



**MANAWATŪ REGION
EDUCATION SECTOR
EXECUTIVE SUMMARY**

June 2020



Overview

This purpose of these economic sector profiles for the Manawātū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, tourism, logistics, public administration (including defence), professional, scientific and technical service, construction and manufacturing.

The education and defence sectors are not likely to grow as fast as the key growth sectors, but they remain important sectors for the region economy. They play an important role in attracting businesses, families and young people to the region. The education and defence sectors are also relatively independent of national economic cycles, and operate in a counter cyclical role.

Education has long been recognised for its role in determining life opportunities and as being critical to New Zealand’s economic prosperity. New Zealand’s prospects in the global economy depend on its ability to adjust our education system to support economic growth. This means ensuring that the New Zealand workforce is equipped with the skills needed to be productive in an economy that will increasingly place a premium on skills.

The education system’s research capability and international links can make a significant contribution to economic growth opportunities. The economic benefits that the education sector provides for the Manawātū region are, therefore, much broader than the number of staff employed in the sector or the spending by tertiary students who move to the region for their studies.

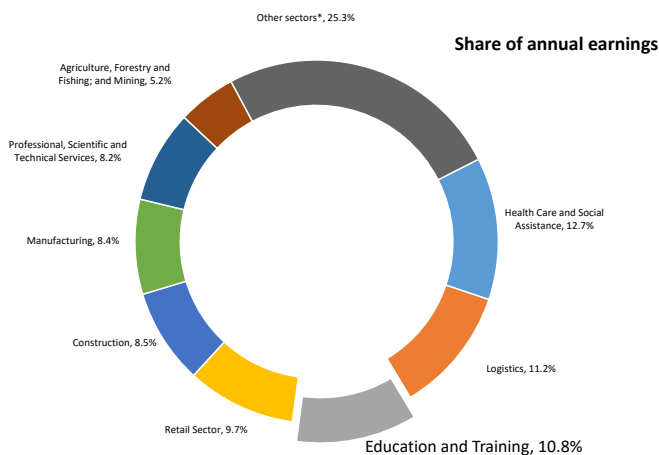
In recent years, there have been significant improvements in educational outcomes. More children participate in early childhood education and a lower proportion of students leave school with low or no qualifications. Participation in both tertiary education and industry training has grown and the research output of tertiary institutions has improved.

The direct contribution of the education sector to the Manawātū region economy is significant, accounting for \$374 million in earnings (salaries and wages and self-employment income) in the year to March 2018. This means it is the fourth largest sector in the region, accounting for 10.8% of total earnings. While the sector has not grown as fast as the overall regional economy over the period from 2000 to 2018, it still accounted for nearly 8% of total earnings growth over this period (an increase of \$149 million).

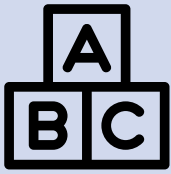
Education is also the fourth largest sector for the number of employees. The sector had 6,820 employees in February 2019, accounting for 11.3% of jobs in the region. There was an increase of 1,240 employees between 2000 and 2019, an increase of 22%. The number of jobs in the sector is expected to increase to 8,280 by 2033, an increase of 1,500 jobs (a 22% increase).

Infometrics estimates for the contribution of the sector to regional economic activity or gross domestic product (GDP) suggest it had a direct economic contribution of \$396 million in the year ended March 2019. This estimate doesn’t include the impact of tertiary student spending in the region, which is estimated to have contributed a further \$96 to \$105 million to GDP in the region in 2019. This suggests the education sector has a total economic impact of \$492 to \$501 million.

There were 279 businesses/organisations operating in the sector in February 2019, a 2.4% share of total businesses/organisations in the region. This share is much lower than the sector’s share of jobs and earnings because employment is concentrated in large organisations.



* Other sectors includes: Public administration and safety services; Electricity, gas, water and waste services; Information media and telecommunications; Financial and insurance services; Rental, hiring and real estate services; Administrative and support services; Arts and recreation services; Other services

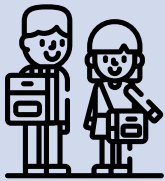


Early childhood education

In February 2019 there were 775 people employed in early childhood education (ECE) in the Manawatū region, an increase of 210% since 2000. A further 470 people were employed in childcare services (classified as part of the health care and social assistance sector) in the Manawatū region, an increase of 81% from February 2000.

Participation rates for early childhood education are high, with 98.6% of year 1 primary school students in Palmerston North in June 2019 having attended an early childhood education service in the six months prior to starting school, while the rate was 97.7% in Manawatū district. The New Zealand average for early childhood education participation was 97.0%.

Data for average weekly hours attended by children in licensed early childhood education services shows lower average hours in Manawatū District (18.1 hours) than in Palmerston North (22.3 hours) but both have experienced strong growth in average hours since 2000. The average hours recorded for Palmerston North is slightly higher than the national average (21.6 hours).



Primary education

In February 2019 there were 1,390 people employed in primary education in the Manawatū region, an increase of 9% since 2000. Employment declined by 8% between 2000 and 2019 in Manawatū District, but increased by 17% in Palmerston North. Total employee numbers for New Zealand increased by 13%. Primary school roll growth in the region has been higher than the national growth rate for the past four years.



