Hon Louise Upston

Minister for the Community and Voluntary Sector
Minister for Disability Issues
Minister for Social Development and Employment
Minister for Tourism and Hospitality
Leader of the House
Minister for Child Poverty Reduction

22 JUL 2026

Marcus
fyi-request-34941-038e899f@requests.fyi.org.nz

Ref: LU OIA 26-90

Dear Marcus

Thank you for your email on 25 June 2026 to my Office requesting, under the Official Information Act 1982 (the Act), the following information:

> *"I would like to request a copy of the following briefings which you would have received from MBIE during May in your capacity as Minister for Social Development and Employment:*
> *- BRIEFING-REQ-0030809 Testing a government approach to workforce planning: sector case studies*
> *- BRIEFING-REQ-0032683 Summarising the labour market implications of recent fuel price rises*
> *- BRIEFING-REQ-0033058 Labour market impacts of artificial intelligence*
> *- BRIEFING-REQ-0032810 Government support for young people not in employment, education or training (NEET) in the context of rising NEET rates"*

Please find attached the documentation relevant to your request as outlined in the following document table:

#	Date	Description/Title	Withholding grounds
1	6 May 2026	REQ-0030809 Testing a government approach to workforce planning: sector case studies	9(2)(a)
2	14 May 2026	REQ-0032683 Summarising the labour market implications of recent fuel price rises	18(d)
3	20 May 2026	BRIEFING-REQ-0033058 Labour market impacts of artificial intelligence	9(2)(a)
4	20 May 2026	BRIEFING-REQ-0032810 Government support for young people not in employment, education or training (NEET) in the context of rising NEET rates	9(2)(a), 9(2)(f)(iv), 9(2)(g)(ii)

Please note some information has been withheld from the three documents being released under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
  9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;

- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

I am refusing REQ-0032683 *Summarising the labour market implications of recent fuel price rises* in full under section 18(d) of the Act, as this briefing is due to be proactively released on 31 July 2026. It will be available in the Ministry of Business, Innovation and Employment document library at https://www.mbie.govt.nz/document-library

Some information will be withheld from the proactively released briefing under the following sections of the Act:

- 9(2)(a), to protect the privacy of natural persons, including that of deceased natural persons;
- 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;
- 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

I do not consider that the withholding of any information is outweighed by public interest considerations in making the information available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Sincerely

Hon Louise Upston
Minister for Social Development and Employment

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

AIDE MEMOIRE

Testing a government approach to workforce planning: sector case studies

Date:	6 May 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	REQ-0030809

Information for Minister(s)
Hon Louise Upston **Minister for Social Development and Employment**

Contact for telephone discussion (if required)

Name	**Position**	**Telephone**	**1st contact**
Simon Mandal-Johnson	Policy Director, Employment Skills and Immigration Policy	s 9(2)(a)	✓
Frances Aiken	Senior Advisor, Skills and Employment Policy	04 897 6599	

The following departments/agencies have been consulted
Ministry of Social Development, Ministry of Education, Tertiary Education Commission, Ministry for Women, Te Puni Kōkiri and Ministry for Primary Industries.

Minister's office to complete:

☐ Approved
☐ Noted
☐ Seen
☐ See Minister's Notes
☐ Declined
☐ Needs change
☐ Overtaken by Events
☐ Withdrawn

Comments

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

AIDE MEMOIRE

Testing a government approach to workforce planning: sector case studies

Date:	6 May 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	REQ-0030809

Purpose

To provide background information on the sector case studies that informed our proposed approach to workforce planning, to support discussions with your coalition partner about the commitment to investigate the development of an essential worker workforce planning mechanism.

Simon Mandal-Johnson
Policy Director
Employment Skills and Immigration Policy, MBIE

06/05/2026

We have investigated an enduring government approach to meeting future skill needs in NZ

1. In 2024, you commissioned us to "investigate the establishment of an 'Essential Worker' workforce planning mechanism to better plan for skill or labour shortages in the long term", a commitment in the National/NZ First Coalition Agreement (the agreement).

2. We used a 'learning by doing' approach, which included working with sectors to test aspects of workforce planning interventions, a literature scan of best practices and analysing workforce planning systems in other countries.

3. On 31 March 2026, we proposed an enduring approach to workforce planning (the approach) and a forward work programme that incorporates our conclusions from the investigation, and which would be resourced from within existing baselines [REQ-0030065].

4. We understand you plan to meet with your NZ First coalition partners to discuss the investigation and confirm that the commitment in the agreement has been completed. To support the discussion, this aide memoire provides a summary of our work to date with five sectors (**Annex One**) and the key findings that informed the design of the approach.

