



Consultation to develop a Long-Term Insights Briefing:

Youth at risk of limited employment

We are seeking your input and insights

The Ministry of Social Development, Ministry of Business, Innovation and Employment and Ministry of Education are developing a Long-Term Insights Briefing on youth at risk of limited employment.

Long-Term Insights Briefings are public documents with information, analysis and a range of policy options on important topics, trends, risks and opportunities that affect New Zealand.

The final Briefing will be available to the public to be used as a resource and evidence base. It will be a source of knowledge to help Government to respond more effectively in the future for youth at risk of limited employment.

The purpose of this document

The purpose of this consultation document is to seek your insight and input on the proposed subject and scope of the Briefing. Your feedback will help develop the Long-Term Insights Briefing and ensure we:

- reflect the challenges facing youth at risk of limited employment
- prioritise the most important areas of focus
- highlight the right options to achieve better results for young people.

This document outlines:

- what we know about youth at risk of limited employment
- why this subject needs further attention and response
- future trends that will affect young people's opportunities
- current interventions and what we know about what works
- the proposed scope of the Briefing
- the proposed focus areas
- next steps for the development of the Briefing.

We are seeking your feedback on several key questions, including:

- Do you agree that youth at risk of limited employment is an important issue to address in the Long-Term Insights Briefing?
- What kind of initiatives, programmes or approaches do you think are most successful?
- Do you agree with the proposed scope of the Long-Term Insights Briefing?

- We have identified three broad focus areas. Do you agree with those focus areas, and why or why not?
- Are there any other focus areas you think we should consider?
- Which focus areas do you think should get the highest priority?
- What do you see as the best opportunities to get better results for young people at risk of limited employment?
- Are there barriers we have not mentioned?

What we know about youth at risk of limited employment

Key question to consider: Is youth at risk of limited employment a worthwhile subject to investigate further through a Long-Term Insights Briefing?

Youth at risk of limited employment are a group of 16 to 24 year-olds who cycle between low-paid short-term jobs, intermittent unemployment and/or low-level tertiary education.

Young people at risk of limited employment often lack access and opportunity through barriers they have no control over, not through lack of ability or potential to succeed.

The group includes some young people who are not in employment, education or training (NEET). Focusing on youth at risk of limited employment rather than NEETs gives a wider view of young people's experiences over time, rather than at one point in time. It excludes some NEETs at lower risk of limited employment, such as young people briefly in between jobs or those with a qualification at level 5 or above. It also adds others, such as young people in short-term, low-paid jobs.

Research shows young people who get stuck in this cycle at the start of their working lives are much more likely to continue this pattern into later adulthood. If not effectively supported, they are more likely to be in low wage, limited or no employment for much of their lives.

This can limit their potential to gain skills and experiences that could open the doors to more opportunities. By better supporting young people to gain higher skills and quality work experience, government will be able to support them to achieve longer-term employment. This could also support young people to achieve better outcomes in other areas such as housing, health and overall individual and whānau wellbeing.

We know that there are a disproportionate number of Māori in this group of young people. Successful government supports for youth at risk of limited employment will help meet our obligations under Te Tiriti o Waitangi/The Treaty of Waitangi.

Numbers and distribution of youth at risk of limited employment

Numbers

Research by the Ministry of Education estimated that in 2015 there were 52,200 24 year-olds in New Zealand.¹ Of these 24 year-olds, there were:

- 4,000 at high risk of limited employment
- 7,600 at medium risk of limited employment
- 6,200 at low risk of limited employment.

Estimating the number of 16 to 24 year-olds in each risk group is difficult because it tries to predict future outcomes (identifying a young person as a NEET is easier because it is based on the person's current situation). However, based on computer modelling, out of 513,000 16 to 24 year-olds in 2015, 134,000 were in limited employment during the year. Of these 16 to 24 year-olds:

- 26,000 were high risk
- 51,000 were medium risk
- 57,000 were low risk.

Distribution

The distribution of youth at risk of limited employment varies across the country. In 2015:

- there were a large number in the big centres: 30% in Auckland, 22% in each of the Wellington and Waikato regions.
- some regions had a higher proportion of high-risk groups. Northland and Gisborne had the highest proportions: 25% of youth at risk of limited employment in those regions were in the medium and high-risk groups.

