MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Quarterly Labour Market Report

February 2020

New Zealand Government

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Ministry of Business, Innovation and Employment (MBIE)

Hikina Whakatutuki - Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

MBIE combines the former Ministries of Economic Development, Science + Innovation, and the Departments of Labour, and Building and Housing.

More information

www.mbie.govt.nz

0800 20 90 20

Information, examples and answers to your questions about the topics covered here can be found on our website www.mbie.govt.nz or by calling us free on 0800 20 90 20.

Disclaimer

This document is a guide only. It should not be used as a substitute for legislation or legal advice. The Ministry of Business, Innovation and Employment is not responsible for the results of any actions taken on the basis of information in this document, or for any errors or omissions.

ISSN 2253-5721

February 2020

Purpose

The Quarterly Labour Market Report presents MBIE's assessment of the overall state of the labour market in the December 2019 quarter, with a deeper focus on some areas of potential concern. It brings together the latest findings from MBIE's labour market monitoring programme, Stats NZ and other key research. The main data source for this report is Stats NZ's Labour Market Statistics release, which includes the Household Labour Force Survey (HLFS), the Quarterly Employment Survey (QES) and the Labour Cost Index (LCI).

The report focuses on three areas:

- The workforce, specifically how key industries differ significantly between regions, and the distribution of wage growth.
- Firms, changes in business confidence, skill matching, the ease of finding labour and training opportunities provided.
- Labour market dynamics. In this section we examine longer-term trends around the characteristics of workers who move between industries.

A *Spotlight* section is also included, which focuses this quarter on women in the labour market.

New Zealand's labour market

- The labour market remained tight in the December 2019 quarter, with a slight drop in the unemployment rate and strong wage growth.
- Salary and wage rates increased 2.6 per cent over the year, the largest annual increase since June 2009. This strong annual wage growth was driven by the April 2019 minimum wage increase and pay settlements for nurses, teachers and police.
- Employment remained fairly flat over the quarter, rising by 1,000 people to a total of 2.65 million employed. Filled jobs rose by 1,700 over the quarter.
- The unemployment rate fell slightly to 4.0 per cent, down from an adjusted 4.1 per cent last quarter.[1] For women, the unemployment rate fell to 4.3 per cent; for men, the unemployment rate remained unchanged at 3.8 per cent.
- The underutilisation rate fell to 10.0 per cent and the underutilisation rate for women fell to 11.8 per cent, the lowest since 2008 (prior to the Global Financial Crisis).
- The NEET (not in Employment, Education or Training) rate rose to 11.6 per cent, up from 10.7 per cent last quarter. This was driven by an increase of 6,000 young NEET males over the quarter.
- Jobseeker Support recipients have risen by 10.0 per cent since December 2018, with 4.9 per cent of the working-age population now receiving Jobseeker Support. This was largely due to a 12.1 per cent increase in Jobseeker Support receivers who were classified as Work Ready.[2]
- Business confidence is improving, but skill shortages remain and labour demand has flattened with online job advertisements falling 2.6 per cent over the year.
- This report is based on December 2019 data, and so the timeframe reported on is prior to the impact of the coronavirus.

[1] The unemployment rate is a seasonally adjusted series. The September 2019 unemployment rate was originally published by Stats NZ as 4.2 per cent, and has since been adjusted to 4.1 per cent.

[2] Ministry of Social Development, Benefit Fact Sheets, December 2019 quarter

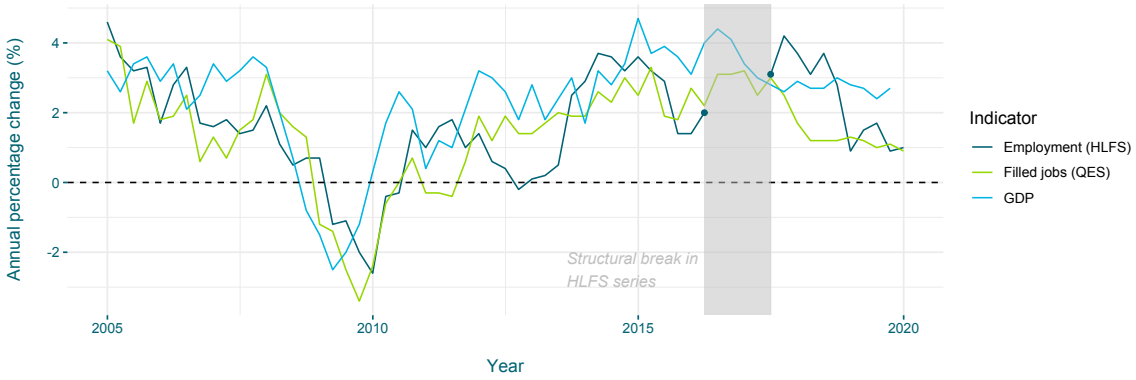
1. How is the workforce faring?

