

What young graduates earn when they leave study

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This report looks at the outcomes for young people who complete a qualification in the New Zealand tertiary education system. It looks at differences in incomes for different types of qualifications

People take tertiary education for many reasons and they use a range of information sources to help them make these choices. The information in this report is designed to add to the data available to people facing those decisions.

Studying the earnings of graduates is also one way of looking at the contribution that the tertiary education system is making to New Zealand's society and economy. So in turn this report contributes to an understanding of the value New Zealand receives for the investment made in tertiary education.

Key findings

Earnings increase with the level of qualification completed

The biggest jump in earnings is between those with qualifications below degree level and those with degrees.

Earnings remain consistently higher for those with higher qualifications

Those with higher qualifications consistently earn more for the first seven years post study, with no sign of these benefits decreasing.

Employment rates increase with level of qualification gained

For example, in the first year after study, 54 per cent of young bachelors graduates who stayed in New Zealand were in employment and 40 per cent were in further study. Of young people who had completed a level 1-3 certificate and stayed in New Zealand, 35 per cent were in employment and 48 per cent were taking more study.

Very few young people who complete a qualification at diploma level or above are on a benefit in the first seven years after study

For those who stay in New Zealand, the benefit rate is 6 per cent for diploma graduates and 2 per cent at bachelors level in each of the first seven years after study. But it is around 14 per cent for those who graduated with certificates at levels 1-3.

Earnings vary considerably by field of study

Young graduates with bachelors degrees in medicine earn the most of all bachelors graduates. The median income for medical graduates is over \$110,300 five years after leaving study,

compared to \$51,600 for all young bachelors graduates. Bachelors degree graduates in creative arts have the lowest earnings among young bachelors graduates after five years and they have relatively high rates of benefit receipt.

Some qualification types and some fields are associated with high rates of further study

Around half of all young people who complete a certificate or level 5-7 diploma move into further study the next year. Around 60 per cent of young bachelors graduates in natural and physical sciences who stay in New Zealand were in further study one year after completion of a bachelors degree, and 32 per cent after five years.

Those who complete graduate certificates and diplomas have very high employment rates

Employment rates are around 80 per cent or just below in the first three years after study for those who have completed a graduate certificate or diploma and who remain in New Zealand. Many of these graduates have completed this qualification as a way of improving their employment prospects or are studying while in employment.

The effect of the recession on the earnings of young graduates is still apparent

Although the country as a whole has pulled out of recession, the effects on young people have lingered with graduate earnings continuing to drop in real terms compared to those reported in the authors' previous study, *Moving on up*, for most years after study and at almost all qualification levels. However, there are indications that the rate of decrease in earnings may have been slowing down for recent graduates by the end of the 2012 tax year.

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