

Insights Reporting Series

Young people 16–24 years old

Purpose

This report focuses on young people who are 16–24 years old as part of the Ministry of Social Development (MSD)'s Insights Reporting Series. Each report in this series focuses on a different group that are a priority for MSD, to better understand their historical, current, and future needs.

This report uses analysis and data from MSD administrative data,¹ the Social Outcomes Model (SOM),² and previous pieces of research.

Key findings

Young people have recovered much faster from the economic effects of the pandemic compared to the Global Financial Crisis.

- › COVID-19 had a significant impact on the benefit system from early 2020, with a large increase in the number of people, particularly younger people, accessing support.
- › After peaking in December 2020, the number of young people receiving main benefits then rapidly decreased through 2021 and 2022.³ This decrease was faster compared to most other age groups, and faster than following the Global Financial Crisis (GFC). By June 2022, youth main benefit numbers were close to pre-COVID-19 levels.
- › This was likely driven by a combination of the Government's policy response to COVID-19, including substantial monetary and fiscal stimulus; recovery in the labour market; and MSD's continued focus on supporting people back into work quickly. At the same time, the Ministry also met the increased demand for hardship and housing assistance.

MSD continues to support young people to engage in education, and gain the skills they need to enter the workforce.

- › Through the pandemic period, MSD has continued to support young people to engage in education and gain the skills they need to enter the workforce. MSD has also invested to expand programs for youth.
- › MSD has also continued to support people to gain apprenticeships or formal industry qualifications and get the support they need to stay in work.

Longer-term trends suggest that while young people are doing well overall, some may be experiencing complex challenges and need more support.

- › Longer-term, several wellbeing indicators have improved across all young people. For example, there has been an increase in the proportion of young people who have left school achieving NCEA Level 2 or above.
- › However, longer term trends also suggest that young people may continue to need more support with their mental health. Both the wider youth population, and young people receiving benefits, are also estimated to spend longer, on average, receiving a main benefit than they were two years ago, partially reflecting a decline in exit rates from 2018 to 2020.
- › Young people currently receiving a main benefit are estimated to spend, on average, longer (19.1 years) receiving a main benefit than the wider youth population (5.2 years) in the future.
- › Young people receiving a benefit are more likely to have experienced challenges relating to health, justice, childhood disadvantage, and education.
- › Overall, young people with more complex needs are estimated to access benefit support for longer in the future than those with less complex needs.

Young main benefit recipients are a diverse group, who are more likely to have experienced poor social outcomes than the wider youth population.⁴

- › Approximately 9.5 percent (54,900 out of 576,000)⁵ young New Zealanders aged 16–24 were receiving a main benefit in June 2022.
- › At June 2022, Jobseeker Support – Work Ready (JS – WR) recipients made up the largest proportion of young people receiving a benefit (48.6 percent), and this proportion has been increasing over time (see Figure 2). Young people also receive other main benefits, including the Youth Payment and Young Parent Payment (YP/YPP)⁶ benefits.
- › As with the total benefit population, Māori, Pacific Peoples and women are overrepresented in the youth benefit population, which is reflective of structural disadvantages.
- › Young people receiving a main benefit are more likely to have experienced poor social outcomes than the wider youth population. This gap has widened over time (see Figures 5–7, overleaf).

Figure 1: COVID-19 accelerated increases in the number of young people receiving a main benefit.

