



12 August 2025

Tēnā koe

Official Information Act request

Thank you for your request of 15 July 2025, requesting a copy of the report *MSD (2009) Active Labour Market programmes for At-Risk Youth: What Works?* and the expenditure and participants data by financial year and employment programme.

I have considered your request under the Official Information Act 1982 (the Act).

Please find attached *MSD (2009) Active Labour Market programmes for At-Risk Youth: What Works?*

Please see **Appendix One** for the expenditure and participants data by financial year and employment programme from the report found here: www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/effectiveness-employment-assistance/effectiveness-of-msd-employment-assistance-2023-2024.html

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

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ACTIVE LABOUR MARKET PROGRAMMES FOR AT-RISK YOUTH: WHAT WORKS?

Summary

- 1 This note summarises the international and national evidence on approaches to improving the labour market outcomes of at-risk youth.

Target group

- 2 The current economic recession is having a significant impact on youth unemployment. For many young people, unemployment will have little or no lasting effect on their transition into the work force. Those most at risk of poor longer-term outcomes have low or no qualifications, left school early, received benefit early (aged 16 or 17), have been (or are) a teenage parent and have experienced poverty and adversity in childhood.

What works

- 3 Overall, most programmes and approaches targeted to at-risk youth achieve poor results in terms of increased levels of employment and earnings. Table 1 summarises the national and international evidence for a range of approaches and programmes. The types of programmes and approaches that look most promising are:
 - structured, compulsory (and relatively inexpensive) job search assistance early in a spell of unemployment to ensure that those who can get work do so early to and manage demand for more intensive services
 - time limited hiring subsidies with an on-the-job training component that are tightly targeted to youth most at risk of long-term unemployment¹
 - work experience in private sector jobs (community and conservation-based work experience is not effective)
 - training with a strong vocational component that is matched to real opportunities in the labour market or vocational pathways
 - residential vocational training for older at-risk youth (20-24).
- 4 Approaches that are effective at preventing at-risk youth from entering long-term unemployment often involve:
 - early and sustained actions targeting youth who are genuinely at-risk
 - a phased combination or 'package' of assistance tailored to meet individual development needs of young people rather than just a quick exit to the labour market
 - distinguishing between teenagers (focus on remaining in education) and young adults (focus on acquiring work experience)
 - addressing the needs and conditions of the local labour market
 - strong "ownership" and engagement amongst those involved (high quality relationships and common expectations between participants, providers, local communities and employers).

¹ Note that hiring subsidies do not directly add jobs to the economy; rather they encourage an employer to hire one type of job seeker over another.

Table 1: Evidence on employment programmes for at-risk youth

Programme/policy type		Mechanism	New Zealand evidence	International evidence
Active case-management		Enforcing obligations to look for work increases job search effort and chance of entering employment	No information specific to youth, but results for the general population similar to international evidence	Effective for less disadvantaged youth of working-age. Good way to manage demand for intensive services
Job search assistance		Improving job search strategies, CV quality and interview performance	Effectiveness for at-risk youth unknown.	Cost-effective when used as part of active case-management approach
Subsidised employment	Hiring subsidy	Incentive for employers to hire young workers ²	Effective for youth. Likely to be effective for at-risk youth.	Effective for youth. Likely to be effective for at-risk youth.
	Work experience	Incentive for sponsors to offer time-limited work experience to young workers	Ineffective for youth (mostly used for community and conservation projects). Impact on at-risk groups unknown.	Effective for general population when used in private sector jobs. Less effective when used to support work in voluntary and conservation sector. Not effective for youth.
	Direct job creation (including Work-for-the-Dole)	Creation of a job in private or non-profit sector organisations	Ineffective for youth and general population	Mostly ineffective for general population. Unlikely to work for at-risk youth
Training	Basic training	Training in foundation skills (literacy, numeracy, work habits)	Ineffective for youth. Impact of some programmes unknown.	Very little information on effectiveness for at-risk youth
	Long-term vocational training	Training designed to meet skill needs in specific industries. May be residential.	Effectiveness for youth and at-risk youth unknown	Some evidence of effectiveness for at-risk youth, including reduced criminal activity.
	Short-term training for vacancies	Short-term training to meet specific skill needs of a job	Effective for general population. Likely to be effective for youth, but not at-risk youth.	Effective for general population.
Work confidence		Increase self-confidence to participate in further training and employment. Often residential.	Ineffective for youth. Impact on at-risk youth unknown.	Positive impact on confidence and time spent in further education and training. no impact on employment outcomes.

