



# The drivers behind the higher NEET rate for Māori and Pacific youth

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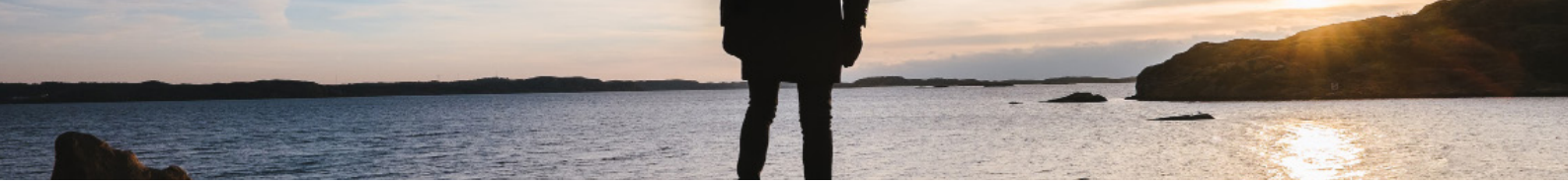
The Not in Employment, Education, or Training (NEET) rate is an official statistic designed to complement other measures of labour market underutilisation<sup>1</sup> and assist in identifying groups at a greater risk of becoming disadvantaged or marginalised in the future.

According to the Household Labour Force Survey (HLFS) nearly 18% of all Māori and Pacific youth were NEET in 2018. This is nearly twice the rate recorded for non-Māori/Pacific youth, and significantly greater than the national rate of 11.6%. Higher NEET rates for Māori and Pacific youth are a persistent feature of New Zealand's labour market. Previous studies have found that Māori and Pacific youth are overrepresented in NEET, as well as other disengaged groups of youth. It is important to untangle the drivers behind this overrepresentation as these groups are more likely to experience adverse economic and social outcomes later in life, thereby possibly incurring greater private and public costs.

This study looks at the association between NEET and individual, family, and area-level background characteristics and how this varies by gender, age, and ethnicity. Understanding which factors are most important in driving NEET outcomes for different groups is important for thinking about the impacts of current policy initiatives and for guiding future policy and research efforts.

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<sup>1</sup> "Labour underutilisation reflects the total number of people in the labour force who are not being fully utilised, as well as some who are outside of the labour force who can be considered 'potential labour supply'. The measure is concerned with issues of quantity of employment, rather than quality of employment." (StatsNZ)



## Predictors of NEET status

The research found a significant association between various background characteristics and NEET status. The most impactful associations are generally socioeconomic related factors and motherhood for woman, which is consistent with past research. The study found that 39% of youth with no official educational qualification, 17% of youth residing in the most deprived areas, and 22% of youth with at least one parent currently receiving a benefit, respectively, are NEET. Factors that are associated with a higher likelihood of being NEET are consistent across groups, with differences in magnitude for the various ethnic, age, and gender subgroups. This highlights how inequalities in socioeconomic and educational factors can result in different NEET outcomes for different groups.

## Main drivers of the Māori and Pacific NEET gap

Overall, the research finds that the NEET gap for Māori and Pacific youth is largely explained by differences in background characteristics. That is, once differences in specific characteristics are controlled for, the NEET rate for Māori is estimated to be equal to that for other ethnicities, and the NEET rate for Pacific is estimated to be lower than other ethnicities. This holds for both males and females, and for both age groups (15-19 and 20-24).

The main drivers of the NEET gap equate to the most significant predictors of NEET status, which are an individual's highest qualification, the socioeconomic deprivation of the area they reside in, and having a parent currently receiving any type of benefit income. This implies that because Māori and Pacific groups tend to be overrepresented in lower socioeconomic and education metrics, they are consequently overrepresented in youth NEET rates. These inter-ethnic differences explained the vast majority of the observed gap in youth NEET rates between Māori, Pacific, and other ethnic groups.

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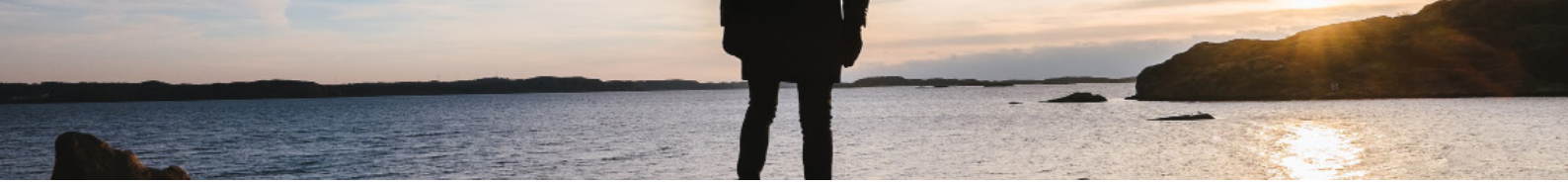
## Child rearing and NEET

For females, parenthood is associated with as much as 48% of the ethnic NEET gap (compared to 2-4% for males), and Māori and Pacific youth are more likely to have one or more children compared with the other ethnic groups. Having a child appears to have a greater impact on NEET status for Pacific females.