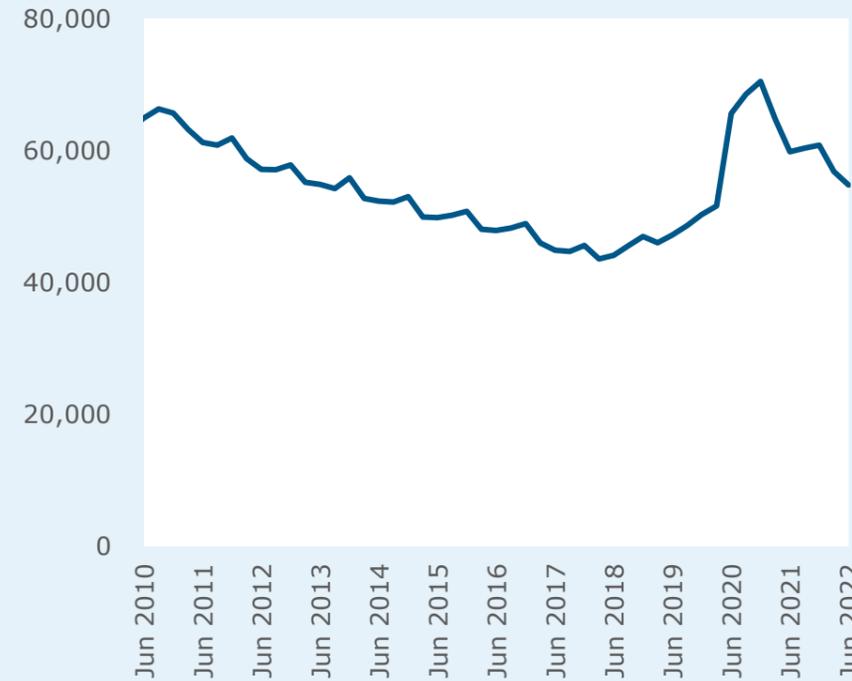


Figure 2: Most of the increase since 2018 was due to increases in Jobseeker Support – Work Ready (JS – WR) clients.

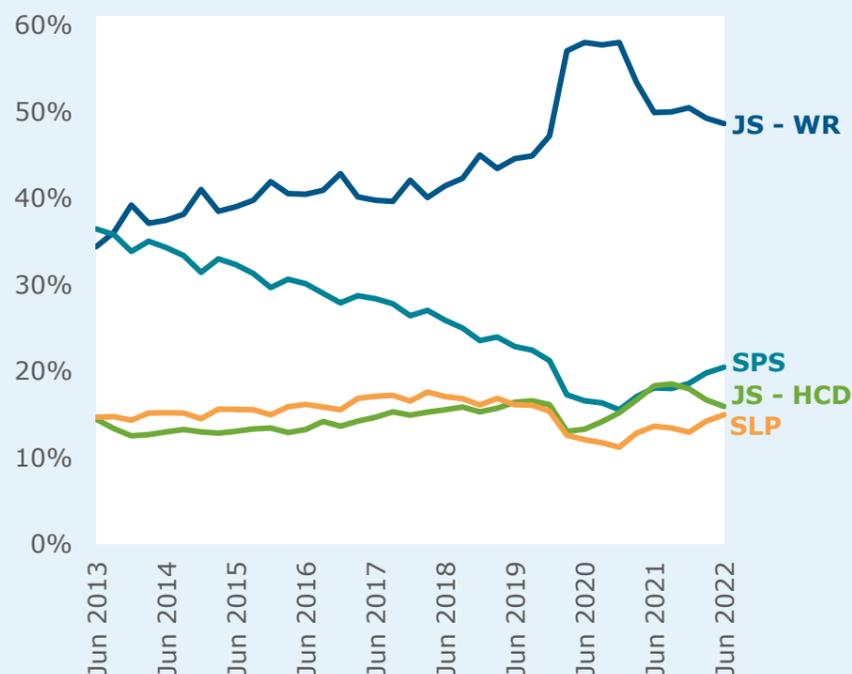


Figure 3: Māori and Pacific Peoples are overrepresented for young people on a main benefit.⁷

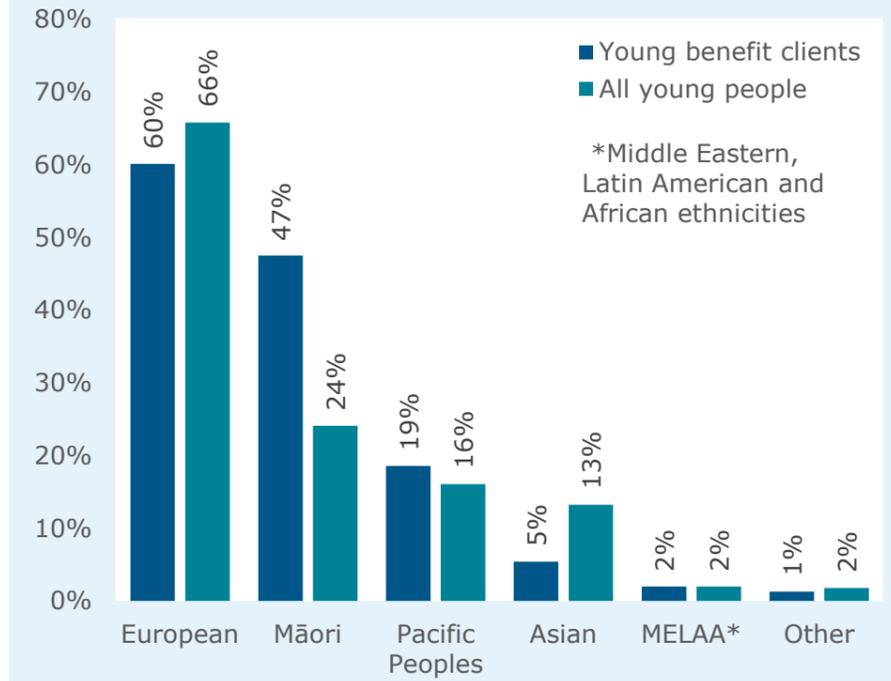


Figure 4: Women are overrepresented for young people receiving a main benefit.