² Note that hiring subsidies do not directly add jobs to the economy; rather they encourage an employer to hire one type of job seeker over another.

Background

Active labour market programmes for youth

- 5 Active Labour Market Programmes in New Zealand are primarily administered by the Ministry of Social Development through Work and Income. Work and Income delivers job search, case management and work placement services directly to job seekers through a workforce of case managers and work brokers. Other specialist services such as training are provided under contract by profit and not-for-profit providers in the community.
- 6 The Ministry of Youth Development also funds a range of youth development programmes (eg, New Zealand Conservation Corps, Youth Service Corps) that have employment as one of the outcomes sought for young people.

At-risk youth

- 7 A range of interrelated factors can contribute to some youth being at risk of long-term unemployment and poor labour market outcomes, including:
 - low or no formal qualifications
 - benefit receipt at very young ages
 - being a young parent
 - poverty and adversity in childhood.
- 8 Maori and Pacific Island youth are more likely to have characteristics associated with disadvantage in the labour market, and are over represented among at-risk youth.

Approaches to increasing labour market engagement

- 9 Because many young people experience spells of unemployment during their transition into the workforce, youth unemployment is higher than general unemployment. Young people in New Zealand tend to experience many short-lived spells in and out of work during their transition to the full-time labour force as they search for a vocational path that reflects their skills and aspirations. A small group (less than 5%) of youth aged 15 to 24 are at risk of long-term inactivity (OECD, 2008).³
- 10 Short spells of unemployment in youth are unlikely to have lasting effects on labour force participation or future earnings potential. However, long spells of unemployment are associated with prolonged lifetime benefit dependency, lower labour force participation and lower earnings. Rather than preventing youth from entering unemployment, the focus of government policy should be weighted towards preventing the transition from short-term to long-term unemployment.
- 11 Labour market programmes target youth aged 16 to 24. Within this broad group, three subgroups can be distinguished: young teenagers (16 and 17), older teenagers (18 and 19) and young adults (20 to 24). The different needs and expectations of these

³ Inactivity is defined by the OECD as 'not in education, employment or training'.

groups mean that different strategies to promote labour force attachment are required (Table 2).

- 12 Employment programmes that are targeted to youth aged under 20 are often designed to meet a range of developmental needs (such as increased confidence and basic skills training) and rarely have employment as the sole objective. Examples of these programmes include Youth Training, Outward Bound and Limited Service Volunteers.

Table 2: Strategies for strengthening labour force attachment among at-risk youth

Group	Outcomes sought	Strategy
Young teenagers (16 and 17)	Return to mainstream education, or attachment to vocational pathway	Incentivise and overcome barriers to participation in learning. Promote part-time work.
Older teenagers (18 and 19)	Participation in tertiary education, or transition into job with a future	Assistance to access further education and employment opportunities
Young adults (20 to 24)	Established in workforce in job with a future	Assistance to access jobs with a future and on-the-job training

Effectiveness

- 13 Both the New Zealand and the international evidence on employment programmes for at-risk youth suggest that programmes are hard to get right, with many proving to be ineffective. Even where programmes are successful, the impacts on employment outcomes tend to be modest (OECD, 2008).
- 14 All the studies included in this report have been assessed for quality and rigour. Only studies employing quasi-experimental or experimental evaluation designs that control for various forms of bias are included.
- 15 Some programmes improve participants' 'soft-skills' such as confidence, personal organisation, and team-working skills without actually improving their labour market outcomes. Even so, such programmes may still have merit as 'soft-skills' can improve outcomes in other areas of peoples' lives. These programmes should be low-cost and tightly targeted to groups who are unlikely to achieve employment.

Active case management and job search assistance

Effective: reduce time youth are on benefit, primarily through compliance effects.

