slightly.

In 2006, 21.9 percent of the workforce held degree level qualifications (compared to 20.5 percent in 2001), and 29.1 percent held vocational level qualifications (compared to 25.5 percent in 2001)<sup>2</sup>. By 2013, it is estimated that 24.0 percent of the workforce will possess degree level qualifications; while 34.2 percent of the workforce will hold vocational level qualifications (see Table 1 and Figure 1).

<sup>1</sup> Vocational qualifications include: level 1, 2 or 3 certificate gained post-school, level 4 certificate gained post-school, level 5 diploma and level 6 diploma

<sup>2</sup> Source: 2006 & 2001 Census of Population and Dwellings

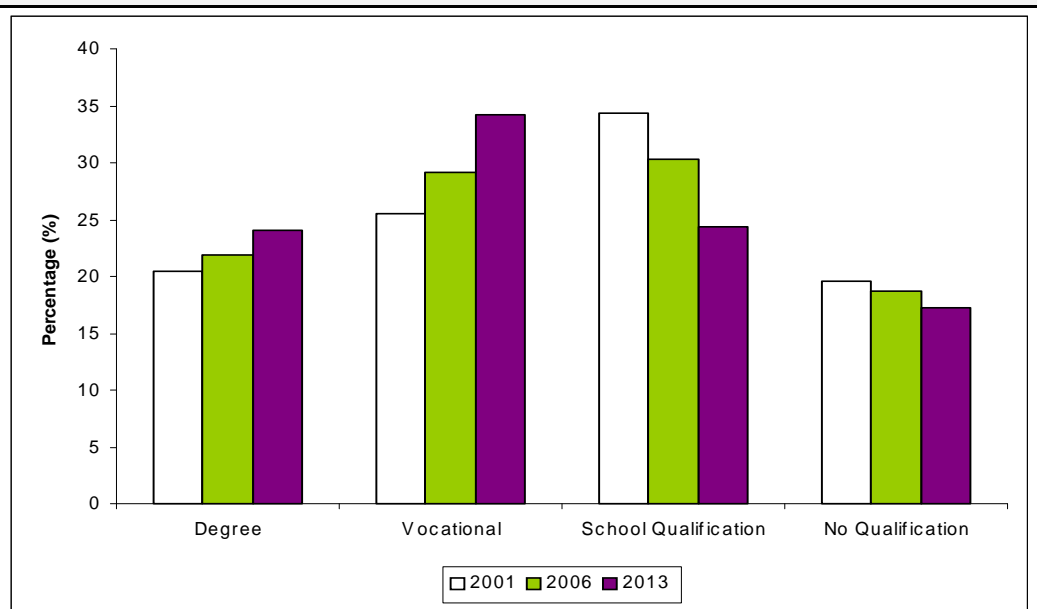


**Table 1: Overall qualification mix held by the New Zealand's workforce, 2001-2013**

	2001	2006	2013
Degree	20.5%	21.9%	24.0%
Vocational	25.5%	29.1%	34.2%
School Qualification	34.4%	30.3%	24.4%
No Qualification	19.6%	18.7%	17.3%

Source: 2001 and 2006 data are sourced from the Census of Population and Dwellings. Forecasts for 2013 are Department of Labour Forecasts

**Figure 1: Overall Qualification Level of the New Zealand Workforce: Historical (2001 & 2006) and Forecast (2013)**



Source: Department of Labour Estimates from the Census and Forecasts

The proportion of the workforce who held only school-level qualifications fell from 34.4 percent in 2001 to 30.3 percent in 2006, and is forecast to fall further to 24.4 percent in 2013. As Figure 1 shows, the increase in workers with vocational level qualifications is closely matched with a decline in workers with only school level qualifications over the 2001 – 2013 period.

The proportion of workers with no qualifications is also expected to fall slightly, from 18.7 percent in 2006 to 17.3 percent in 2013.



