

# 4 OUTCOMES OF TERTIARY EDUCATION

## AN OVERVIEW

Fifty percent of the New Zealand population aged 15 years and over held a tertiary qualification in 2008, with one in six people holding a bachelors or higher-level qualification. Comparing 2008 with 1998 shows that the New Zealand population has become more highly qualified. In 1998, only 44 percent of those aged 15 years and over held a tertiary qualification and fewer people – one in ten – held a bachelors or higher qualification.

The proportions of Māori and Pasifika holding a bachelors or higher-level qualification doubled over the last 10 years, although these groups remain considerably lower qualified than other groups, at less than half the national average. The proportion of males and females in the adult population holding a bachelors or higher qualification were equal in 2008, however, males are still more likely to hold 'other' tertiary qualifications than females.<sup>1</sup> In the younger age groups – those under 40 years of age – proportionately more women than men held a bachelors or higher qualification. On the other hand, more young men than women held a non-degree tertiary qualification, but the gap between them has narrowed between 2007 and 2008 to just over one percentage point.

In the year ended June 2008, the labour force participation rate decreased slightly for those with only a school qualification or other tertiary qualifications, but increased for those with no qualifications and those with bachelors or higher tertiary qualifications. This suggests that the contracting economy in 2008 had begun to weaken the labour markets, further increasing the gap in the unemployment rate between people with bachelors or higher-level qualifications and non-degree tertiary qualifications.

People with higher-level tertiary qualifications continued to show a significant earnings advantage over those with a lower-level qualification or no qualification. From 2007 to 2008, the median hourly earnings premium increased only for those with bachelors or higher qualifications. This suggested a weakening of the labour market for people with no qualifications and school qualifications compared with those with tertiary qualifications.

The proportion of youth aged 15 to 24 years not in employment or formal and informal study decreased slightly when comparing the June 2007 quarter with the same quarter in 2008.

1. This refers to the *Household Labour Force Survey* definition of 'other tertiary' qualifications (see chapter 4, footnote 2).

Analytical tables: An associated set of tables on tertiary education outcomes is available on the Education Counts website, Tables COM1-36, EAP1-8, PSE1-3, PS11-12 and PS01-2.



## 2009 YEAR

Since the New Zealand economy began to feel the effects of the global recession early in 2008, the labour market has weakened, pushing up the unemployment rate from 3.7 percent in June 2008 to 5.0 percent in June 2009. The unemployment rate increase was greatest for 15 to 29 year-olds – up from 15 percent to 19 percent. From 2008 to 2009, there was a large rise in the number of young people not in employment or formal/informal study (NEET) – almost 10 percent of all 15 to 24 year-olds, which was the highest rate recorded since 2004. The proportion of inactive 15 to 19 year-olds increased from 6.1 percent to 8.3 percent and for those aged 20 to 24 years the proportion increased from 7.0 percent to 11 percent. While business confidence and people's expectations of the economy improved in the second part of 2009, it is likely that the unfavourable labour market conditions will persist in the immediate future.

The government's Youth Guarantee programme is being developed to achieve the goal of having all young people actively engaged until the age of 18 years in education that is relevant to their needs and abilities. This suggests that the rate of youth inactivity will decrease among those aged 15 to 19 years in the foreseeable future. This may also lift the participation rate in the tertiary education sector.

With more and more women gaining higher-level tertiary qualifications, their labour force participation is expected to rise in the future.

**50%** OF THE POPULATION HELD A TERTIARY QUALIFICATION **IN 2008**

### MORE TERTIARY-QUALIFIED PEOPLE

Survey data shows that the proportion of the New Zealand population aged 15 years and over holding a tertiary qualification increased steadily over the last 10 years. In 2008, 50 percent of the New Zealand population was tertiary qualified. Over the same period, the proportion of the population without a qualification remained virtually unchanged from 2007 to 2008 at 26 percent.