We propose a workforce planning approach with three main outputs

5. Our proposed approach to workforce planning [REQ-0030065 refers] focuses on three areas where government can add most enduring value:

   a. *Sector-led planning* – we plan to support sector-led workforce planning to better understand and address the drivers of their workforce issues. This could include establishing a new connection to a sector looking to do longer-term workforce planning or maturing the workforce planning capabilities of a sector with which we are already working. We will also continue to investigate cross-sectoral workforce issues, such as the labour market implications of Artificial Intelligence.

   b. *System integration* – we will investigate how government policy levers can be better aligned and coordinated to facilitate sector-led workforce planning, strengthening the connections between agencies that have an interest or a role in supporting sectors to meet their skills and workforce needs (ie education (including tertiary and vocational), social development and immigration). This would include strengthening the connections between the data sources that can inform workforce planning at the regional level.

   c. *Data and insights capability* – we will undertake work to sustain a centralised source of labour market data, insights and analytical tools, improving government's labour market forecasting capabilities and informing broader policy settings.

6. We will turn these three things into reality by offering a consultancy model of support to sectors who are leading workforce planning to meet their future skills and workforce needs. We will work with sectors and agencies to explore the underlying drivers of their skills issues and provide advice on how mixes of levers could be coordinated to target those drivers.

7. The approach is designed to be tailored to the unique needs and characteristics of sectors, including sectors where government is the main employer and has workforce planning responsibilities, such as the health and education sectors. These agencies will continue to lead workforce planning, supported by access to richer insights, improved forecasts and better policy lever coordination.

8. As this approach is well aligned with current work and resourcing allocation within MBIE and wider across public service agencies, the shift would not require new initiatives or groups to be established, or additional funding to be sought in the immediate future.

This approach has been informed by "learning by doing" with sectors

9. We tested aspects of workforce planning with different sectors to ensure the approach was flexible to sector needs. These sectors were:

    a. construction and infrastructure

    b. horticulture

    c. tourism

    d. space and advanced aviation

    e. energy.

10. We engaged with each sector to understand the issues faced, workforce challenges and where there were opportunities for government action. We worked with a range of government agencies with skills and employment levers and/or sector-specific interests to understand what support for workforce planning was already happening across government and make recommendations for how levers could be coordinated to respond to workforce issues. This work is summarised in **Annex One**.

11. Our work with sectors demonstrates three ways which MBIE (with other labour market agencies and relevant sector agencies) could add the most value:

    a. *Providing tailored support for industry-led workforce planning* – Sectors have varied capacity to engage in workforce planning. An industry-led approach would strengthen their sense of ownership and commitment to delivery; tailored government support allows resources to be targeted to where they can have the most impact (eg sectors with high growth potential but low workforce planning maturity).

    b. *Improving access to high-quality data, analytical capability, and supporting infrastructure* – data capability is uneven across and within sectors, with government often holding more comprehensive workforce data. MBIE can play a critical enabling role by providing data, forward-looking insights, and analytical support, particularly where sector capability is limited or emerging.

    c. *Strengthening connections with system actors* – Improved system connections would close existing data and analytical capability gaps, so workforce insights and analytical expertise can be shared and used more consistently across government and sectors and enable better coordination of levers to target underlying drivers of workforce issues.

12. Our research into best practice workforce planning and overseas models supports this conclusion. A recent legislative review of Jobs and Skills Australia (JSA), the independent, source of labour-market and skills advice at the centre of the Australian workforce planning system, indicated that the JSA's effectiveness in supporting medium- and long-term shifts in how workforce issues are addressed lies in the quality of its analysis, reporting and advice, and its ability to develop enduring and trusted relationships across the skills system.

Annex One: Case study summaries

Sector	Methodology	Insights
Construction and infrastructure	The Ministry of Business, Innovation and Employment (MBIE) analyzed available data on workforce demand and supply and then consulted peak bodies and major employers to identify workforce issues and understand the underlying drivers of those issues. We worked with other government agencies to identify government levers (immigration, education and training, social development) with the potential to address these issues. We tested our proposals with industry and produced a final report with recommendations for the Labour Market Ministers Group. Of the seven report recommendations, three were adopted (relating to the Accredited Employer Work Visa and the design of the Industry Skills Boards). Two recommendations (leadership training and pastoral care) were agreed in principle by the Minister for Social Development and Employment, to be reconsidered when funding was available. Two recommendations, relating to establishing a representative industry body and proposing changes to immigration settings, were not adopted.	• Capability to access and analyse workforce data into useful insights is variable across and within sectors; agencies are likely to hold more workforce data than many sectors themselves. • Maintaining the necessary infrastructure, data pipelines and analytical capability important for the broader workforce planning system. • Without its own levers, any workforce planning mechanism would operate in an advisory capacity, and its influence would be limited by stakeholder willingness to act on advice.
Horticulture	MBIE worked with the Ministry for Primary Industries to explore options for a workforce planning 'prototype'. Initial findings indicated current workforce issues would be more appropriately responded to by sector levers, with little role for government levers. Given the low added value of continued engagement with MBIE in these circumstances, we shifted our focus to identifying a new target sector for engagement.	• Levers are more effective when they target the underlying drivers of workforce issues, rather than addressing only their surface-level impacts on sectors. • Setting clear expectations upfront about roles and responsibilities, scope, and the resources to be contributed by both government and the sector would help test sectors' willingness to act and surface potential roadblocks early.
Tourism	MBIE undertook analysis of workforce issues in the Tourism sector for the Minister of Tourism and Hospitality. We provided workforce data and analysis to Tourism and Hospitality portfolio officials to support their work. We supported portfolio officials to develop recommendations in response to a workforce report produced by sector bodies and Ringa Hora.	• Employment portfolio officials can play a valuable role supporting sector portfolio officials with workforce planning – eg providing expertise, insights and analysis, and advice on government levers and how they influence labour supply and demand.