HIGHLIGHTS

- The overall state of the labour market is generally positive, with a fall in the underutilisation rate and strong wage growth.
- The labour market share for key industries differs significantly by region.
- Wage growth has been strong in low-paid industries.

The labour market remained tight in the December 2019 quarter, with slight falls in the unemployment rate to 4.0 per cent and the underutilisation rate to 10.0 per cent, the lowest since 2008.[3] Employment remained fairly flat over the quarter, and annual employment growth is forecast to average 1.4 per cent, or 39,400 more workers each year, over the next ten years.

Figure 1: Indicators of labour demand



Source: Household Labour Force Survey (HLFS), Quarterly Employment Survey (QES), National Accounts (GDP)

Key industries have different shares of the labour market depending on region size

The New Zealand labour market shows a lot of variation between regions depending on the industry composition. By looking at this, we can begin to build up a picture of labour market patterns within New Zealand. This analysis looks at a detailed industry breakdown by average employment share between 2011-2019 for each region.[4]

[3] In the June 2016 quarter, changes were made to the HLFS to better identify self-employed people. This caused a structural break in the employment series.

[4] Quarterly linked employer-employee data (LEED) from Stats NZ. The LEED data used comes from 2011-2018, and 2019 figures have been estimated based on 2017-18 employment growth changes.

Overall in New Zealand, the largest employment share by industry (at the 3-digit ANZSIC level)[5] is held by Cafes, restaurants, & takeaway food services (4.7 per cent), followed by School education (4.0 per cent). The next group of industries employing a large proportion of workers are Hospitals (2.9 per cent), Management & other consulting services and Supermarket & grocery stores (both at 2.5 per cent).