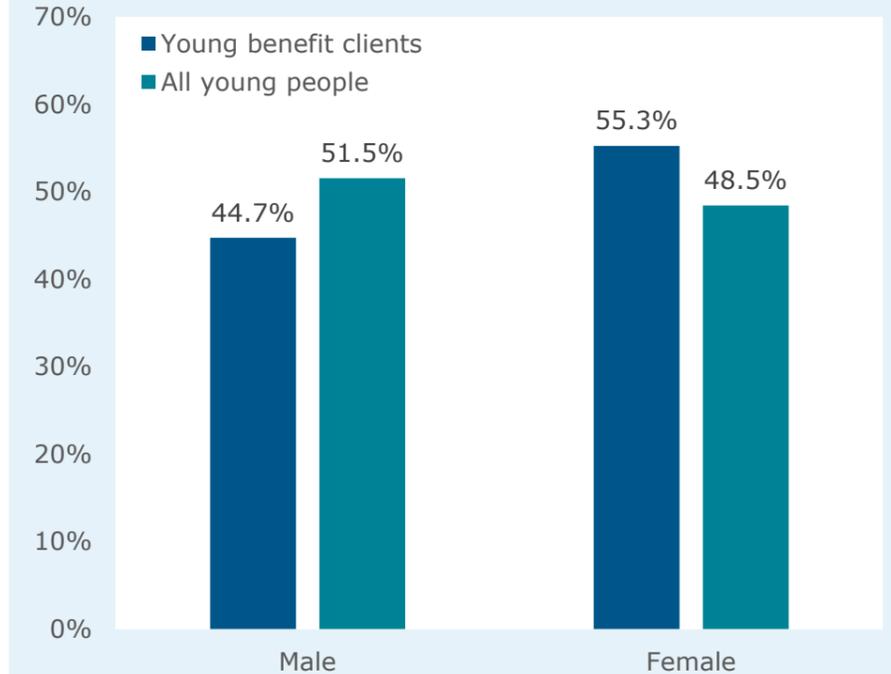


Figure 5: Young people receiving a main benefit are much more likely to have interacted with Oranga Tamariki than the general youth population.



Figure 6: Young people receiving a main benefit are much more likely to have achieved less than NCEA Level 2 than the general youth population.

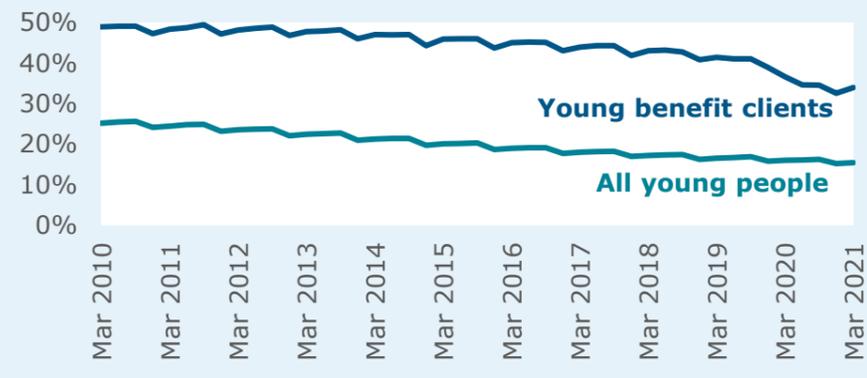
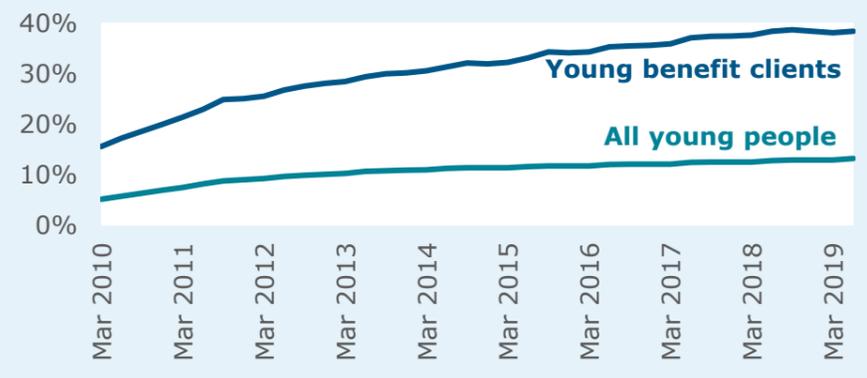


Figure 7: Young people receiving a main benefit are much more likely to have used mental health and addiction related services than the general youth population.