Space and Advanced Aviation	Initial scoping explored key workforce issues and their underlying drivers. We assessed that the sector would need to mature its workforce planning, and that this would be effectively achieved by sector levers. As a result, work focused on connecting the sector with sources of support, including assistance to establish a national body and to help it develop a clearer, shared understanding of workforce composition and key workforce challenges across the sector. Targeted, ad hoc work is continuing with this sector.	• New and emerging sectors often have both high growth potential and low maturity. It is difficult to balance the growth opportunity against the risk that low maturity will reduce their capacity to engage in workforce planning at the point of sector selection. • Reinforces that a broad range of levers could be selected from and used to address the underlying drivers of workforce issues, including sector levers.
Energy	MBIE worked with Energy Resources Aotearoa and the Electricity Engineers' Association as they developed the *Re-Energise* workforce report (the report). A memorandum of understanding set out the working relationship and tasks to be completed by government agencies. This included providing data and analysis for the report as well as meeting to identify emerging issues to develop a clear rationale for government intervention, if needed. Over time, the relationship evolved to reflect the sector's preference for greater ownership of action development, with government shifting into a 'critical friend' role to sense-check proposals. Following the release of the report and the conclusion of the formal working relationship, we coordinated a cross-agency response to its recommended actions, including seeking agreement to commit to further work [REQ-0030147].	• Reinforces that influence relies on stakeholder commitment to act on advice – supporting industry to lead workforce planning fosters their sense of ownership of the plan and commitment to delivering its actions.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Labour market impacts of artificial intelligence

Date:	20 May 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0033058

Action sought		
	Action sought	**Deadline**
Hon Louise Upston **Minister of Social Development and Employment**	**Agree** for MBIE to forward this paper discussion at the Labour Market Ministers' Group meeting on 27 May 2026	20 May 2026

Contact for telephone discussion (if required)				
Name	**Position**	**Telephone**		**1st contact**
Simon Mandal-Johnson	Policy Director, Employment, Skills and Immigration Policy, MBIE	[04 000 0000]	s 9(2)(a)	✓
Stuart King	Senior Policy Advisor, Labour Market Performance & Policy, MBIE	04 901 3837	s 9(2)(a)	

The following departments/agencies have been consulted
Government Digital Delivery Agency, BusinessNZ, New Zealand Council of Trade Unions

Minister's office to complete:

☐ Approved
☐ Declined
☐ Noted
☐ Needs change
☐ Seen
☐ Overtaken by Events
☐ See Minister's Notes
☐ Withdrawn

Comments

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Labour market impacts of artificial intelligence

Date:	20 May 2026	**Priority:**	Medium
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0033058

Purpose and key messages

This paper responds to LMMG's request to identify the challenges and opportunities for labour market policies and settings created by artificial intelligence.

Current evidence suggests that AI creates more opportunities for the labour market than risks. We view scenarios of rapid displacement and mass unemployment as unlikely at present. MBIE will continue to manage risks through monitoring of early-warning indicators of AI acceleration and disruption, improving our data sources (especially around job ads), and integrating AI into our efforts to improve employment forecasting.

Initial analysis suggests over one-third of occupations could be augmented by current AI technology, potentially lifting productivity and economic growth. The Survey of Business Operations- currently in the field- will give us greater clarity around the extent of current AI uptake, and where the barriers for uptake are. We recommend reporting back to LMMG after the survey results are released in September with options for lifting AI application and use through labour market mechanisms.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

a **Agree** that MBIE forwards this paper for discussion at the Labour Market Ministers' Group meeting on 27 May 2026.

Agree / Disagree

b **Note** that the Survey of Business Operations (SOBO) will provide further evidence around AI uptake, and barriers to business use of AI, when results become available at the end of September.

Noted

c **Note** that risks of significant job displacement from AI are low at this stage. MBIE will continue to monitor media reports and high-frequency indicators (through the six-monthly AI Dashboard) to advise you if there is any reason to adjust this assessment.

Noted

d **Note** interim MBIE analysis suggests over a third of occupations could potentially be augmented by AI to lift productivity, and most of those occupations are in professional services and/or at management level.