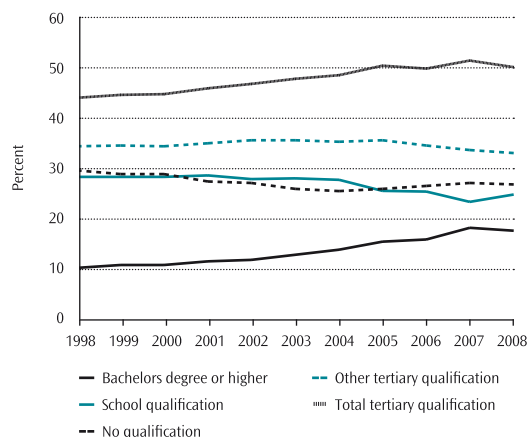
#### The proportions of the population aged 15 years and over with a tertiary qualification in 2008:

Total tertiary qualifications	50%	(47% in 2003)
Bachelors degree or higher <sup>2</sup>	17%	(12% in 2003)
Other tertiary qualification <sup>3</sup>	33%	(35% in 2003)
School qualification	24%	(27% in 2003)
No qualification	26%	(25% in 2003)

**Note:** The proportion with a tertiary qualification from the *Household Labour Force Survey* is based on a sample and it is higher than the figure from the 2006 census. While the census is based on the entire population, not everyone completed the census question on qualifications and as a result the proportion with a tertiary qualification from the census is lower.

**Source:** Statistics New Zealand (2009), *Household Labour Force Survey*.

Figure 4.1: Population aged 15 years and over (June quarter) by highest qualification



### HIGHER QUALIFICATIONS AND AGE

The proportion of the population with a bachelors or higher qualification decreased slightly from 18 percent in 2007 to 17 percent in 2008.

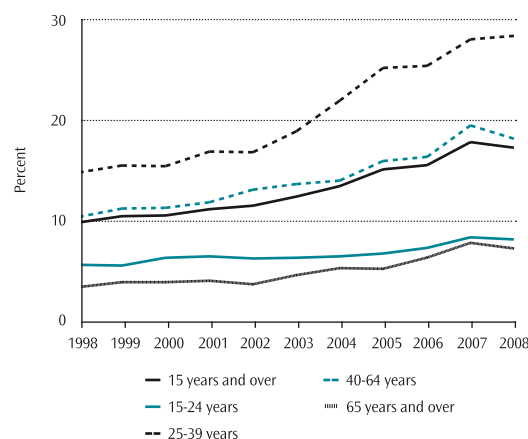
Of those with a bachelors or higher qualification, the proportion aged 25 to 39 years has increased most rapidly in the last five years. In 2008, 28 percent were in this group compared to 19 percent five years earlier.

#### The proportions of the population aged 15 years and over with a bachelors or higher qualification in 2008:

15 years and over	17%	(12% in 2003)
15-24 years	7.9%	(6.1% in 2003)
25-39 years	28%	(19% in 2003)
40-64 years	18%	(13% in 2003)
65 years and over	7.0%	(4.3% in 2003)

**Source:** Statistics New Zealand (2009), *Household Labour Force Survey*.

Figure 4.2: Population aged 15 years and over (June quarter) with a bachelors degree or higher qualification by age group



### OTHER TERTIARY QUALIFICATIONS AND AGE

The proportion of the population holding other tertiary qualifications has been steady for some time at around 33 percent.

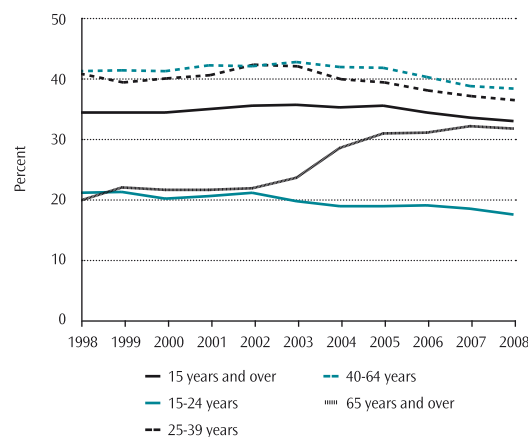
In the various age groups, the proportions with other tertiary qualifications have been declining – except for an offsetting increase for those aged 65 years and over. This reflects a higher level of participation since 2002 in lower-level qualifications by this age group.