An influx of young people entered the benefit system following COVID-19, but they then recovered faster than most other age groups.

COVID-19 changed the characteristics of young people receiving main benefits.

COVID-19 had a significant impact on the benefit system from early 2020, with a large increase in the number of young people accessing support. This significantly contributed to the increase in the benefit population with 18–34 year olds accounting for 60 percent of the increase in grants across all working age people.⁸

Young people tend to be a group severely affected by economic shocks, which reflects their more vulnerable position in the labour market. They are more likely to have lower skill levels, more casual employment arrangements, and high levels of employment in sectors like the service industry, which are more exposed to the effects of economic downturns.⁹ Benefit number increases for young people following the March 2020 shift to higher Alert Levels reflected this general vulnerability.

Many of the young people who entered the benefit system in 2020 had little or no recent benefit history compared to young people already accessing support.¹⁰ This changed the overall characteristics of young main benefit recipients (see Figures 5–7¹¹). For example, there was a decrease in the proportion of young benefit recipients who had interacted with Oranga Tamariki in the past, or had achieved less than NCEA Level 2.

Following increases in 2020 associated with COVID-19, youth main benefit numbers recovered over 2021 and into 2022.

After peaking in December 2020, youth main benefit numbers then rapidly decreased through 2021, and decreases continued through to June 2022.¹² This decrease also occurred at a much faster rate than following the GFC, when high benefit numbers for young people were sustained for a longer period. By June 2022, youth main benefit numbers were closer to pre-COVID-19 levels than was the case for most other age groups.

The rapid decrease in youth main benefit numbers was supported by the Government’s policy response to COVID-19, recovery in the labour market, and MSD’s focus on supporting people to return to work.

The decrease in youth benefit numbers was driven by a combination of factors, such as the Government’s policy response to COVID-19, including the substantial monetary and fiscal stimulus.

In addition, employment outcomes for young people held up better than expected, generally returning to pre-COVID-19 levels by June 2021 and remaining strong through to June 2022.¹³ The employment rate for young people (15–19 years old) was 68.2 percent for the June 2022 quarter, up from 66.9 percent in the June 2020 quarter.¹⁴

To meet the unprecedented demand for income support during the pandemic period, MSD also expanded its employment services to support both people at risk of poor labour market outcomes and those closer to the labour market, so they could return to employment quickly. This was to help them avoid becoming entrenched in the benefit system, as occurred during the GFC. At the same time, MSD also responded to the considerable increase in demand for hardship and housing assistance.

MSD also continued to support young people to engage in education and gain the skills they needed to enter the workforce, as well as expanded programmes for youth (see p.6 for more information).

A growing number of young people are estimated to need more support in the future.

Overall, young people are doing well on some wellbeing indicators.

Longer-term, several wellbeing indicators have been trending positively for the wider youth population. For example, there has been an increase in the proportion of young school leavers achieving NCEA Level 2 or above, from 75.6 percent in March 2011 to 84.6 percent in March 2021.

There has also been a decrease in the proportion of young people who have an intergenerational benefit history,¹⁵ which decreased from 29.1 percent in the March 2010 quarter to 25.2 percent by March 2021. This can have a long-term effect on young people. Research has shown that children from higher socio-economic backgrounds are more likely to earn a higher income and achieve higher qualifications by the age of 30.¹⁶

Some young people may be experiencing more complex challenges.

However, other wellbeing indicators suggest some young people are experiencing complex needs and may need more support. For example, over the last 10 years, there has been a growing number of young people accessing mental health and addiction services. In the March 2010 quarter, 5.2 percent of young people had accessed mental health and addiction services, and this more than doubled to 13.3 percent by the June 2019 quarter (see Figure 7). More recent data from the What About Me¹⁷ survey also suggests this deterioration in mental health for young people has continued.

Youth overall, and those already receiving benefits, are now estimated to need more support from the benefit system.

Across the wider youth population, the 2019 SOM estimated that young people would spend an average of 3.8 years in the future receiving a main benefit over their future working lives. By 2021, this had increased to 5.2 future years. When looking specifically at young people currently receiving a benefit, the 2019 SOM estimated that they would spend an average of 16.5 years receiving a main benefit over their future working lives; this increased to 19.1 years in 2021. This increase may partially reflect the increasing complexity of need for some young people.