Secondary education

In February 2019 there were 1,310 people employed in secondary education in the Manawatū region, an increase of 42% from 2000. The strongest employment growth was in Manawatū District, with an increase of 50% between 2000 and 2019, while Palmerston North increased by 41% and New Zealand secondary school employment increased by 37%.

Secondary school enrolments increased by 10% in the Manawatū Region between 2000 and 2019, while total New Zealand enrolments increased by 17%. One factor contributing to growth in secondary school enrolments was higher retention levels in years 12 and 13 as a result of the increase in unemployment following the global financial crisis.

Palmerston North has experienced strong growth in school leaver numbers, which increased by 22% between 2009 and 2018, an indicator of both the strong school roll growth occurring in the city and strong economic growth. New Zealand school leaver numbers increased by 7% over the same time period.



School leaver educational attainment levels

Secondary school achievement levels in the Manawatū region are better than the national average, with fewer students leaving school without any qualification. The main contributor to the stronger results for the region is stronger achievement levels for Māori and Pasifika students compared with the national averages for these ethnic groups.



Tertiary education

The tertiary education sector encompasses higher education, private tertiary education organisations, industry training organisations, adult and community education (such as night school classes), and dance and drama schools. The major institutions in the higher education sector are Massey University, Universal College of Learning (UCOL), Te Wānanga o Aotearoa and Institute of the Pacific United (IPU).

In February 2019 there were 2,875 people employed in tertiary education in the Manawatū region, a decline of 1% since 2000. The region accounted for 6.5% of national employment in tertiary education in 2019 compared with 8.8% in 2000. Employment in the tertiary education sector is dominated by

dominated by higher education sector employment in Palmerston North, which accounts for 39% of total education sector employment in the region.

There is a significant economic benefit to the region as a result of spending by students based at these institutions. Estimates, based on the 2017 survey by the New Zealand Union of Students Association, suggest that annual student expenditure in the region in 2019 was between \$138 million and \$150 million.

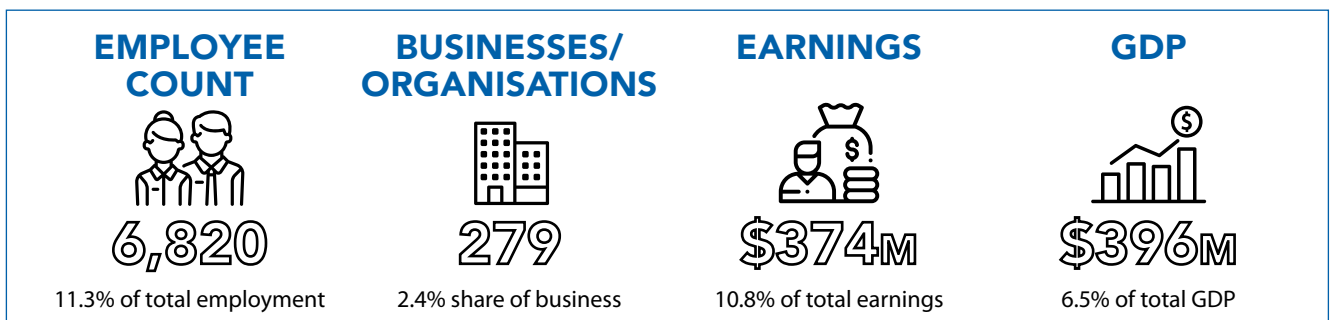
The supply of jobs for students also contributes to economic activity through part-time employment in a wide range of service industries in the City and is an important aspect in meeting labour market demand in a range of industry sectors. Employment is mostly concentrated in retail trade, accommodation, cafes and restaurants, and administrative and support services (including call centres). The availability of a wide range of part-time work in the region is also important for the financial sustainability of students. There are strong linkages between tertiary education and the research, science and technology sector in the City and it is unlikely the region would have significant research activity if the region did not have a university.

Economic benefits

The education sector brings a broad range of economic benefits to the Manawatū region, which are much wider than the amount of economic activity the sector creates. Educational achievement has been shown to have a major influence on income, social mobility, quality of life and other important life outcomes. The availability of a diverse range of tertiary study options is an important factor in attracting migrants to the region.

International students add to the diversity of the region, sustaining a higher level of net migration in the region than would occur otherwise. All of the university cities in New Zealand have more diverse ethnic populations than the cities without a university.

The strength of Massey University research is a key factor in the location in Palmerston North of three Crown Research Institutes (AgResearch Grasslands, Plant and Food Research and Landcare Research), the Fonterra Research Centre, the Riddet Institute, Hopkirk Research Centre, New Zealand Leather and Shoe Research Association, and Food HQ. These research centres bring additional significant employment to the region. Other major employers in the City have also cited the presence of the university in the City as one factor considered when deciding to base their organisation in the City.



Te Kaunihera o Papaioea | Palmerston North City Council
pncc.govt.nz | info@pncc.govt.nz | 06 356 8199
Private Bag 11034, The Square, Palmerston North, 4442



Published by:

Strategy and Planning Unit