Works for: youth not at risk of long term benefit receipt.

- 16 An area where there is consensus in the literature is the role of active case management and job search assistance in promoting employment among youth of working age. Active case management means ensuring young people are actively looking for work, and aware of their obligations to look for and take up suitable employment and the consequences for not doing so. Research shows that activation policies and programmes are particularly effective for young people in receipt of work-tested benefits (Dahlberg et al., 2009; OECD, 2001, 2005).

- 17 An effective way to implement active case management is to require job seekers to participate in a structured series of activities as a condition of receiving benefit. The New Deal for Young People was one such initiative implemented in the UK in the late 1990s. It reduced receipt of work-tested benefits by 12 percent over a four year period (Beale et al., 2008). Under the New Deal for Young People, youth reaching six months duration on benefit were required to engage in an intensive period of supervised job search, followed by participation in one of a range of employment programmes if they failed to find work.
- 18 The evaluation of New Deal for Young People found that it did not benefit disadvantaged or younger youth as much as other groups. In particular, after adjusting for other factors likely to impact on outcome, youth with low qualifications were less likely to have a positive outcome than those with higher than level 4 (UK) qualifications (Beale et al., 2008). Even though at-risk groups tend to benefit less, a structured approach to active case management is still valuable as a mechanism for managing demand for services by ensuring that those who are most likely to gain employment do so early and with a minimum use of resources.
- 19 An over-emphasis on work at the expense of skill development can be detrimental for disadvantaged youth who get trapped in low-wage employment (Holzer, 2008). However, given the poor track-record of pre-employment training programmes at increasing employment among at-risk youth, support to access training while in work may be best.

Hiring subsidises

Effective: increase off-benefit outcomes of participants, but need to be well targeted and monitored.

Works for: youth who employers are unwilling to hire without the subsidy (eg, long-term unemployed, those with low qualifications).

- 20 Hiring subsidies are another mechanism that the evidence agrees does increase employment among youth (Beale et al., 2008; OECD, 2008). It is unknown whether hiring subsidies are effective for at-risk youth but there is some reason to believe that they are: Gerfin et al. (2005) find that hiring subsidies are effective for the long-term unemployed with low qualifications.
- 21 Hiring subsidies must be used selectively to reduce the risk of deadweight loss and capture by employers. Used in this way, hiring subsidies do not add jobs directly to the economy. Rather they encourage an employer to take on a disadvantaged job seeker, at the expense of a more advantaged job seeker. The overall gain to society is assumed to be positive as the more advantaged job seeker is more likely to gain employment elsewhere. Subsidies are most effective when:
 - tightly targeted to disadvantaged groups
 - they are time limited
 - they are small scale
 - use by employers is monitored to ensure they are not being used purely as a means of lowering wage costs

- used in conjunction with on-the-job training to bring workers' skills up to at least entry-level.
- 22 An early study on hiring subsidies in New Zealand suggest they do increase employment among youth, although the impacts are not as large as for older job seekers (De Boer, 2007). It is not known whether the benefits of these impacts are offset by substitution (other job seekers missing out on vacancies) or whether New Zealand hiring subsidies work as well for at-risk youth.

Subsidised work experience

Mixed: programmes like Taskforce Green improve participants' off-benefit outcomes, however youth focused programmes have been less successful.

Works for: general population. Not effective for youth. Effectiveness for at-risk youth unknown.

- 23 Subsidised work experience in private sector jobs performs best (Gerfin et al., 2005). However, the evidence on whether these types of work experience programmes impact positively on long-term outcomes for youth is mixed.
- 24 Subsidised work experience programmes for disadvantaged youth in the United States showed strong positive impacts on a range of employment and behavioural outcomes for the duration of the programme (Holzer, 2008).⁴ For those who are school-aged, paid work experience can also be used to encourage participation in training or education. Publicly funded paid work experience conditional on participation in education led to increases in attendance at school and training (Holzer, 2008).
- 25 Subsidised work in the conservation and community sectors under the UK's New Deal for Young People were among the worst performing programmes.⁵ A large proportion (23%) of participants in these work experience programmes rated the experience as not at all useful (Hasluck & Green, 2007).
- 26 In New Zealand, subsidised work experience is available to youth through Taskforce Green and New Zealand Conservation Corps. Evaluation of these programmes suggests that they are not effective at increasing the time youth spend independent of Work and Income assistance (De Boer, 2007). The evidence also suggests that these programmes may not be targeted at the most disadvantaged groups who are more likely to benefit.