Declining exit rates prior to 2020 have contributed to more young people needing support from benefits for longer.

The number of young people receiving main benefits has returned to close to pre-COVID-19 levels, and employment outcomes for young people have remained strong through to June 2022. However, between 2018 and early 2020, there was a general decline in the rate at which people left the benefit system, and an underlying softening of economic conditions. During this time, MSD was responding to increasing demand for hardship and emergency housing grants, potentially decreasing the time available for case managers to focus on employment services.

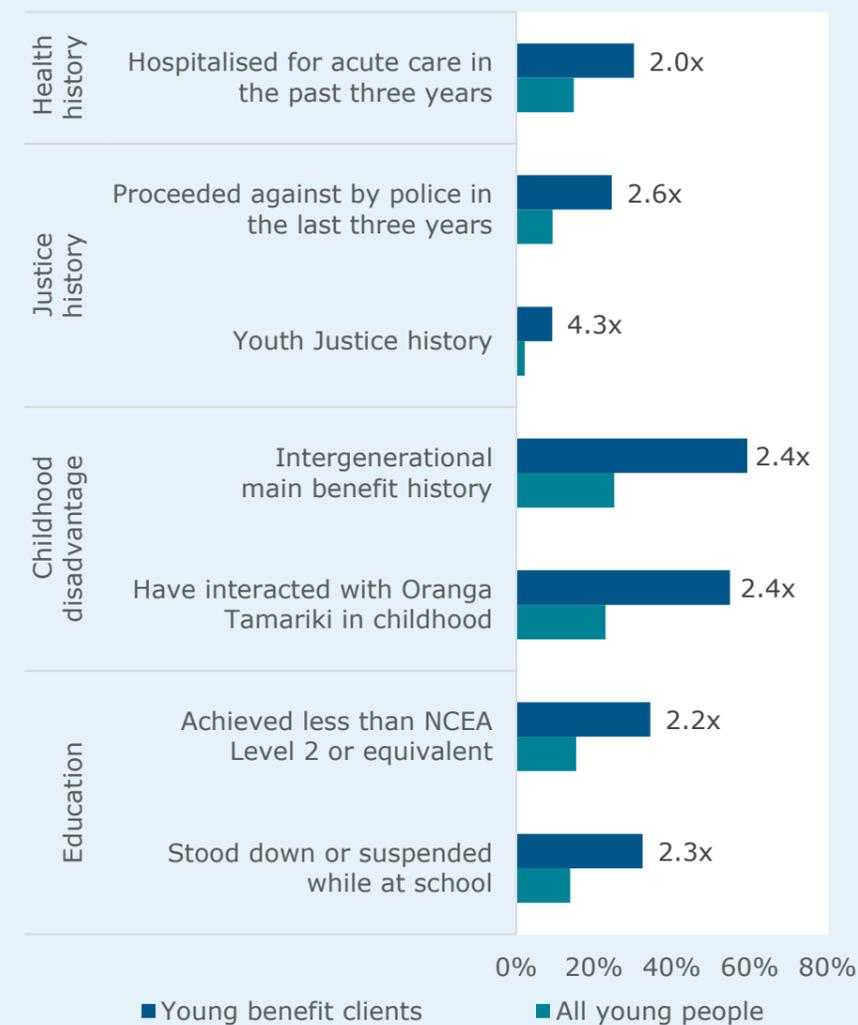
These factors may have contributed to more people spending longer in the benefit system and an overall increase in the number of young people receiving a benefit. For young people, the likelihood of exiting a main benefit decreased from 50.7 percent in the year to June 2018, to 43.4 percent in the year to June 2020.¹⁸

Young people already receiving a benefit tend to have more complex needs than young people generally.

Young people who are receiving a main benefit tend to have more complex needs than the general youth population (see Figure 8).¹⁹ They are more likely to have experienced challenges relating to health, justice, childhood disadvantage, and education. This may then affect their future outcomes.

Overall, young people currently receiving a main benefit are estimated to receive a main benefit for longer in the future compared to the wider youth population.

Figure 8: Young people who are receiving a main benefit are more likely to have experienced challenges than the general New Zealand youth population.