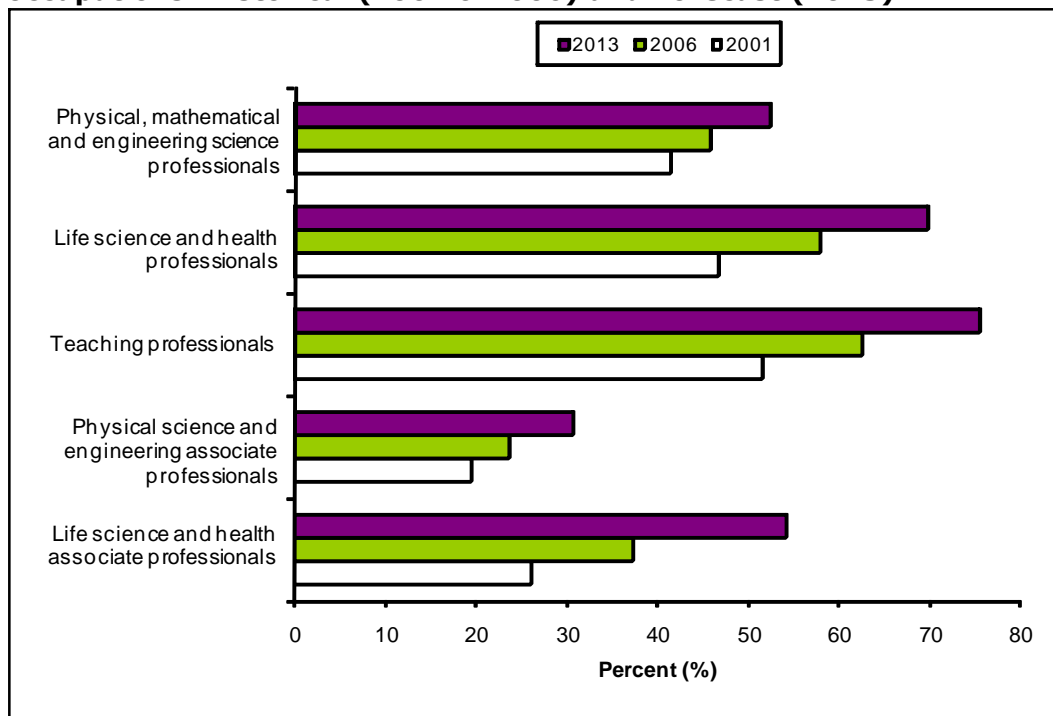
### 3. Rising qualification levels across all occupations

#### ***Degree qualifications are on the rise***

The proportion of highly skilled workers holding degree level qualifications, in particular, is forecast to rise over the 2006-2013 period and reach 55.0 percent in 2013, up from 47.4 percent<sup>3</sup> in 2006.

Figure 2 shows the changing proportions of individuals holding degree-level qualifications in selected skilled and highly-skilled professional occupations over the 2001 – 2013 period.

**Figure 2: Proportion holding degree level qualifications for selected occupations: Historical (2001 & 2006) and Forecast (2013)**



Source: Department of Labour Estimates from Census and Forecasts

<sup>3</sup> Source: 2006 Census of Population and Dwellings

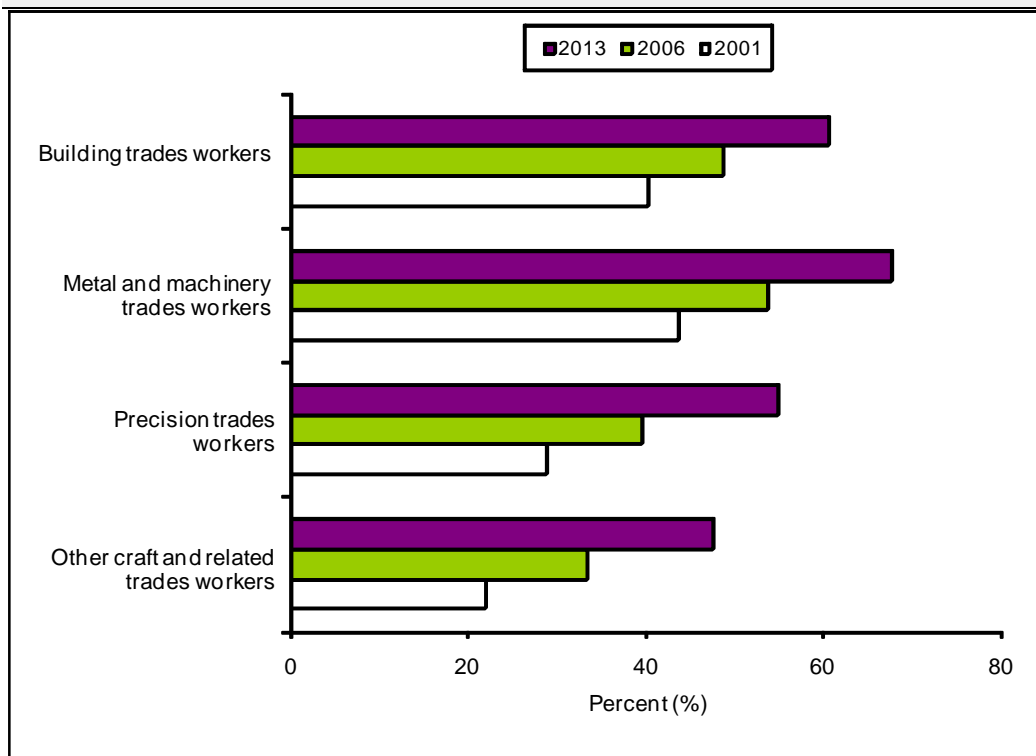


### ***Vocational qualifications are also on the rise***

The proportion of individuals holding vocational level qualifications is expected to rise across skill levels with the exception of those who are in highly skilled occupations. In particular, the proportion of individuals holding vocational level qualifications who are in skilled occupations is expected to rise from 41.2 percent in 2006 to 48.3 percent in 2013. Likewise, the proportion holding vocational level qualifications that are in elementary level occupations is expected to increase from 29.1 percent in 2006 to 34.2 percent in 2013<sup>4</sup>.