Risk factors

A number of factors increase the likelihood of a young person becoming at risk of limited employment:

- being the dependent child of a beneficiary for more than half their life to age 16
- having contact with Oranga Tamariki and/or the justice system
- being a young mother
- leaving school with no or low qualifications (NCEA Level 1)
- having been stood down from school, suspended or truant at school
- having treatment for mental health issues
- not having a driver licence.

¹ For the purposes of the analysis this did not count people who were in New Zealand for fewer than 335 days in the year, those who had completed a bachelor's degree and/or self-employed people.

Wider trends relating to these risk factors include:

- falling NCEA results and PISA results (the OECD's Programme for International Student Assessment measures students' reading, maths, and science ability)
- school attendance rates, which reflect wellbeing and engagement, have been falling since 2015
- more stand downs from school since 2015
- relatively youthful Māori and Pacific populations compared to an ageing overall New Zealand population. Population projections indicate that the number of Māori and Pacific 15-24 year-olds could grow to 278,600 by 2028, making up 40% of the total number of 15-24 young people, up from 34% in 2018
- relatively stable take up of benefits for 18 to 24 year-olds over the last five years, with an increase in early 2020, driven by the economic disruption caused by COVID-19
- over-representation of Māori and Pacific young people among school leavers with low or no qualifications
- over-representation of Māori and Pacific young people as sole parents
- a higher rate of exit from benefits for young people aged 16 to 24, along with a lower likelihood of staying off benefit.

Community voices have highlighted the needs of youth at risk of limited employment

School and tertiary study do not work for everyone

Attending and being engaged at school is important, but through the National Education Conversation the Ministry of Education heard from 2,000 8-15 year-olds that:

- school does not work for all students
- a strong incentive to attending school is feeling welcome, but not all students feel welcome at school
- some students do not feel included or have a sense of belonging because they experience bullying, discrimination or a lack of recognition of identity, language and culture
- some feel the learning isn't relevant to them.

We also heard that parents and whānau face difficulties making connections with schools.

Tertiary education helps many young people find a successful career path, but some young people get little benefit from repeated attempts at low-level tertiary study.

Not all young people get the support they need to be ready for work or training

A stable job with training opportunities and other support can offer many young people opportunities to gain the skills, confidence and experience to find and hold onto sustainable jobs that could lead to further career development.

However, finding and holding onto a job can be difficult for some, especially young people from disadvantaged backgrounds with limited educational achievement. It's especially difficult if they have high and complex support needs, disabilities, caring responsibilities, or health issues (including addiction and mental health), particularly if they have not received sufficient or effective support.

The Welfare Expert Advisory Group (WEAG) received feedback that young people entering the workforce were not getting sufficient support to ready them for training and employment. Suggestions from the WEAG included:

- more focused effort to intervene early before young people entered the welfare system
- more courses or training programmes with a focus on careers and jobs of interest to youth
- more training opportunities that take into account the needs of sole parents.

Employment support for disabled young people needs to begin early

Public consultation on the Disability Employment Action Plan (Working Matters), completed in early 2020, highlighted the importance of starting early with young disabled people and their whānau and building expectations and aspirations about employment. This includes improving pathways and transitions from school and education to work and ensuring disabled young people have access to early work experience opportunities.

Limited employment is an issue for young people

Limited employment was highlighted as an issue for young people during community engagement on the Youth Employment Action Plan in 2019. The Plan contains 12 actions to prevent young people from falling into limited employment and non-participation in training, supporting young people to make informed choices during transitions between school, training and work, and overcome barriers to employment. The Long-term Insights Briefing will build on the Youth Employment Action Plan.

An issue needing further attention and response

Limited employment is a longstanding problem and a particularly pressing issue for young people. It is strongly linked to a higher likelihood of limited employment later in life, with negative implications for the health and wellbeing of both individuals and their whānau.

Solving these challenges requires coordinated responses at a local and national level, from employers, educators, communities, iwi, hapū and different parts of government. Considerable effort by these groups has gone into improving

employment outcomes to ensure at risk young people are not limited in reaching their full potential. However, current employment, labour market and education statistics show us that more could be done.