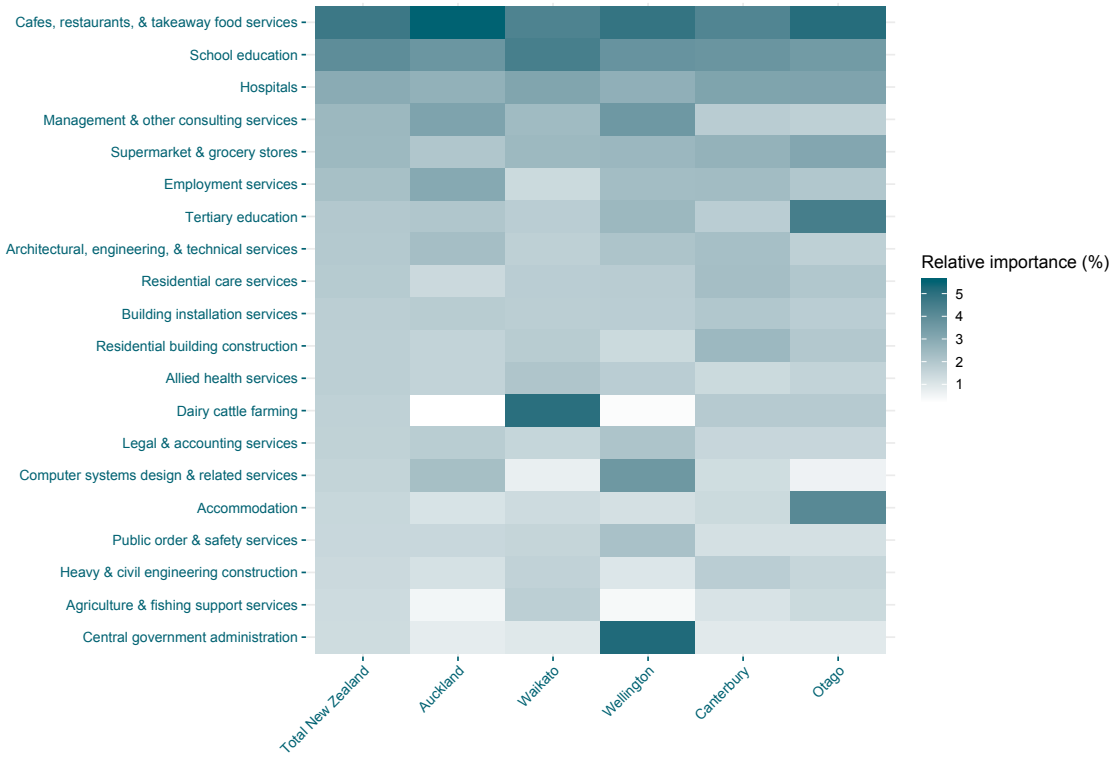
■ LARGER REGIONS – AUCKLAND, WAIKATO, WELLINGTON, CANTERBURY, OTAGO

New Zealand's larger regions with significant urban centres have a few key differences from the national pattern:

- In Waikato, Dairy cattle farming is the largest industry (5.0 per cent compared with 1.7 per cent nationally).
- In Wellington, Central government administration is the largest (5.2 per cent compared with 1.3 per cent nationally).
- In Otago, Tertiary education is the second largest industry (4.5 per cent compared with 2.0 per cent nationally) and Accommodation is the third largest (4.1 per cent compared with 1.5 per cent nationally). This is due to the dominance of the University of Otago as a large employer, and Queenstown-Lakes district as a major tourist destination.
- The share of workers in the Cafes, restaurants, & takeaway food services industry is higher in Auckland (5.5 per cent), Otago (5.1 per cent) and Wellington (4.9 per cent) than New Zealand as a whole (4.7 per cent).
- Computer systems design and related services workforce share is considerably higher in Wellington (3.6 per cent) and Auckland (2.3 per cent) compared to New Zealand (1.6 per cent). Management & other consultancy services also had a higher industry share in Wellington (3.6 per cent) and Auckland (3.2 per cent) than New Zealand (2.5 per cent).

[5] Australian and New Zealand Standard Industrial Classification. At the 3-digit level of ANZSIC there are 214 different industries classified.

Figure 2: Labour market share of employment for key industries in larger regions



Source: Linked Employer-Employee Data (LEED)

■ SMALLER NORTH ISLAND REGIONS

The smaller North Island regions share a lot of similarities, but have greater agricultural foci:

- In all of the smaller North Island regions, School education is a larger employer than the Cafes, restaurants, & takeaway food services sector. The share of workers in Tertiary education is considerably lower than the overall New Zealand average (2.0 per cent) with the exception of Manawatū-Whanganui (3.0 per cent) due the presence of the main campus of Massey University in Palmerston North.
- Dairy cattle farming has the largest industry share of employment in Taranaki (6.1 per cent), and is also important in Northland (3.5 per cent) and Manawatū-Whanganui (2.7 per cent) compared with New Zealand as a whole (1.7 per cent)
- Grain, sheep & beef cattle farming in Gisborne (6.0 per cent compared with 1.3 per cent nationally) and Fruit & tree nut (grapes) growing in Hawkes Bay (6.1 per cent compared with 1.0 per cent nationally) have the largest employment shares in these two smaller North Island regions.

- Agriculture & fishing support services employs a large share of workers in Gisborne (4.4 per cent), Hawkes Bay (4.1 per cent) and Bay of Plenty (3.7 per cent) compared with the national average (1.4 per cent).
- All smaller North Island regions have higher employment in Residential care services (2.2 to 3.0 per cent) than the larger North Island regions (Auckland at 1.4 per cent; and Waikato and Wellington both at 1.8 per cent).

Figure 3: Labour market share of employment for key industries in smaller North Island regions

Source: Linked Employer-Employee Data (LEED)