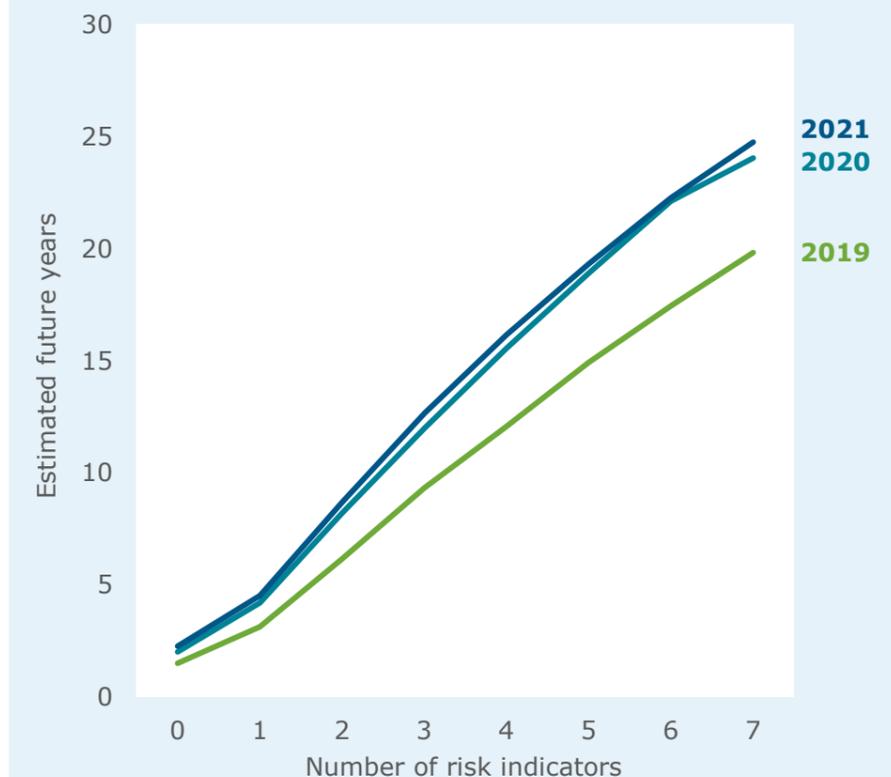
Some young people with more complex needs may require more support from the benefit system.

Across the wider youth population, young people who experience more of these risk indicators are also estimated to spend longer receiving a benefit in the future. For example, the 2021 SOM estimates that young people with seven risk indicators will spend, on average, 24.8 future years receiving a benefit, compared to 2.3 years for young people with no risk indicators.

Young people with more risk indicators are also estimated to be unemployed for longer, earn less,²⁰ stay in public housing for longer, and access mental health and addiction services for longer, which is consistent with previous research.²¹ However, this doesn't take into consideration other factors which are not measured in the data that may impact a person's resilience.

Compared to 2019, outcomes for young people with more risk indicators have also worsened (see Figure 9). For example, young people with seven risk indicators are estimated to be supported for, on average, 24.8 years by a main benefit in 2021, up from 19.8 years in 2019.

Figure 9: Young people with more complex needs are estimated to need increasingly longer support from the benefit system.



MSD has continued to support young people to engage in education and gain the skills they need to enter the workforce.

Supporting young people to engage with, or stay in, education, as well as gain the skills they need to enter the workforce, can build their independence.

Young people who have left school without a qualification, or have achieved less than NCEA Level 2, are more likely to spend more future years on benefit. They may also earn less over their working life compared to those who have achieved NCEA Level 2 or a higher qualification.

Given the disruptions caused by the pandemic, this is an area that benefit recipients are likely to continue to need support. As at March 2021, young people who had left school and were receiving a main benefit were 2.2 times more likely to have achieved less than NCEA Level 2 than young school leavers in general.

The OECD (Organisation for Economic Co-operation and Development) recommends that young people do not enter the labour market without a recognised and valued qualification. For low-skilled youth, this could also be achieved through apprenticeships where they can acquire skills and work experience at the same time.²² Keeping people connected to the labour market also reduces their need for benefit support.

MSD continues to support young people to engage in education and gain the skills they need to enter the workforce.

MSD continues to support young people to engage in education and gain the skills they need to enter and remain in the workforce.