#### The proportions of the population aged 15 years and over with other tertiary qualifications in 2008:

15 years and over	33%	(35% in 2003)
15-24 years	17%	(19% in 2003)
25-39 years	36%	(42% in 2003)
40-64 years	38%	(42% in 2003)
65 years and over	31%	(23% in 2003)

**Source:** Statistics New Zealand (2009), *Household Labour Force Survey*.

Figure 4.3: Population aged 15 years and over (June quarter) with other tertiary qualifications by age group



2. 'Bachelors degree or higher' qualifications include postgraduate degrees, level 7 diplomas and graduate certificates and diplomas.

3. 'Other tertiary' qualifications include university, teaching and nursing certificates or diplomas, New Zealand certificates or diplomas, technician's certificates, local polytechnic certificates or diplomas, and trade certificates or advanced trade certificates.

**TERTIARY QUALIFICATIONS AND ETHNIC GROUP<sup>4</sup>**

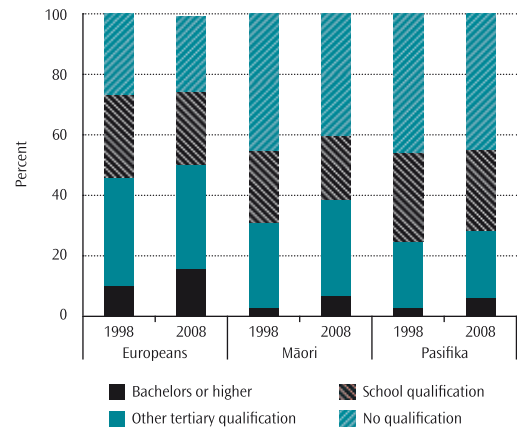
The proportions of the Māori and Pasifika populations aged 15 years and over with a bachelors or higher qualification increased significantly between 1998 and 2008. However, the proportions of Māori and Pasifika with degree qualifications were significantly lower compared with the European ethnic group.

**The proportions of the population aged 15 years and over with tertiary qualifications by ethnic group:**

	Bachelors degree or higher		Other tertiary qualification	
	1998 %	2008 %	1998 %	2008 %
Europeans	9.8	15.6	36.2	34.3
Māori	2.5	6.7	28.1	31.5
Pasifika	2.4	5.9	21.9	22.3
Other	24.1	29.2	20.1	26.0

Source: Statistics New Zealand (2009), Household Labour Force Survey.

**Figure 4.4: Population aged 15 years and over (June quarter) by highest qualification and ethnic group**



**TERTIARY QUALIFICATIONS AND GENDER**

The proportions of men and women in the population aged 15 years and over with a bachelors or higher qualification converged in 2008 at 17 percent.

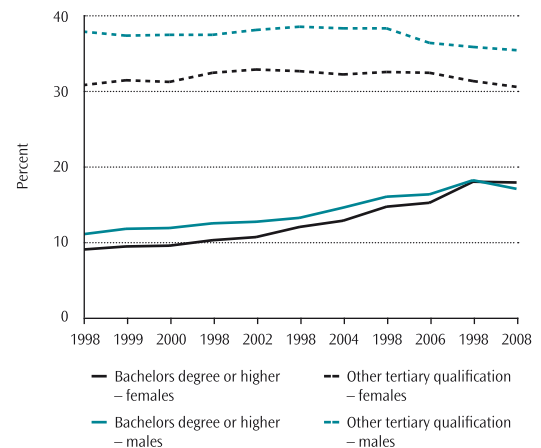
The gap between men and women with other tertiary qualifications remained constant at about 5 percentage points. In 2008, the proportion of men with other tertiary qualifications was higher, at 35 percent, than that for women.