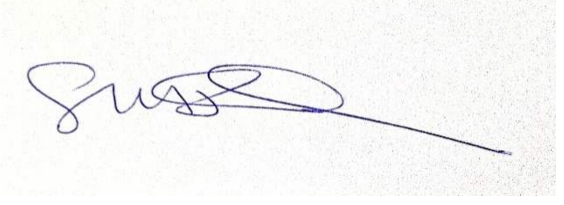
Noted

e **Note** that identifying the changing skill needs created by AI will be taken into consideration by MBIE in our work on developing improved employment forecasting, and better job ads data (alongside other policy needs). This work will support improved workforce planning and can inform improved careers advice and linkages between education and training and employment outcomes.

Noted

f **Agree** that MBIE report back to LMMG in October, following the release of SOBO data, with advice around the extent to which skill gaps are a barrier for augmentation of occupations, the nature of those skill gaps, and options for addressing those gaps.

Agree / Disagree



Simon Mandal-Johnson
Policy Director
Employment, Skills and Immigration Group, MBIE

14 / 05 / 2026

Hon Louise Upston
Minister of Social Development and Employment

..... / ...... / ......

Background

1. The Labour Market Ministers Group (LMMG) have requested advice on the specific opportunities and challenges created by artificial intelligence (AI) for New Zealand's labour market policies and settings.

2. This paper outlines the evidence to date on how AI has been affecting New Zealand's labour markets, how things may play out in the future, and your options to promote greater productivity and economic growth through AI uptake.

Sources of data

3. Previous advice presented to the LMMG focused on economic theory and global trends to indicate the potential impacts of AI.

4. This paper builds on that work through the application of Jobs and Skills Australia's assessment of occupational exposure to a New Zealand context. The Australian analysis looks at the range of tasks that make up each occupation, and assigns that task a rating in terms of potential for automation (i.e. AI is able to replace human labour) and augmentation (i.e. AI is able to supplement human labour to improve the quantity and/or quality of outputs).

5. We have applied these scores to New Zealand's occupation mix, under the assumption that the same occupations in both countries should be broadly similar in terms of its task make-up.

6. While this is interim analysis, the results of this work are similar to previous reports on AI exposure we have reported to you: the range of occupations at risk of automation are very low (around 2 per cent of all occupations), while opportunities for augmentation are high (with over one-third of New Zealand occupations having high exposure to augmentation).

7. Our analysis has been further supplemented with:

   a. engagement with key stakeholders (such as the Government Digital Delivery Agency, Business NZ, New Zealand Council of Trade Unions, and contacts in university career offices).

   b. additional evidence from overseas, including analysis of the impacts of AI on graduate recruitment and hiring.

8. We expect more detailed information on this topic to come from MBIE's Survey of Business Operations (SOBO) which is currently in the field with 20,000 New Zealand businesses. Among other insights, this will provide a strong baseline of the extent of AI uptake; barriers to uptake; the extent to which AI augments or automates tasks; impacts of AI on employment levels, skill demands, productivity, and quality of work; and how businesses are training and finding staff with required skills.

9. Results from SOBO will become available in late September.

Key findings

The overall pace and scale of change is curently manageable within existing settings

10. The pace and scale of change brought about by AI appears in line with similar general-purpose technologies (such as personal computing and the internet). There is no evidence of a reduction in aggregate employment attributable to AI in New Zealand or overseas. This finding is unchanged from previous papers to Ministers.

11. If the diffusion and application of AI into the workplace continues at this pace, we expect our existing labour market settings and institutions can absorb the aggregate impacts of this

adjustment. New Zealand has a flexible and dynamic labour market that has coped well with large-scale shifts in demand in the past. In a typical year, new and disappearing jobs account for around 13-15% of all jobs in New Zealand, and every year around one-fifth of New Zealand workers change jobs, and 2.5% retire.[1] Scenarios of AI leading to rapid displacement and mass unemployment appear unlikely at this stage.

12. Based on a preliminary assessment by officials, only around 2 per cent of New Zealand workers are in occupations where most of their tasks could currently be automated by AI at its current level of capabilities. These occupations are mostly software programmers and other ICT professionals, accountants and call centre operators.

13. While unlikely at this stage, there is a risk that AI application in the workplace may accelerate beyond our current expectations, or additional technological advancements could impact a wider range of jobs. To manage this risk, we will continue MBIE's six-monthly AI Dashboard and monthly media monitoring programme. This requires limited resources to manage and will identify early warning signs of significant labour market disruptions potentially attributable to AI (either in New Zealand or overseas). We expect any acceleration of AI disruption to become noticeable overseas first, in countries with more advanced rates of uptake.

Opportunities to increase productivity through augmentation of roles exist, but require a deliberate approach

14. The table below summarises our initial work on AI exposure in a New Zealand context, applying the analysis from Jobs and Skills Australia. High exposure to automation implies that an occupation has many tasks where current AI technology could replace human labour, high exposure to augmentation implies there are many tasks where AI can supplement human labour.