Work for the Dole

Ineffective: with the exception of Australia, these programmes have not improved participants' outcomes and, because of lock-in effects, participants often spend longer on benefit.

⁴ Further evaluation on longer-term outcomes is needed to confirm the effectiveness of these approaches.

⁵ The authors of the evaluation report state that the programme's impact may have been slightly underestimated due to problems matching participants with a suitable control group of non-participants. Also, there was some difficulty scaling the programme up to cope with the rapid increase in demand which is likely to have affected programme performance.

- 27 International and national evidence consistently shows that Work-for-the-Dole type programmes do not increase the chances that participants will enter employment (Betcherman et al., 2004; OECD, 2001). One evaluation of Work-for-the-Dole schemes in Australia found positive impacts (DEWR, 2006, SMS 4), while another independent evaluation did not (Borland & Tseng, 2004, SMS 4).

Training

- 28 The track-record for training programmes is particularly mixed. Intuitively, training and education seem like a sensible option for at-risk youth who lack skills. However, many initiatives involving training are found to have no impact on young peoples' employment outcomes, even over the long-term. There are exceptions where training has been effective suggesting that poor results may be due poor implementation. In general, training programmes in New Zealand, particularly class-room based programmes, have not increased employment outcomes for youth (De Boer, 2007).
- 29 Key features of successful training programmes for disadvantaged youth include (Higgins 2003):
- strong vocational training component that is meaningful to participants future employment aspirations
 - participants gain recognised qualifications valued by employers
 - training delivered by providers with strong links to the local labour market
 - part-time, allowing participants time to continue supervised job search
 - proactive delivery of support services pre and post participation (eg, career advice and job search assistance).

Basic training

Mostly ineffective: no information on basic training for at-risk youth. Some evidence that training can improve skills, but no evidence linking this to improved labour market outcomes.

- 30 Basic training covers a range of foundational skills, such as literacy and numeracy. There is a strong correlation between low levels of basic skills in literacy, numeracy and problem solving and poor labour market outcomes (Satherley *et al.*, 2009). Low levels of basic skills may also act as a barrier to participants taking up and succeeding in other forms of training and education.
- 31 There is very limited information on the effectiveness of basic training for youth. There is some evidence that basic training can raise the literacy and numeracy levels of adults (Torgerson et al., 2004) but very little evidence that such training leads to improved labour market outcomes (Johnston, 2004). Delivering cost-effective programmes to assist low-skilled people succeed in the labour market remains a significant challenge.
- 32 Experts acknowledge that it can take a significant amount of time to overcome large gaps in basic foundation skills such as literacy and numeracy (Sutton, 2009). However, the educational and employment objectives of training programmes often conflict,

leading providers to place participants into work before they have gained the skills they need, or holding participants back from jobs so that they can finish training. One way to overcome this inherent tension would be to allow participants to continue basic skills training while in work.

Long-term vocational training

Effective: most training programmes with substantial vocational components show modest improvements in employment outcomes.

Works for: at-risk youth with low qualifications

- 33 The main residential vocational training programme in the United States for Youth (Job Corps) was found to have modest impacts on employment and earnings levels, but these were not sustained beyond four years except for older youth aged 20 to 24 (Schochet et al., 2008). The programmes did significantly reduce criminal activity (measured by arrest and incarceration rates).
- 34 The full-time training and education option under the New Deal for Young People was the most effective option for at-risk youth (Bonjour et al, 2001). It was also the second most effective programme for youth in general, after subsidised employment in the private sector. The analysis did not look at whether the impacts varied by age-group (teenagers versus young adults).

Short-term training for vacancies

Effective: participants are more likely to be off-benefit.