**The proportions of the population aged 15 years and over with a tertiary qualification by gender in 2008:**

Bachelors degree or higher – females	17%	(12% in 2003)
Bachelors degree or higher – males	17%	(13% in 2003)
Other tertiary qualification – females	30%	(32% in 2003)
Other tertiary qualification – males	35%	(38% in 2003)

Source: Statistics New Zealand (2009), Household Labour Force Survey.

**Figure 4.5: Population aged 15 years and over (June quarter) with a tertiary qualification by gender**



**LOWER UNEMPLOYMENT FOR THE TERTIARY QUALIFIED**

People with higher qualifications have lower unemployment than those with low or no qualifications. When the labour market tightened from 1998 to 2007, more people with low qualifications gained employment. In 2008, when the economy weakened, unemployment increased among those with school and low-level qualifications. Further weakening of the economy is expected to increase the gap in the unemployment rate between those with degrees and those with low or no qualifications.

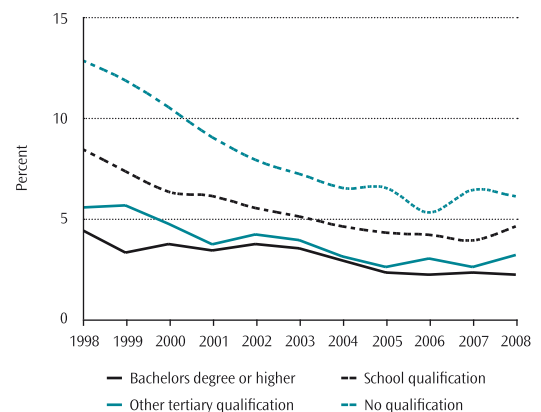
For those with no qualifications, the unemployment rate decreased slightly from 6.3 percent in 2007 to 6.0 percent in 2008 reflecting the improved employment market at that time.

**The unemployment rate of the population aged 15 years and over by highest qualification in 2008:**

All qualification levels	3.8%	(4.6% in 2003)
Bachelors degree or higher	2.1%	(3.4% in 2003)
Other tertiary qualification	3.1%	(3.8% in 2003)
School qualification	4.5%	(5.0% in 2003)
No qualification	6.0%	(7.1% in 2003)

Source: Statistics New Zealand (2009), Household Labour Force Survey.

**Figure 4.6: Unemployment rates (June quarter) for the population aged 15 years and over by highest qualification**



4. The sampling errors for the smaller ethnic groups such as Māori and Pasifika are generally larger requiring caution to be exercised in interpreting changes in this data over time.

**LABOUR FORCE PARTICIPATION**

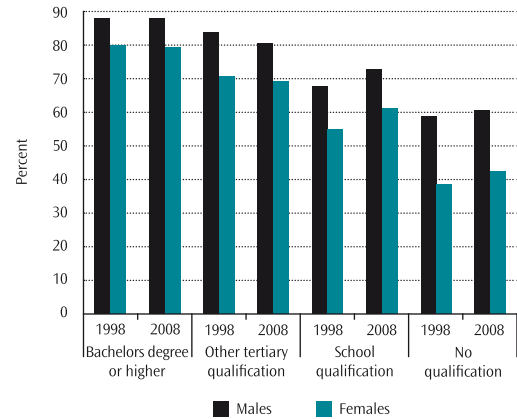
The rate of participation in the labour force increased from 2007 to 2008 for men and women without a qualification and those with a bachelors degree or higher. Over the same period, the rate remained stable for men and women with other tertiary qualifications, while it fell for men and women with school qualifications. This suggests that the labour market was strong in 2008 until later that year when the participation rate for those with no or low-level qualifications decreased.

**The labour force participation rates of the population aged 15 years and over by highest qualification in 2008:**

	Females		Males	
	1998	2008	1998	2008
	Percentages			
Bachelors degree or higher	80	80	88	88
Other tertiary qualification	71	70	84	81
School qualification	55	62	68	73
No qualification	39	43	59	61

Source: Statistics New Zealand (2009), Household Labour Force Survey.