Table 1 Proportion of New Zealand occupations by exposure to AI

	Low and very low automation	Medium automation	High automation	TOTAL
Low and very low augmentation	10%	0%	0%	10%
Medium augmentation	48%	3%	1%	52%
High augmentation	23%	13%	1%	37%
TOTAL	81%	16%	2%	

15. As noted above, there are only a small number of occupations (2 per cent) with high exposure to automation risk.

16. There is a fairly large proportion of occupations (60 per cent) with low to medium exposure to automation and low to medium exposure to augmentation. These occupations are likely to experience minimal impacts from current AI technologies.

17. Around 36 per cent of occupations have high potential for augmentation, with low to medium risk of automation. The largest occupational groupings here are managers and higher-skilled knowledge workers. This represents our opportunity space: the occupations where efforts to increase AI uptake to boost productivity are likely to have the most impact.

[1] New Zealand Productivity Commission (2020) *Final Report: Technological Change and the Future of Work* *Technological change and the future of work*

18. This assessment of occupational exposure only identifies the potential for change within occupation, assuming current technologies are implemented in full to their peak potential. The actual rate of augmentation will depend on the ability of firms and workers to adapt and use the technology in their workplaces.

19. Historically, New Zealand has seen relatively slow diffusion of new technologies into firms- without an active approach, there is a risk that the full potential of AI to lift productivity may be missed.

20. While international research and stakeholder engagement points to the value of 'soft' skills in supporting AI augmentation, there is limited information about where skill gaps are holding back AI uptake, and what specific skills employers are looking for. The results of SOBO will give us a stronger baseline for understanding these barriers, and how to address them.

21. We recommend building on the results of SOBO and our engagement with industry to identify interventions that can promote greater augmentation and increased capability. If agreed, we will report back on this work in October, following the SOBO release.

There is a risk of AI reducing early-career opportunities, but the evidence is unclear

22. As part of this analysis, we have also examined the specific risk of AI to recent graduates. Evidence from the United States and United Kingdom has suggested a reduction in entry-level/recent graduate opportunities in certain professional sectors (IT, law, accounting, finance) in recent years. The evidence from this research is more mixed on the extent to which this slowdown can be attributable to artificial intelligence rather than general economic conditions. Aggregate graduate hiring (across all sectors) appears stable.

23. Other data (from a range of jurisdictions including Australia, the European Union, the United Kingdom, United States, Singapore and Japan) has not indicated any significant reduction in total hiring of recent graduates.

24. New Zealand universities have not reported strong evidence of a reduction in graduate recruitment activity on campus (beyond that attributable to the economic cycle). They do report a general shift in employers' expectations for graduates, with a greater emphasis on skills that augment AI technology- such as communication, teamwork, literacy, adaptability and self-management.

25. Other New Zealand evidence (from media monitoring and engagement with unions and technology associations) have reported reduced hiring of graduates in IT and finance, although the drivers of this change cannot be pinned down.

26. Overall, while the evidence of current AI impacts on graduate hiring is mixed, there is a risk of a growing disconnect if employer skill demands shift faster than the education and training system. Ongoing improvements to our data collection (outlined below) will help with our monitoring of this situation.

27. To manage this risk, we will integrate consideration of AI, alongside other megatrends, into MBIE's employment forecasting work. This will improve the accuracy and usefulness of forecasting for identifying future skill needs, and providing advice on education, training and immigration settings.

Our understanding of AI impacts in New Zealand is limited by data

28. The evidence base to understand AI impacts is limited, although we expect it to improve once the results of SOBO are available.

29. Much of the overseas analysis of impact of AI on graduate outcomes has relied on job postings data. MBIE's Jobs Online is unable to replicate this level of granularity at present.

30. Improvements to New Zealand's job postings and vacancy data will allow better assessment of shifting skill needs, and will have applications beyond AI. We are currently working towards options to improve our vacancy data as part of a broader approach to employment forecasting and workforce planning, and consideration of AI policy will be part of this.

Next steps

31. This evidence suggests that the aggregate impact of AI is manageable within existing settings, and there is not a strong case to develop reactive policy options to deal with mass labour market disruption. There is however a case for continuing our monitoring programme and better integrating the impacts of megatrends such as AI into our forecasting work, to provide better support to the education and training and immigration systems.

32. The key opportunity is to seek increased augmentation of occupations through AI, lifting productivity. Evidence from SOBO will allow us to report on barriers for New Zealand firms in using AI. If agreed, we will report back to LMMG in October on barriers to AI uptake, the skills needed to increase AI uptake and use, and options to increase business access to those skills.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

MEMO

DATE	20 May 2026
TO	Labour Market Ministers Group
PREPARED BY	s 9(2)(a) [redacted], Principal Advisor, Skills and Employment Policy Stuart King, Senior Advisor, Labour Market Policy and Performance
APPROVED BY	Hilary Pearse, Acting Manager, Skills and Employment Policy
SUBJECT	Government support for young people not in employment, education or training (NEET) in the context of rising NEET rates
TRACKER	REQ-0032810

Recommendations

MBIE recommends that you:

a. s 9(2)(g)(i) [redacted]

[redacted]

b. **Note** the planned further analysis of the drivers of the NEET rate increase to be included in the Employment Key Messages on 28 May 2026.