Specific programmes for young people include:

- › the Youth Services Programme, which provides 16-19 year olds with one-on-one mentoring and tailored support for their individual goals. Over the past ten years, Youth Services has supported 40,000 young people into education and training which has contributed towards some YP and YPP clients gaining higher qualifications.²³
- › He Poutama Rangatahi (HPR) consists of 63 programmes for rangatahi Māori aged 15-24 years old. Since it started in 2018, 8,560 rangatahi have taken part and nearly 3,900 have moved into employment, education or training. For example, Mauri Mahi, Mauri Ora is a holistic career-development programme supporting 16-19 year old rangatahi who attend an eight-week intensive phase which includes driver licensing, first aid, budgeting and cooking, along with help with CVs, cover letters, job hunting and interviews. Rangatahi continue to receive one-on-one support for 10-months after this phase.²⁴
- › Māori Trades Training Fund (MTTF) similarly offers a range of employment programmes run by Māori for Māori. They support Māori entities to design and deliver unique employment programmes tailored for Māori in their communities with wrap-around support. Over the last year, over 460 people took part in MTTF training programmes, with 260 gaining employment.²⁵

MSD also supports people gain apprenticeships or formal industry qualifications and stay in work.

- › The Apprenticeship Boost programme supports people to learn a trade whilst working, helping to fill skill shortages in New Zealand. In its first two years, 50,000 apprentices were supported.²⁶
- › For people who are at risk of needing long-term benefit support, Mana in Mahi supports people into sustainable employment while gaining an apprenticeship and formal industry qualification, as well as providing pastoral care. With additional funding, this programme was expanded between August 2020 and August 2022 to support people from 12 months to up to 24 months. Extra educational support such as literacy and numeracy training is also available.²⁷

Some youth will continue to need more support.

While there have been rapid decreases in main benefit numbers for young people who receive a main benefit, some vulnerabilities remain. As described above, young people who are receiving a main benefit are more likely to have experienced more challenges than the general New Zealand youth population. In addition, young people with more complex needs are estimated to need increasingly longer support from the benefit system.

Youth mental health is also likely to be an on-going area of need. Cross-agency programmes such as Oranga Mahi can help bridge the gap to support people's wider well-being and improve their social outcomes.