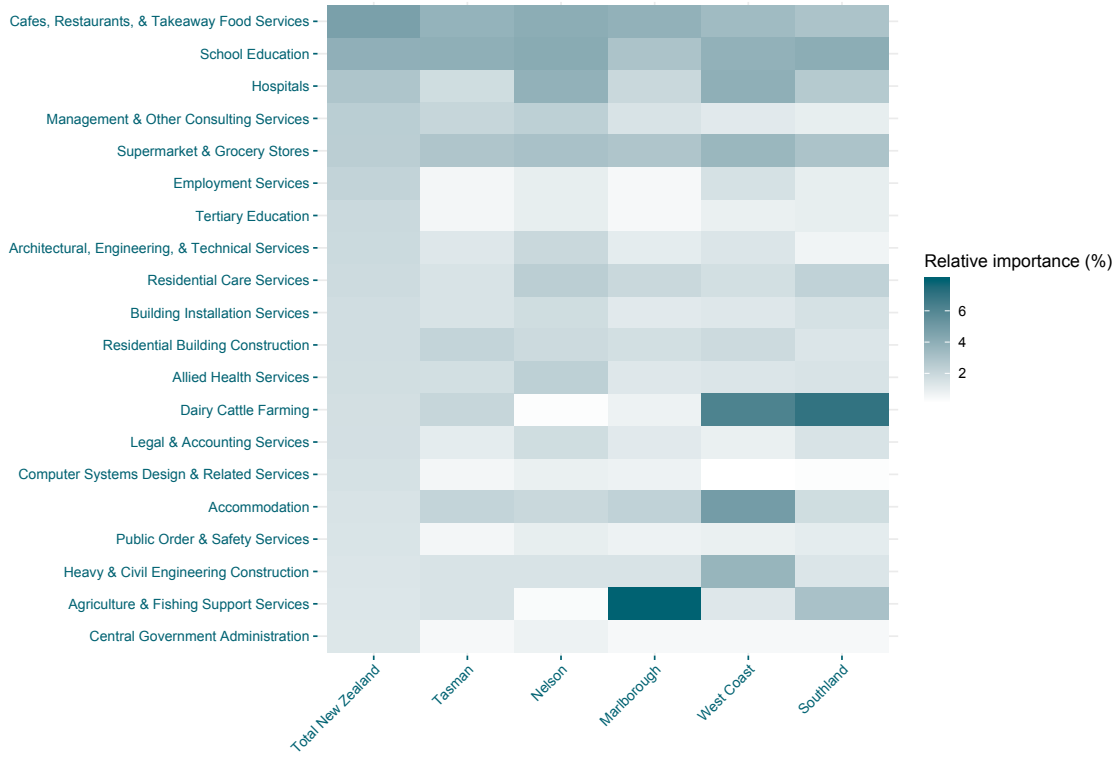
SMALLER SOUTH ISLAND REGIONS

Employment in the smaller South Island regions is also dominated by varying forms of agriculture:

- In all the smaller South Island regions, the share of workers in Tertiary education is considerably lower (0.5 to 1.0 per cent) than the overall New Zealand average (2.0 per cent). In all the smaller South Island regions apart from Marlborough, School education has a larger share than the Cafes, restaurants, & takeaway food services sector.

- Dairy cattle farming has the largest share of employment in Southland (7.0 per cent) and the West Coast (6.2 per cent). These two regions have the highest shares of employment in this industry of any region in New Zealand.
- Agriculture & fishing support services, which cover a wide range of supply chain activities, has the highest employment share in Marlborough (7.9 per cent), and is also important in Southland (3.1 per cent).
- Fruit & tree nut growing has the largest share of employment in Tasman (9.5 per cent, the largest 3-digit ANZSIC industry share anywhere in New Zealand) as it is the largest wine grapes growing region in New Zealand. Other important wine regions are Hawkes Bay (6.1 per cent) and Marlborough (5.8 per cent).

Figure 4: Labour market share of employment for key industries in smaller South Island regions



Source: Linked Employer-Employee Data (LEED)

Wage growth strongest in low-paid industries

Quarterly linked employer-employee data (LEED) provides statistics on filled jobs, job flows, worker flows, mean and median earnings for continuing jobs and new hires, and total earnings.

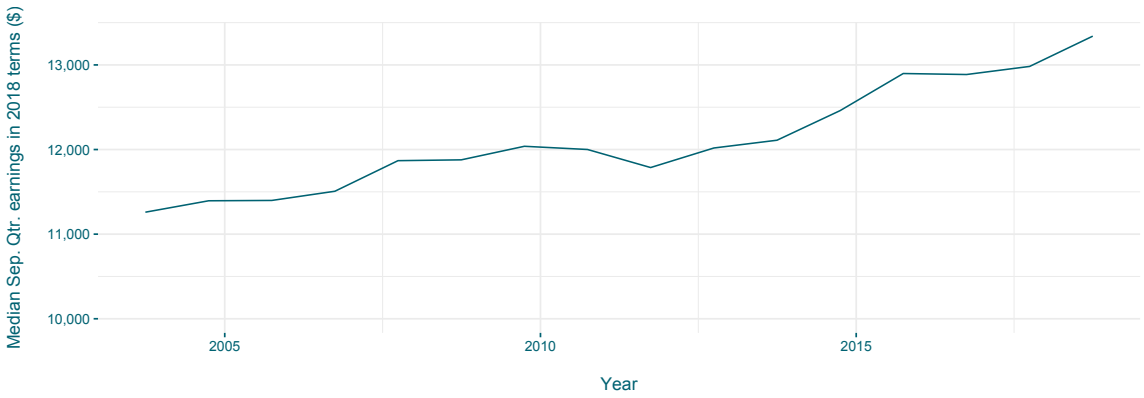
Because of the data matching and quality assessments required, LEED data takes over a year to produce. This means the most up-to-date LEED data available at the time of publication of this report is up to September 2018.