Government response so far

Government response to this issue over the last decade has focused on:

- supporting school attendance
- reducing numbers of young people who are not in employment, education or training (NEET)
- improving the rates of educational qualification attainment, namely NCEA Level 2.

Progress and limitations

While we have seen some progress in these areas, this response has limitations:

- in recent years, we have seen qualifications and attendance rates trending down
- many young people at risk of limited employment may not be counted as NEET, which was a key focus of Government response.

Some interventions are not effective for all

Many interventions are in place to equip young people with the skills to be part of the workforce, but they are not effective for everyone. We know that:

- children and young people's sense of belonging at school and experiences of bullying have been getting worse over time and these experiences can follow them into employment
- the school system does not prepare a significant group of young people with the knowledge, skills and attitudes to succeed in work or tertiary education
- for people who leave secondary school with limited qualifications, the tertiary education system can offer limited quality learning options that lead to ongoing employment
- employers may have mismatched expectations about young workers new to employment, or how to best support them
- the social welfare system (which includes employment services and assistance) is less effective in supporting young people to exit and then stay off benefit compared to other age groups
- young people who lack the right skills in the labour market face challenges getting into and staying in quality employment.

These issues are often interlinked and are compounded by individual or community social factors.

Some recent programmes and interventions show signs of being effective, but we do not have a complete understanding of what is most effective.

Young people contribute to the economy and society in a variety of ways (for example, through caring or volunteering). As part of this work, it is important to make

sure that young people have employment pathways available to them so they are not locked out of future labour market opportunities because they come from “non-traditional” pathways (for example young people who do not go from secondary school to university to a career-oriented entry-level role).

Without the right interventions, youth at risk of limited employment may continue to experience poorer long-term outcomes, and the proportion of young people at higher risk may grow in the future.

Future trends will affect young people’s employment opportunities

Future trends will also mean we need to change our approach to addressing limited employment.

The challenges for youth at risk of limited employment could become greater as New Zealand’s population changes and we deal with things like new technology, changes in the demand for New Zealand’s exports as well as climate change and the need to decarbonise our economy.

The skills needed for effective participation in the labour market may change. The types of jobs and industries and where they are located, may also shift. Some young people may need additional or new types of support to successfully navigate these changes.

These trends may lead to disruption in the labour market, that if left unmanaged, could result in even greater inequality of outcomes for young people at risk of limited employment.

Labour market performance

New Zealanders’ employment opportunities depend on the labour market functioning well.

New Zealand’s past labour market performance is mixed. It creates a high number of jobs, has high participation rates and delivers some elements of job quality, such as flexibility and autonomy.

However, long-term problems include low productivity and wages, prevalence of low-quality jobs and persistently poor outcomes for some populations and regions.

Māori, Pacific people, women and disabled people experience poorer employment outcomes than the total population. Outcomes are particularly poor for disabled young people, youth with chronic health conditions and young parents (of whom Māori and Pacific people are over-represented).

Young people have seen employment loss from the economic effects of COVID-19, however participation in education has increased.

The national seasonally adjusted NEET rate has increased to 13.1% nationally, however there is significant volatility in this measure – the NEET rate in March 2019 was also at this level.

Labour market changes

The labour market is expected to change due to long-term trends in the future of work, such as new technology and climate change. Job types, industries and the skills needed to be part of the work force will change.

Demographic change: Like many OECD countries, New Zealand's population is ageing, which may lead to shortages of qualified and skilled labour as retirement of older workers increases relative to the number of young people entering the labour market. While New Zealand's overall population is ageing, the youth populations for Māori and Pacific peoples are expected to increase. There will be more Māori and Pacific young people and they will make up a greater proportion of the total number of 15-24 year-olds. We also expect continued growth of young people in urban areas, particularly in the upper North Island. This may have implications for services targeted at young people.

Technology: Technological change, including the possibility of automation and displacement of workers, is likely to disproportionately impact young people who are entering the labour market without digital literacy skills or access to technology.

Globalisation: Globalisation has emerged as a major trend with the potential for long-term impacts on the economy and the local labour market. While global trade creates more jobs than it destroys, the costs and benefits of globalisation are not evenly distributed.