Noted

c. **Note** the work programme under way to support young people at risk of long-term or persistent limited employment, including a review of Youth Guarantee.

Noted

d. s 9(2)(f)(iv) [redacted]

[redacted]

PURPOSE

To inform the Labour Market Ministers Group (LMMG) of the latest NEET rate increase in the Household Labour Force Survey (HLFS) and the potential for further increases due to fuel price rises. The paper also proposes further work to explore whether current interventions are equipped for future NEET increases and investigate possible interventions in the near term.

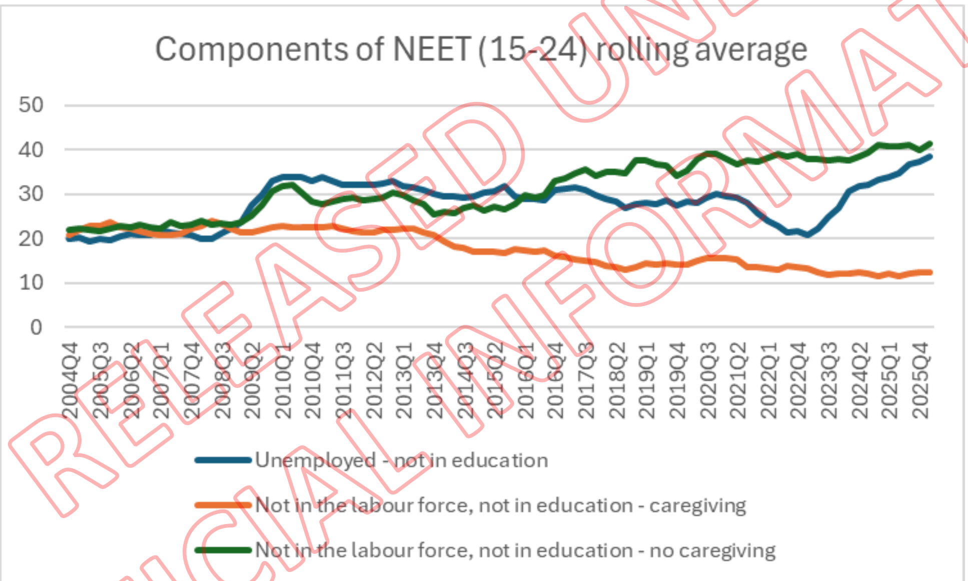
NEET RATES HAVE BEEN RISING SINCE 2023 AND THIS CONTINUED IN THE MARCH 2026 HLFS

In the March 2026 HLFS, the NEET rate for 15–24-year-olds rose to 14.4 per cent. This is the highest rate since December 2009, when the rate was 15.5 per cent (seasonally adjusted).

While this is only one quarter's result, there has been a general upwards trend in the NEET rate starting in 2023. The March 2026 results do not reflect the impacts of the fuel crisis, so there is a risk of further rises in NEET rates over the year for young people who tend to be more affected by economic downturns (more detail is included in the paper: Summarising the labour market implications of recent fuel price rises [REQ-0032683]).

There are a couple of points of note in the underlying data:

- There appears to be a regional component to the growth of NEET rates, especially in Auckland. Looking at March years, Auckland has seen its NEET rate rise from 11.1 per cent in 2023 to an all-time high of 15.3 per cent in 2026. The rest of the country saw a more modest rise from 11.3 per cent to 12.7 per cent, which is close to pre-COVID levels (not seasonally adjusted).
- Unemployment appears to have been a significant contributor to the increase in NEET rates since it began picking up in 2023. This suggests that the increase in NEET rates is made up of people who want to work and are actively seeking a job, rather than those who have become discouraged and dropped out of the labour force. Despite the driver behind recent increases being in unemployment, there continue to be more young people who are NEET that are not in the labour force.



THERE CAN BE SIGNIFICANT CONSEQUENCES OF BEING NEET LONG-TERM

While many young people experience short-term periods of NEET as they shift quickly between jobs, or between work and study to pursue new opportunities, if a young person is looking and unable to find stable employment over a long period of time, there can be significant long-term consequences. These young people may experience very high levels of limited employment, characterised by:

- long or frequent periods of benefit dependency, unemployment, or under- employment
- being trapped in low wage, low skill, or insecure work and/or
- continual enrolment in low-level foundation tertiary education[1].

[1] Preparing all young people for satisfying and rewarding working lives: Long-term Insights Briefing (2023)

THERE IS PORTFOLIO OF ACTIVE LABOUR MARKET PROGRAMMES CURRENTLY AVAILABLE

The Government has a significant portfolio of programmes which support people into employment, education or training. Key interventions span programmes with a preventative focus before young people are working age, programmes with an education and training focus with linkages to employment, and active labour market programmes (ALMPs). Annex One provides a map of the education to employment transition interventions. Annex Two outlines the work underway to support young people, as well as key interventions and relevant government work programmes.