This section investigates earnings, filled job growth and worker turnover based on LEED data. Later in this report, the *3: Labour Market Dynamics* section uses LEED data to look at worker flows between industries.

■ REAL MEDIAN EARNINGS GROWTH WAS STRONGER IN THE SMALLER REGIONS

Quarterly median earnings increased by 2.8 per cent in real terms over the year to $13,340 in September 2018. Auckland, Wellington and Canterbury continue to lead in quarterly median earnings. However smaller regions had higher annual growth, led by Southland (4.7 per cent) and Tasman/Nelson/Marlborough/West Coast (4.1 per cent).

Figure 5: Median quarterly earnings for employees



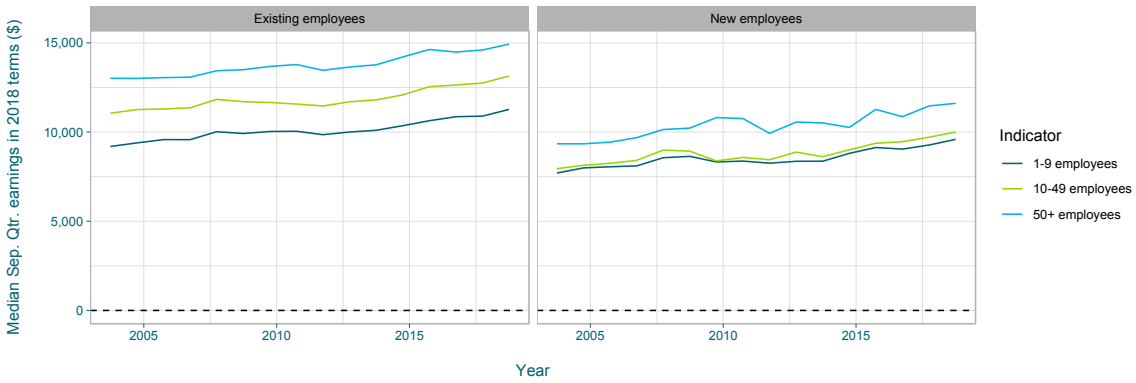
Source: Linked Employer-Employee Data (LEED)

Lower-paid industries had the highest annual growth in real terms, led by Accommodation & food services (5.2 per cent) and Retail trade (4.9 per cent).

Over the year to September 2018, Education & training quarterly earnings increased from $13,680 to $13,840, an increase small enough to mean a decrease of 0.7 per cent once inflation is taken into account, making it the only industry to experience a decrease in real earnings.

Quarterly earnings for employees in larger firms were higher than for employees in smaller firms. The gap in employee earnings between large firms (50 employees or more) and small firms (fewer than 10 employees) remained relatively unchanged at around 70 per cent since 2000. The earnings of new hires are similar in small and medium firms. The earnings of existing employees differ depending on firm size.

Figure 6: Median quarterly earnings for new and existing employees by firm size



Source: Linked Employer-Employee Data (LEED)

The median earnings ratio describes the ratio of median earnings for new hires to the median earnings for continuing jobs. This fell slightly to 78.8 per cent from a historic high of 79.1 per cent in the September 2017 quarter.

The median earnings ratio varies between industries, and is highest for Agriculture, forestry & fishing at 95.7 per cent. This dramatically high quarterly median earning for new hires is likely due to a combination of a wage premium due to the seasonal nature of the work, and potentially longer hours for new hires (hours worked are not collected as part of LEED data).