Parenthood is especially important for females aged 20-24, where 36-48% of total NEET gap is associated with having one or more children. NEET rates for these groups are estimated to be 5.8-10 percentage points (pp) lower than current rates if they had a similar proportion of females having one or more children as other ethnicities. In contrast, males in this age group are unaffected by parenthood and there does not appear to be a significant association with NEET status.

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### Deprivation and NEET

Local deprivation shows a strong association with the NEET rate gap, explaining up to one-fifth of the Māori NEET gap and reflecting the fact Māori are more likely to live in deprived areas. In addition, the association between area deprivation and NEET status is far stronger for Māori males (13-25%) and less pronounced for Māori females (5-11%). For example, if Māori males aged 20-24 have the same exposure to local area deprivation as non-Māori/Pacific males, the NEET rate is estimated to decrease from 19.7% to 17.2%. Similarly, school decile shows a strong association with the NEET outcomes for Pacific, explaining between 11% and 21% of the NEET rate gap. School decile is sometimes assumed to be a proxy measure for area deprivation.

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### Education and NEET

Highest qualification gained has the strongest association with Māori and Pacific NEET outcomes among 20-24 year olds. For Pacific males, the magnitude is especially large and is associated with over 60% of the gap. For all other groups, the effect is still significant and ranges from 20-25%.

On the other hand, experiencing a school warning or suspension is most associated with Māori and Pacific NEET outcomes among 15-19 year olds. Between 6% and 19% of the NEET rate gap is associated with the larger shares of Māori and Pacific youth having received one or more school warnings or suspensions before the age of 16.

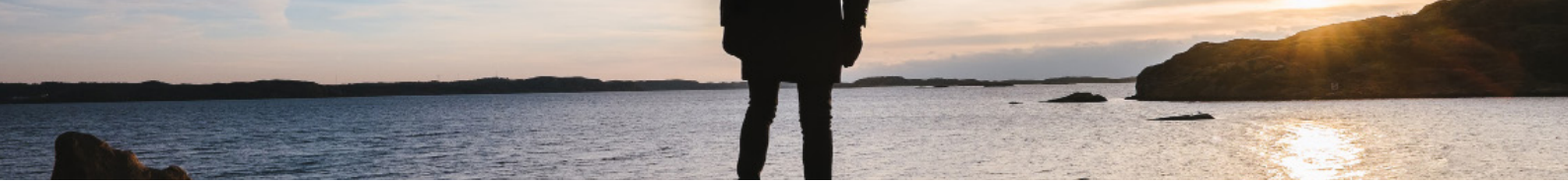
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### Driver's licence and NEET

Holding a current driver's licence is significant for all groups; if Māori and Pacific youth had the same driver's licence attainment as non-Māori/Pacific, then the NEET gap would reduce by 7-47%, thus resulting in an estimated 0.4-2.5pp decrease of the overall NEET rates for the respective groups. The impact of holding a current driver's licence is strongest for the 20-24 age group as well as the Pacific ethnic group.

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### Parental welfare and NEET

In terms of parental influences, the characteristic most consistently associated with NEET outcomes for Māori and Pacific youth is having one or more parents currently (i.e. in 2016) receiving any type of benefit income. Parental benefit receipt is associated with 3-17% of the NEET gap across groups. For males especially, historical parental benefit dependency was a contributing factor (5-9%). These family background characteristics highlight the potential for intergenerational benefit dependency explaining youth outcomes.

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### So what does this all mean?

The NEET gap between ethnic groups is a cause of concern from both a wellbeing and economic perspective. Across the ethnicity, gender, and age subgroups, the NEET gap can range from 3pp (Pacific male, aged 15-19) to as much as 28pp (Māori female, aged 20-24). Overall, the study has found that the majority of the NEET gap can be explained by differences in observable socioeconomic, education, and familial characteristics. Once these background characteristics are controlled for, Māori and Pacific youth have very similar NEET rates to non-Māori/Pacific youth. The study suggests that policies targeting improved school engagement, as well as providing driver's licences could potentially reduce the Māori and Pacific NEET rate gap.

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