Works for: work ready job seekers who require only short term training to meet job requirements. Impact for youth and at-risk youth unknown.

- 35 A relatively recent innovation in training programmes for unemployed people is short-term training designed to equip participants with the skills they need to take up current vacancies in the labour market. The international and national experience with these programmes is that they do increase the time participants spend in work (de Boer & Soughtton, 2008; Maguire et al., 2009).
- 36 The approach requires that providers and employers work together to ensure that the training delivered is relevant and timely. Due to the short duration of this training it is often only suitable for people who have good basic skills who can learn quickly.

Residential Youth Development Programmes

Ineffective: no evidence that programmes lead directly to increased employment but may help at-risk youth prepare for further training, particularly if combined with therapeutic components

Works for: shows promise for at-risk youth

- 37 Residential programmes often aim to address wider youth development issues such as low self-esteem and behavioural problems by giving young people time away from negative social and domestic settings and making use of youth mentoring approaches. The residential nature of these programmes often makes them relatively expensive.
- 38 Military-style residential programmes that focus purely on discipline and physical activity do not increase participants' employment outcomes. However, programmes that combine military-style approaches with therapeutic components, such as cognitive behavioural therapy, show more promise (Wilson & MacKenzie 2006, cited by Armelius & Andreassen, 2007; Wilson & MacKenzie 2006, cited by NCCPP, 2007).
- 39 Outdoor, adventure-based confidence programmes have large impacts on participants' motivation and self-confidence, leading in to increased time spent in further education and training in some instances (de Boer & Soughtton, 2008; Maguire et al., 2009). However, impacts are greatest for older youth and tend to fade overtime (Rickinson et al., 2004). To capitalize on the gains made, participation in confidence programmes should be closely followed by participation in programmes with a more direct link with employment.

Self-employment assistance

Unlikely to be effective: self-employment assistance is effective overall, but the consensus is that it is most suitable for older job seekers.

Works for: older (over 30), better educated men.

- 40 There is no information on whether self-employment assistance for people aged under 25 works (Hasluck & Green, 2007). However, most evidence suggests that it is only suitable for older job seekers who have the skills and experience to run a business successfully (Betcherman et al., 2004; OECD, 2001).

Cost-effectiveness (Return on investment)

- 41 To-date, there is very limited information on the cost-effectiveness of employment programmes for at-risk youth (Card et al., 2009). Given the limited success of many approaches at increasing employment and earnings among at-risk youth, cost-effectiveness is likely to be low (the cost-per-impact is high).
 - Residential vocational training programmes in the United States (Job Corps) showed a positive return on investment for older youth (aged 20 to 24) over a five year period (Schochet *et al.*, 2006).
 - Early participation in compulsory supervised job search is considered to be a cost-effective way of reducing benefit use by less disadvantaged youth, reserving more intensive services for youth with greater needs (Beale et al., 2008; OECD, 2005).

Best Practice- Key elements of effective approaches

- 42 Because there is very little information on cost-effective approaches to increasing employment among at-risk youth, drawing out lessons for best practice is challenging.

Drawing on the cost-effectiveness information we do have and lessons from the most effective approaches, the most successful programmes involve:

- early and sustained actions targeting youth who are genuinely at-risk
- a phased combination or 'package' of assistance of tailored assistance to meet individual development needs of young people
- distinguishing between teenagers (focus on remaining in education) and young adults (focus on acquiring work experience)
- addressing the needs and conditions of the local labour market
- strong "ownership" and engagement amongst those involved (high quality relationships and common expectations between participants, providers, local communities and employers) (Higgins, 2003; OECD, 2008).

Significant information gaps

- 43 There is a lack of information on the difference programmes make for sub-groups (eg youth compared with older participants, at-risk youth compared with those with few or no risk factors).
- 44 There have been no robust studies that look at the impact of employment programmes on Maori and Pacific at-risk youth.
- 45 Very few studies have attempted to identify the cost-effectiveness, or return on investment, of approaches to increasing employment among at-risk youth.
- 46 Because young people aged under 18 are often expected to remain in or return to education there is very little evidence on approaches to increasing employment among under 18 year olds who have already left school.

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