Climate change: Climate change and the Government's target to reduce carbon emissions to zero by 2050 will cause some sectors to decline in importance and others to grow. The workforce profile of these sectors includes younger workers, lower-paid workers and those with fewer qualifications.

Effective programmes and approaches

Key question to consider: What kind of initiatives, programmes or approaches do you think are most successful?

Risk factors for youth at risk of limited employment sit across multiple domains - labour market, social welfare, education, health (particularly mental health), housing and corrections. Interventions that ignore the broader factors influencing someone's likelihood of success in employment can be limited in their effectiveness.

Some recent programmes show signs of being effective - for example, Mana in Mahi. However, some programmes have been less effective and need more work to refine them.

Previous research suggests the most effective interventions for youth at risk of limited employment include the following elements:

- programmes that develop interpersonal and soft skills such as time-management, working with others and resilience, teaching young people appropriate behaviour and norms in the workplace.
- experience in the labour market, including work experience. Work experience helps show employers that a young person has the required skills and experience for employment, beyond their qualifications. Both government and employers have a role in facilitating opportunities for work experience.
- programmes that combine multiple interventions and services. Young people often face multiple barriers in the labour market. Programmes that only address one barrier are generally ineffective. While there is no specific combination of

services that always works, programmes that provide wraparound supports, such as pastoral care and on-the-job training, tend to do better.

- targeting and follow-up. Research has found that programmes that target services based on level of need (eg from those requiring minimal support to the most disadvantaged or hard-to-reach) are better able to respond to those needs. Effective follow-up systems and incentives to keep young people in the programme are also important for success.

There is also the opportunity to look at how we monitor and evaluate the effectiveness of existing and new interventions and share this information across government and the community.

Most risk factors for youth at risk of limited employment require a broader preventative response. The 'Not Just About NEETs' paper indicates what the key factors are for these young people once they are in the 16-24 year-old age group. In particular, the two key factors that signal young people's suitability for jobs to employers are:

- work experience, which is seen as changing young people's employment capability and motivations
- non-cognitive skills that are important for education and employment outcomes and are highly valued by employers.

Proposed scope of the Long-Term Insights Briefing

Key question to consider: Do you agree with the proposed scope of the Long-Term Insights Briefing?

Employment, labour market and education statistics show us that more could be done to improve employment outcomes to ensure at-risk young people are not limited in reaching their full potential.

The proposed scope of the Long-Term Insights Briefing covers the areas of responsibility of the Ministry of Education, Ministry of Social Development, Ministry of Business, Innovation and Employment, which include:

- the education and training system
- the social welfare system (which includes employment services and assistance)
- regulation of the labour market.

We do not propose that other areas such as housing, physical and mental health and the justice system will be in scope of this Long-Term Insights Briefing, although we recognise these are closely linked.

Proposed focus areas for the Long-Term Insights Briefing

Key questions to consider:

- We have identified three broad focus areas. Do you agree with those focus areas, and why or why not?
- Which focus areas do you think should get the highest priority?
- Are there any other focus areas you think we should consider?
- What do you see as the best opportunities to get better results for young people at risk of limited employment?
- Are there barriers we have not mentioned?

We have identified 3 focus areas based on current evidence:

1. Earlier support to prevent young people under 16 years old becoming at risk of limited employment.
2. Support and services for 16 to 24 year-olds at risk of being in limited employment over the long term.
3. Targeted support for groups who are most at risk of limited employment, including young disabled people, LGBTQIA+ youth, young parents, young Māori/Pacific people, as well as locations with high numbers or proportions of youth at high risk of limited employment.

Focus 1: Young people under 16 years old

Providing earlier support to address limited employment risks including:

- a greater focus on preventative measures up to (and including) the age of 15, particularly when young people are still in school
- supporting student voices and improving attendance, engagement and whānau connections so school is more inclusive for young people who may become at risk of limited employment
- the relevance of the education pathway at secondary school, including a suitable curriculum and alternative education options and training so young people gain the soft skills they need for employment
- students with learning support needs receiving appropriate support and services
- system shifts so Māori learners and their whānau enjoy success as Māori.