MSD's snapshot of ALMPs for LMMG in April 2025 included 53 ALMPs in the Financial Year 2024 with 430,000 participants[2] who started an ALMP, at a cost of around $1 billion. These programmes range from job creation and financial support to job brokerage, pastoral care, work-related education and training, and information and advice. 81 per cent of the funding was ongoing with the remainder already or due to end before the end of the 2025 calendar year. The funding due to end was mostly work-related education and training programmes.

Of MSD programmes evaluated through the Employment Assistance Catalogue, over 90 per cent are rated as effective or promising. Young people have access to this suite of ALMPs, with some being specifically designed for young people. In addition, there are a range of other interventions that specifically support young people before they are working age or are at risk of limited employment. Note that young people applying for these supports will need to meet each programme's eligibility criteria. Some supports may also either be entirely or partially targeted towards benefit recipients.

FURTHER WORK HAS BEEN UNDERWAY TO IMPROVE OUTCOMES FOR YOUNG PEOPLE

At the July 2025 LMMG meeting, Ministers sought advice on how to better support young people transitioning from education to employment. Labour Market Ministers considered this advice at their October 2025 meeting, which included work on ALMPs, an employability skills initiative for young people aged 12+ and a review of Youth Guarantee [MBIE REQ-0021152, REQ-0020689]. Papers for this LMMG meeting discuss both the employability skills initiative and the Youth Guarantee review.

WE RECOMMEND ASSESSING WHETHER ANY CHANGES TO NEET SUPPORT WOULD BE REQUIRED TO ADDRESS FURTHER NEET RATE INCREASES AND IDENTIFYING POSSIBLE NEAR-TERM INTERVENTIONS

In light of the March 2026 NEET rate being at its highest point since December 2009 and the headwinds from the rising fuel prices, it is prudent to reassess whether any changes may be needed to the system of support for young people who are NEET and whether more is needed. s 9(2)(f)(iv) [redacted]

We note that the next phase of the Youth Guarantee review could include investigating programme design changes to strengthen connections to employment and develop employability skills to support labour market transitions. s 9(2)(f)(iv) [redacted]

[2] Note that if a person participates more than once in a financial year, they will be counted each time (therefore this value is not a count of unique participants)

NEXT STEPS

Officials will provide further analysis of the drivers of the NEET rate increase with historical and international comparisons through the Employment Key Messages on 28 May 2026.

s 9(2)(f)(iv)

[redacted]

ANNEX ONE: MAP OF EDUCATION TO EMPLOYMENT TRANSITION

Annex One: Map of the education to employment transition (as at September 2025)

	Year 9	Year 10	Year 11 / L1	Year 12 / L2	Year 13 / L3			Working age adults				
Age	13	14	15	16	17	18	19	20	21	22	23	24

Careers support is available through a variety of avenues for those in school, in tertiary study, or of working age (eg Tahatū Career Navigator, Inspiring the Future, and Direct Careers Service)

The primary and secondary education system

- The schooling system includes a diverse range of careers services and support for students to transition out of schooling and into work or further study.
- Each year, approximately 60,000 students leave the secondary school system, 84 per cent of whom achieve NCEA Level Two or above.
- The Minister of Education is currently consulting on a proposal to replace NCEA.

Trades and Services Academies

Gateway

- Each year, approximately 55 per cent of school leavers move onto tertiary study
- A further 28 per cent of school leavers go into work.

The tertiary education system

- The tertiary education system includes degree level study, vocational education and training, and foundation education.
- Work is underway to implement the redesign of the Vocational Education and Training system from 1 January 2026.
- The draft Tertiary Education Strategy sets the long-term strategic direction for tertiary education and is currently out for consultation with agencies.

Māori and Pasifika Trades Training

Youth Guarantee Fund / DQ1 and 2 funding

- *Approximately 24,000 school leavers (of 60,000 total) leave at years 11 or 12.*
- *The main activity for between 15 and 17 per cent (~10,000) of all school leavers in the year after they leave school is not being in employment, education or training.*

- *A cohort study in 2015 identified that there were 134,000 young people (16–24) in limited employment. Of those, 26,000 (19 per cent) were in limited employment in every year between the age of 16 to 24.*

Youth Services

Youth Employment Pathways / He Poutama Rangatahi and He Poutama Taitamariki

Prior to the transition from education to employment there is a range of supports in place to improve outcomes. This includes learning support, alternative education pathways, attendance services and youth development programmes.

The main benefit system

- MSD provides employment services that include case management and other interventions to support people to enter employment or become work ready.
- As of April 2026, around 47,200 people aged 18-24 received the Jobseeker Support benefit. Around 1,300 working age young people received the Youth or Youth Parent Payment.