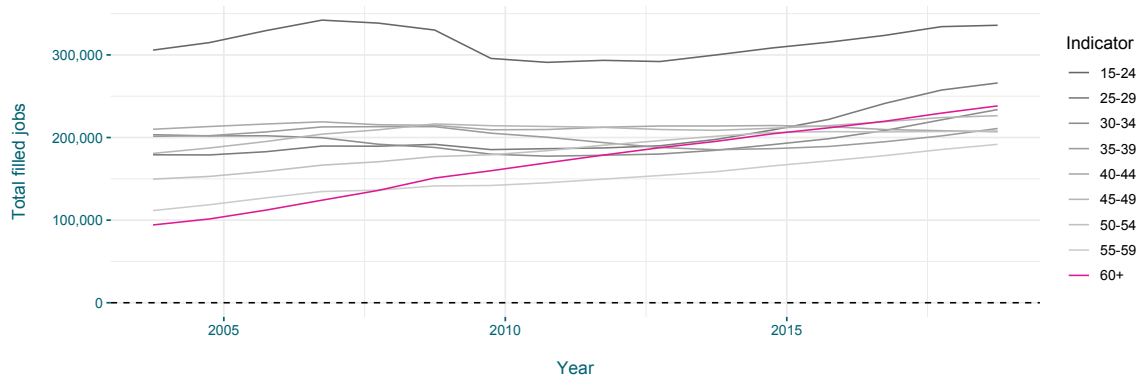
■ TOTAL FILLED JOBS SHOWS STRONG GROWTH, PARTICULARLY FOR OLDER AGE GROUPS

In September 2018, there were 2,118,100 filled jobs,[6] an increase of 2.3 per cent over the year. The number of filled jobs increased in all regions except Wellington, where the number decreased by 1,000. In Wellington this drop in filled jobs was due to decreases in the Professional, scientific, technical services, administrative, & support services (down 1,500), Government, arts and recreation, and other services (down 1,300), and Retail trade (down 1,200) occupations.

The total number of jobs filled by people aged 60 and over increased 3.8 per cent over the year to 238,300, and has quadrupled in the last 20 years, and is shown in figure 7.

[6] The number of filled jobs (from the QES) is different to employment (from the HLFS); filled jobs are a count of jobs not people. The two surveys also have different coverage. The QES is a survey of employers that excludes self-employed people and the agriculture industry, while the HLFS is a survey of households that only includes usually resident New Zealanders, so can exclude some temporary seasonal labourers.

Figure 7: Filled job growth by age group



Source: Linked Employer-Employee Data (LEED)

■ THE WORKER TURNOVER RATE IS HIGHER FOR YOUNGER WORKERS

The worker turnover rate measures the ratio of the average total accessions (new employees who have joined) and separations (employees who have left), to the total number of jobs. The turnover rate was 14.7 per cent in the September 2018 quarter, a very slight increase from 14.6 per cent in September 2017.

Worker turnover rates are typically higher among younger age groups; in September 2018 it was 25.7 per cent for workers aged 15-24 and 21.0 per cent for workers aged 25-29. Worker turnover is also higher in more seasonal industries, with Agriculture, forestry & fishing having the highest turnover rate (29.2 per cent) and Education & training and Healthcare having the lowest (both 10.7 per cent).

Stats NZ is publishing a new employment indicator

Stats NZ began publication of a new employment statistics series in November 2019.[7] This Monthly Employment Indicator series contains the total number of filled jobs by broad industry groupings and total earnings for the month for all industries. This new series is intended to provide an early indication of changes in the labour market.

This series was created using monthly employer payroll data submitted to IRD, leveraging the new payday filing requirements.[8] The series is available back to 1999, with Employer Monthly Schedule payroll filing data used up to April 2019, and payday filing data used from May 2019 onwards. Payday filing data includes more information about employees and their jobs.

The indicator series is still provisional and may be subject to revisions, due to the new data source and the inherent variability of in-year payroll data. Similarly, LEED is also based on employer submitted payroll data, but is subject to more rigorous data quality assessments and

[7] https://www.stats.govt.nz/news/new-monthly-snapshot-of-jobs-and-wages
[8] https://www.classic.ird.govt.nz/campaigns/2019/payday-filing/campaign-payday-filing.html

provides more comprehensive analysis of labour demand and dynamics. As noted earlier, LEED data is released over a year after the reference quarter, whereas the new employment indicator series is released monthly, within five weeks after the end of the reference month.

2. How are firms faring?

■ HIGHLIGHTS

- New Zealand has a lot of small businesses, which are more strongly affected by changes in the labour market.
- Business confidence is improving, but skill shortages remain and labour demand has flattened.
- Most firms offer a variety of training to their employees, with increasing availability of health and safety training. Employers often drive innovation through staff training.