Figure 4.7: Labour force participation rates (June quarter) by qualification level and gender



**HIGHER EARNINGS FOR THE TERTIARY QUALIFIED**

The median hourly earnings of people with a bachelors degree or higher qualification were 70 percent higher in 2008 than for those with no qualification – in 2007 they were 64 percent higher. This increase is an early indication of the weakening of the labour market for people with no qualifications and school qualifications compared with those with tertiary qualifications.

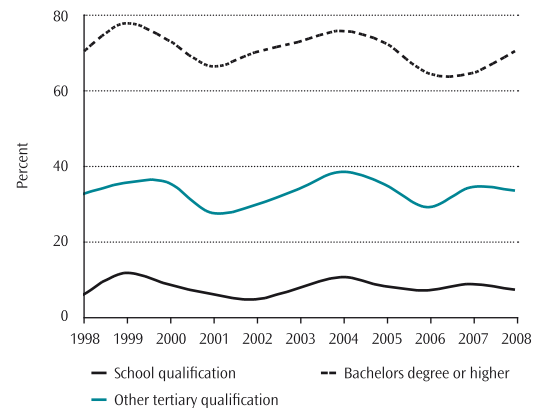
The median hourly earnings for people with a school qualification decreased slightly from 2007 to 2008, compared with those with no qualification. For the 'other tertiary qualified' the difference in earnings remained largely unchanged.

**Median hourly earnings premiums by highest qualification compared, in relation to those with no qualification, in 2008:**

Bachelors degree or higher	70%	(69% in 1998)
Other tertiary qualification	33%	(32% in 1998)
School qualification	6.7%	(5.1% in 1998)

Source: Statistics New Zealand (2009), Household Labour Force Survey.

Figure 4.8: Median hourly earnings premiums (June quarter) by highest qualification compared with those with no qualification



**YOUTH INACTIVITY<sup>5</sup>**

The proportion of the youth population not in employment or formal/informal study or in a caregiving role decreased for both 15 to 19 year-olds and 20 to 24 year-olds from 2007 to 2008. This result reflects the improved employment market in 2008 together with increased retention of young people at school. We expect that there will be a rise in the proportion of people not in employment, study or a caregiving role as the labour market contracts over the next two years.

The proportion of women aged 20 to 24 years not in employment, not in formal/informal study and not in a caregiving role has declined since 2004, while the proportion of men in this category has increased.

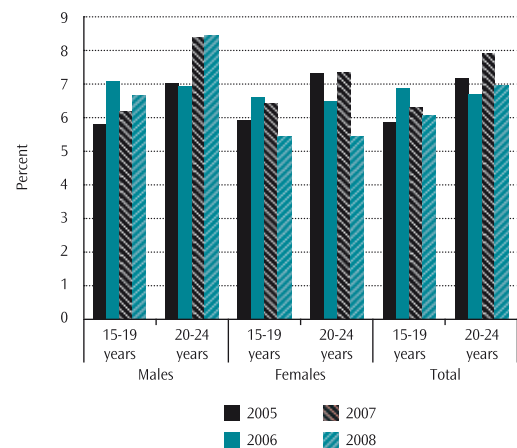
**The proportion of youth not in employment, not in study and not in a caregiving role:**

	Males			Females			Total		
	2004	2007	2008	2004	2007	2008	2004	2007	2008
	Percentages								
15-19 years	6.6	6.2	7.0	7.0	6.5	5.5	6.8	6.3	6.1
20-24 years	6.3	8.4	8.5	10	7.4	5.5	8.0	7.9	7.0

Note: Data for previous years has been revised.

Source: Statistics New Zealand (2009), Household Labour Force Survey.

Figure 4.9: The proportion of youths (June quarter) not in employment or study, or in a caregiving role, by gender and age group



5. The sampling errors for the smaller age groups such as 15 to 19 years and 20 to 24 years are larger than for the larger groups. Therefore caution should be exercised in interpreting changes in this data over time.