Focus 2: 16-24 year-olds at higher risk

Transitions supports into employment including:

- building intra-personal and soft skills needed to succeed in work
- clear, supported pathways through secondary school into vocational education and work
- relevant and timely careers support so young people can make informed and robust decisions on the next phase of their life
- considering the role employers play in supporting transitions
- addressing barriers to upskilling in the workplace including options for youth outside formal education and training to build skills through work experience, with supports to transition.

Refining service delivery for youth at risk of limited employment, including:

- employment support to access the labour market and addressing the known risk factors that cut across government agency responsibilities
- investigating or expanding ways of delivering services and supports that target and engage people more effectively; for example, services designed and led by the community and/or iwi or hapū, and place-based initiatives.

Focus 3: Population groups that are most at-risk

Interventions and support targeted at specific population groups/regions including:

- young people with a disability (48.2% of young disabled people are not in employment, education or training, compared to 10.6% of non-disabled youth as at June 2020)
- LGBTQIA+² youth
- young parents (young women with children have higher rates of being not in education, employment or training, partly due to disproportionate responsibility for caring)
- young Māori and Pacific people, particularly due to their growing youth populations relative to other groups
- locations with high numbers or proportions of youth at risk of limited employment; for example, Auckland, Waikato and Wellington are likely to be a particular focus, along with areas with a high proportion of high-risk youth, such as Northland and Gisborne.

Broader labour market settings that affect the three focus areas, including:

- how employers can be supported and incentivised to take on young people and help them flourish in work

² LGBTQIA+ includes individuals who identify as Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual and other rainbow identities outside of those mentioned.

- understanding the jobs and industries youth at risk of limited employment engage in when they do enter work (we do not have good data on this currently)
- the structure and employment arrangements which youth at risk of limited employment engage in, that affect their ability to stay in employment.

Next steps

We will formally seek feedback at two stages as we develop the Briefing.

During July 2021, we will use this consultation document to seek feedback on the subject, scope and focus of the Long-Term Insights Briefing. This will help us develop the first draft of the Briefing.

We will continue engaging with stakeholders throughout 2021 as we develop the draft Briefing.

In early 2022, we will seek feedback on the draft Briefing from the public.

The final Briefing will go to the Minister for Social Development and Employment, the Minister of Education and other Ministers responsible for relevant portfolios.

The final Long-Term Insights Briefing will be presented to the House of Representatives by 30 June 2022.

The final Briefing will be a knowledge base to help Government to respond more effectively in the future for youth at risk of limited employment. The Briefing will also be available as a public resource and evidence base.

Other work programmes across government will inform or benefit from the Long-Term Insights Briefing on youth at risk of limited employment, including:

- a review of active labour market programmes, products and policies that will help us map out current employment interventions for this group.
- the Future of Work Ministerial group – this year’s forums will focus on social unemployment insurance, climate change, digital technology and Māori.
- the Reform of Vocational Education – this aims to provide learners with more support while they are training, and vocational education that is more relevant to work.
- the overhaul of the welfare system aims to reset the foundations of the social welfare system and includes work to expand the Ministry of Social Development’s (MSD) employment services and improve supports and services for disabled people and their carers.
- the Disability Employment Action Plan – Working Matters – aims to ensure disabled people and people with health conditions have an equal opportunity to access employment. One of the areas of focus for this action plan is around actions to improve transitions for disabled learners

through building early connections to work and considering how employment services can best support transitions.

- the Carers Strategy Action Plan – Mahi Aroha – action 4.2 aims to support flexible study, training and education opportunities, support young carers into their first job or transition from secondary to tertiary study, and explore ways to credit skills and experience towards training, qualifications and/or employment.
- the Child and Youth Wellbeing Strategy has a focus area to support young people in and transitioning out of the education system.
- the Development of Industry Transformation Plans, which are intended to grow more innovative industries and lift the productivity, sustainability and inclusivity of New Zealand's sectors.

Other work includes the Employment Action Plans for Māori, Pacific Peoples, Refugees, Recent Migrants and Ethnic Communities and Women that are underway and are focussed on more effectively addressing employment issues for specific population groups. Employment Action Plans for Youth and Disabled People (Working Matters) have also been completed and work is underway to carry out actions under these plans, which are closely related to the Briefing.