Welfare that Works: community job coaching

Mayors Taskforce for Jobs and CadetMax

Youth Individual Placement and Support (trials)

Limited Service Volunteers

ANNEX TWO: RELATED WORK ON THE LMMG WORK PROGRAMME, MAPPED TO MANDY McGIRR'S EMPLOYABILITY FRAMEWORK

Annex Two: Key existing initiatives and work currently underway to support transitions between and within education, training and employment (data as at Sep 2025)

Schooling System

Careers Information Grant
- Operational funding to support structured career learning for Years 9-13
- Young people (16-19 years)
- Not tracked — monitoring would be resource-intensive and there's no existing system
- $7.105 million (2025)
- No information available on effectiveness.

Tahatū Career Navigator
- The New Careers Planning website connecting 100 school subjects, 4,000 qualification and 800 career ideas.
- Young people (13-19 years), expanding to all NZers
- 102,000 current users (May 1-Sep 11)
- Recently launched into secondary schools.

Inspiring the Future
- Young people hear from volunteer role models in their communities, learn about different jobs, career pathways and challenges they faced.
- Primary school and young people (13-19 years).
- 12,000 plus students annually, 1,200 role models from across business and industry.
- The only free role model event open to all students aimed at broadening horizons and challenging stereotypes.

Rangatahi Futures
- An updated quality career resources for use in schools and community based in te ao Māori and the Māori economy.
- Rangatahi Māori in secondary school and community, but relevant to all students.
- Refresh and piloting underway.
- Ensures culturally relevant career resources, aligned with Tahatū, to target disengagement with traditional career tools and improve outcomes.

Reducing persistent disadvantage
- Focus on younger cohort transitioning into secondary school (12+) with complex needs.
- s 9(2)(f)(iv) [redacted]

Changes to senior secondary qualifications
- School age population, includes vocational education in schools.
- Decisions announced May 2026.

s 9(2)(f)(iv) [redacted]

National Career System Strategy
- School age population supporting pathways.
- Progress ongoing.

Secondary-Tertiary Education

Trades Academies
- Equips young people with the relevant vocational skills for work
- Young People (usually in Year 12)
- Typically between 10,500-11,500 enrolments. Approximately 400 schools from around the country participate across the 24 programmes.
- $139.6 million allocated in 2024/25.
- Recent review show positive impact on school achievement and post school pathways.

Gateway
- Funding enables secondary schools to give senior students access to structured workplace learning integrated with school-based learning.
- Young people (16-19 years).
- 15,455 students took part in workplace learning in 380 schools in 2024.
- $23.3 million allocated in 2024/25.
- Recent review show positive impact on school achievement and post school pathways.

Tertiary Education
(key teaching & learning funds)

Māori and Pasifika Trades Training
- Fees-free pre-trades training to progress to relevant trades or trades-related employment or further training (including apprenticeships).
- Young people and adults (16-40 years).
- 2,788 places (2023/24).
- Approx $10 million allocated in 2024.
- 2017 evaluation found MPTT achieves good outcomes, and is seen as a positive initiative with strong sector support.

Youth Guarantee Fund
- Fees-free foundation-level tertiary study.
- Young people (16-24 years) with low or no prior quals.
- Approximately 8,250 people (2024).
- $95.2 million allocated in 2024.
- Has a significant positive impact on learners during their engagement in the programme, but limited long-term effectiveness.

Apprenticeship Boost Initiative
- MSD-administered payment to employers to help them keep and take on new apprentices.
- Young people and adult apprentices.
- 27,879 apprentices went through the ABI validation between May 2024 and May 2025.

Broader investment in tertiary education
- Approximately $3.229 billion in funding for tertiary tuition and training subsidies – this includes foundation education and equity funding
- Approximately $322 million of the total $3.229 billion is funding for adult and community education, literacy, numeracy and English language provision, and other foundation education programmes

VET Redesign
- Not age/population specific, although supports post-secondary school pathways
- Implementation underway

KEY: Work is currently underway on initiatives with a red border.

Main Benefit System

He Poutama Rangatahi
- A work-readiness and skills initiative for young people who are hard to reach and most at risk of long-term unemployment.
- NEETs.
- 2,354 participant starts in 2023/24. $36 million in FY24.
- Rated as Effective.

He Poutama Taitamariki
- A wrap-around case management service for all young people (15 to 24) receiving a main benefit.
- NEETs in Northland.
- 2,182 in 2023/24. $2.9 million in FY24.
- Not yet rated.

Welfare that Works: Community coaching
- Delivers tailored support to young people who have been on the Jobseeker Benefit for 3 months or longer, by addressing their barriers to employment.
- 18-24 year olds who have been on the Jobseeker benefit for more than 3 months.
- Up to 7,500 participants. $9.45 million allocated.
- Not yet rated.

s 9(2)(f)(iv) [redacted]

Active Labour Market Programmes
There are 80+ active labour market programmes totalling approx. $900 million per year across government that support people on benefit to prepare for, get and keep a job. While some are specifically targeted to youth, most are age-agnostic and support a range of ages and needs. Of MSD programmes evaluated through the Employment Assistance Catalogue, over 90 per cent are rated as effective or promising.

Review of work-related training ALMPs
- Not age/population specific (focus on benefit population).
- Advice considered October 2025.