End notes

- ¹ This report excludes Jobseeker Support Student Hardship, or its equivalent prior to 2013, Unemployment Benefit Student Hardship, as this is a temporary support provided to students while in-between semesters.
- ² The SOM projects a range of future outcomes and service use for each adult in New Zealand. Results from the SOM are not official MSD statistics as they are based on analysis of past trends of administrative data in the IDI, as well as economic forecasts. The SOM also includes a wider age range (16–64 years old), compared to official main benefit numbers which are working-age (18–64). Therefore, results may not match official figures.
- ³ Ministry of Social Development. (2023). *Benefit System Update: October 2021 to June 2022*. www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-oct-2021-to-june-2022.html.
- ⁴ Figures 1 and 2 are based on MSD administrative data, while figures 3–9 are based on modelling data from the SOM. Figures 3–9 show data at 30 September 2021.
- ⁵ Stats NZ population estimate for 16–24 year olds as at 30 June 2022. nzdotstat.stats.govt.nz/wbos/Index.aspx.
- ⁶ For simplicity, young people on youth benefits have been grouped with their equivalent adult benefit. Youth Payment (YP) clients have been combined with those who are on Jobseeker Support – Work Ready (JS – WR) and Young Parent Payment (YPP) clients have been combined with Sole Parent Support (SPS).
- ⁷ When referring to ethnicity, it is measured on a ‘Total Ethnicity’ basis where each person is counted in each ethnicity that they identify with, so the proportions add to more than 100%. These are categorised into six ethnicity groups; European, Māori, Pacific Peoples, Asian, MELAA (Middle Eastern, Latin American and African ethnicities) and Other.
- ⁸ Ministry of Social Development. (2022). *Benefit System Update: 2021*. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/bsu-benefit-system-update-2021.pdf.
- ⁹ Graham, J. & Ozbilgin, M. (2021). Age, Industry, and Unemployment Risk During a Pandemic Lockdown. *SSRN*, 3772576. dx.doi.org/10.2139/ssrn.3772576.
- ¹⁰ Ministry of Social Development. (2020). *Topic Brief: The composition of Jobseeker Support Work-Ready grants during lockdown in NZ to end April 2020*. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/topic-briefs/topic-brief-jobseeker-support-work-ready-grants-to-end-april-2020.pdf.
- ¹¹ Figure 6 excludes people still at school as most will gain further qualifications before leaving school. NCEA results are generally updated annually. Figure 7 counts people who have accessed community mental health and addiction related services and/or inpatient care in the past three years. Data for this measure is available up to June 2019.
- ¹² Ministry of Social Development. (2023). *Benefit System Update: October 2021 to June 2022*. www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-oct-2021-to-june-2022.html.
- ¹³ Ministry of Social Development. (2022). *Benefit System Update: 2021*. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/bsu-benefit-system-update-2021.pdf.
- ¹⁴ Ministry of Social Development. (2023). *Benefit System Update: October 2021 to June 2022*. www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-oct-2021-to-june-2022.html.
- ¹⁵ Intergenerational benefit history means that when individuals were 13–18 years old, they had a parent or guardian who was receiving a benefit.
- ¹⁶ Evidence that children from higher socio-economic backgrounds are more likely to earn a higher income and achieve higher qualifications by the age of 30 is based on analysing the ranking of the incomes of parents when children were 15–19 years old and comparing that to the ranked income of these children when they reach 30 years old. This analysis also investigated the relationship between a parent’s ranked income to their child’s highest qualification by age 30. For more details, please see: Brown, S. (2022). Intergenerational income mobility in New Zealand. *Policy Quarterly*, 18(3), 24–30. ojs.victoria.ac.nz/pq/article/view/7712/6862.
- ¹⁷ The What about Me survey surveyed New Zealand school children in years 9 to 13 between June and November 2021. Malatest International (2022). *whataboutme.nz the national youth health and wellbeing survey 2021: Overview report – October 2022*. Ministry of Social Development. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/consultations/youth-health-and-wellbeing-survey-results/the-national-youth-health-and-wellbeing-survey-2021-overview-report-september-2022.pdf.
- ¹⁸ Ministry of Social Development. (2022). *What happened to people who left the benefit system in the year ended June 2020*. www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system.html.
- ¹⁹ Figure 8 compares the prevalence of seven risk indicators between young people receiving a main benefit and all young people at the end of the September 2021 quarter. These risk indicators comprise whether a young person:
- › was discharged from a public hospital after requiring acute or unplanned care in the last three years;
 - › was proceeded (i.e., taken legal action) against by police in the last three years;
 - › had interacted with the Youth Justice system (i.e., had a report of concern, family group conference or whānau agreement, or youth justice placement);
 - › when they were 13–18 years old, they had a parent or guardian who was receiving a benefit;
 - › had interacted with Oranga Tamariki (i.e., had a report of concern, care and protection investigation, family group conference or whānau agreement, or a care and protection placement);
 - › has not achieved a qualification equivalent to the National Certificate of Educational Achievement (NCEA) Level 2 or higher; or
 - › was stood down or suspended while at school.
- The bottom two education risk indicators exclude people still at school.
- ²⁰ Analysis of earnings is based on the number of years that individuals are estimated to earn less than full time (40 hours) minimum wage.
- ²¹ The Treasury. (2015). *Using integrated administrative data to identify youth who are at risk of poor outcomes as adults*. www.treasury.govt.nz/publications/ap/using-integrated-administrative-data-identify-youth-who-are-risk-poor-outcomes-adults-ap-15-02; Office of the Prime Minister’s Science Advisory Committee. (2011). *Improving the transition: Reducing social and psychological morbidity during adolescence*. dpmc.govt.nz/sites/default/files/2021-10/pmcsa-improving-the-transition-report.pdf.
- ²² Scarpetta, S., Sonnet, A., & Manfredi, T. (2010). *Rising Youth Unemployment During the Crisis: How to Prevent Negative Long-Term Consequences on a Generation?* OECD Social, Employment and Migration Papers, No. 106, OECD. [www.oecd.org/officialdocuments/displaydocumentpdf/?cote=DELSA/ELSA/WD/SEM\(2010\)6&doclanguage=en](http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=DELSA/ELSA/WD/SEM(2010)6&doclanguage=en).
- ²³ Based on an evaluation of Youth Service completed by the Treasury in 2017. See: The Treasury. (2017). *Evaluation of the impact of the Youth Service: Youth Payment and Young Parent Payment*. Working Paper 16/07. www.treasury.govt.nz/publications/wp/evaluation-impact-youth-service-youth-payment-and-young-parent-payment-wp-16-07-html#section-4.
- ²⁴ Ministry of Social Development. (2022). *Pūrongo ā-tau Annual Report 2021/2022*. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/annual-report/2022/annual-report-2021-2022.pdf.
- ²⁵ Ministry of Social Development. (2022). *Pūrongo ā-tau Annual Report 2021/2022*. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/annual-report/2022/annual-report-2021-2022.pdf.
- ²⁶ For more information on Apprenticeship Boost see: www.workandincome.govt.nz/employers/subsidies-training-and-other-help/apprenticeship-boost/.
- ²⁷ For more information on Mana in Mahi see: www.beehive.govt.nz/release/government-exceeds-maha-mahi-target.

IDI Disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit www.stats.govt.nz/integrated-data.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data’s ability to support Inland Revenue’s core operational requirements.