Figure 3 shows the changing proportion of individuals holding vocational level qualifications for skilled trade occupations over the 2001 – 2013 period.

**Figure 3: Proportion holding vocational (or trade) qualifications for selected occupations: Historical (2001 & 2006) and Forecast (2013)**



Source: 2001 and 2006 data are sourced from the Census of Population and Dwellings. Forecasts for 2013 are Department of Labour Forecasts

Changes in government policy to increase enrolments in institutes of technology/polytechnics and wānanga for certificate level courses between 2000 and 2005 may have contributed to an increase in the number of workers with vocational qualifications.

<sup>4</sup> Source: Department of Labour Forecasts



## 4. Decline in low level qualifications

### ***Proportion holding only school-level qualifications will fall***

The proportion of individuals who list school-level qualifications as their highest level of educational attainment is expected to continue to decline in occupations across all skill levels.

In 2001, 23.3 percent of workers in highly-skilled occupations held only school-level qualifications. This proportion fell to 19.4 percent in 2006, and is forecast to fall further to 14.3 percent in 2013. This decline is even more marked in the skilled occupations (see Table 2).

**Table 2: Percentage of workers with only a school-level qualification by skill type, 2001-2013**

	<b>2001</b>	<b>2006</b>	<b>2013</b>
Highly-skilled occupations	23.3%	19.4%	14.3%
Skilled occupations	33.2%	27.5%	19.1%
Semi-skilled occupations	49.3%	45.8%	41.0%
Elementary occupations	34.5%	31.7%	27.6%
All occupations	34.4%	30.3%	24.4%

Source: Department of Labour Estimates from Census and Forecasts

A similar trend is also observed in the elementary level occupations: 34.5 percent of individuals employed in elementary level occupations held only school-level qualifications in 2001. This declined to 31.7 percent in 2006, and is forecast to fall to 27.6 percent in 2013. This partially reflects the retirement of older workers, who tend to have lower levels of qualifications than younger workers.

### ***Continued decline in workers holding no qualifications***

As shown in Table 3, the proportion of individuals without formal qualifications is forecast to continue declining for all occupational groups. 6.1 percent of people employed in highly skilled occupations had no qualifications in 2001, but this fell to 5.2 percent in 2006, and is forecast to fall to 3.9 percent in 2013. In the skilled occupations, the proportion of those employed who have no qualifications fell from 16.1 percent in 2001 to 15.3 percent in 2006, and is forecast to fall to 13.5 percent in 2013.

**Table 3: Percentage of workers with no qualification by skill type, 2001-2013**

	<b>2001</b>	<b>2006</b>	<b>2013</b>
Highly-skilled occupations	6.1%	5.2%	3.9%
Skilled occupations	16.1%	15.3%	13.5 %
Semi-skilled occupations	21.4%	20.3%	19.2%
Elementary level occupations	38.7%	38.0%	36.9%
All occupations	19.6%	18.7%	17.3%

Source: Department of Labour Estimates from the Census and Forecasts



In the semi-skilled occupations, 20.3 percent of workers had no qualifications in 2006 (compared to 21.4 percent in 2001), and this is forecast to decline to 19.2 percent in 2013.

Finally, while a large proportion of people employed in elementary occupations do not have qualifications, this is expected to fall slightly in the coming years. 38.7 percent of people employed in elementary level occupations had no qualifications in 2001. This fell slightly to 38.0 percent in 2006, and is forecast to decline further to 36.9 percent by 2013.

## 5. Summary

Workers in occupations at all skills levels are becoming more qualified, and this trend is forecast to continue in the medium-term. Overall, the proportion of the workforce who hold either degree level qualifications or vocational qualifications is forecast to continue rising.

The main change between 2001 and 2006 was a significant fall in the proportion of the workforce with only school qualifications, matched by an increase in the proportion with vocational qualifications. There was also a small rise in the proportion of the workforce with degrees.

An important driver of these rising qualification levels is that older workers, who tend to have lower levels of qualifications, are gradually retiring and being replaced in the workforce by young workers with higher level qualifications.

Additionally, changes in government policy to increase enrolments in institutes of technology/ polytechnics and wānanga for certificate level courses between 2000 and 2005 are likely to have contributed to an increase in the number of workers with vocational qualifications.