The number of enterprises in New Zealand continues to grow, but skill shortages remain

In February 2019, New Zealand had 546,740 enterprises (up 9,800 from a year ago).[9] Less than 1 per cent of enterprises had 100 or more employees, but they employed 48 per cent of all employees in New Zealand.

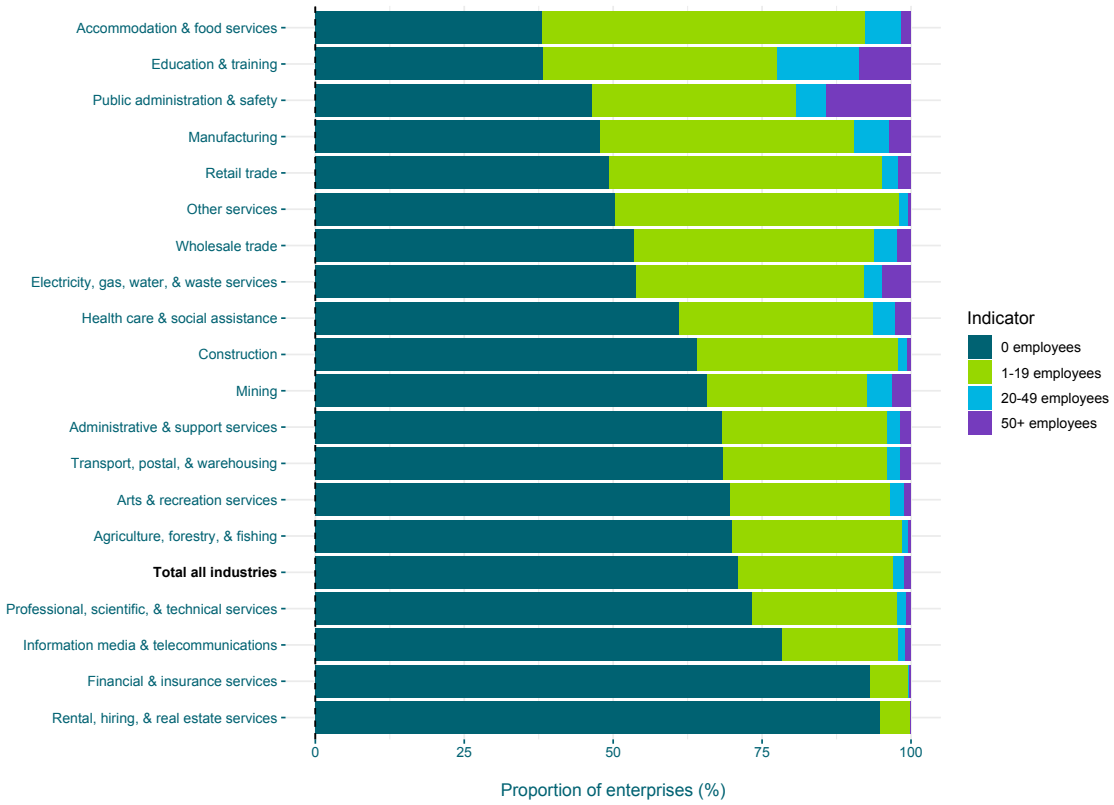
Over the last year, most industries have seen strong growth in the number of firms. The number of enterprises grew fastest in the Construction industry, with 2,920 more enterprises than in the previous year, up 4.7 per cent. The notable exceptions were the Agriculture, forestry & fishing (down 530 enterprises or 0.8 per cent), Wholesale trade (down 290 enterprises or 1.7 per cent), and Retail trade (down 140 enterprises or 0.5 per cent) industries. However, despite falling numbers of enterprises, all of these industries showed increases in employment, up 2,600, 2,400 and 2,000 employees respectively.

■ SMALL BUSINESSES ARE AN IMPORTANT PART OF NEW ZEALAND'S ECONOMY

Small businesses dominate many of our industries, with 71 per cent of enterprises having no employees (388,320 enterprises) and 26 per cent of enterprises (141,980 enterprises) having 1-19. These are an important part of the economy, with 28 per cent of New Zealand's Gross Domestic Product (GDP) estimated to be produced by enterprises with fewer than 20 employees.[10] Figures 8 and 9 illustrate the average size of businesses by industry and the proportion of different size firms in each industry.

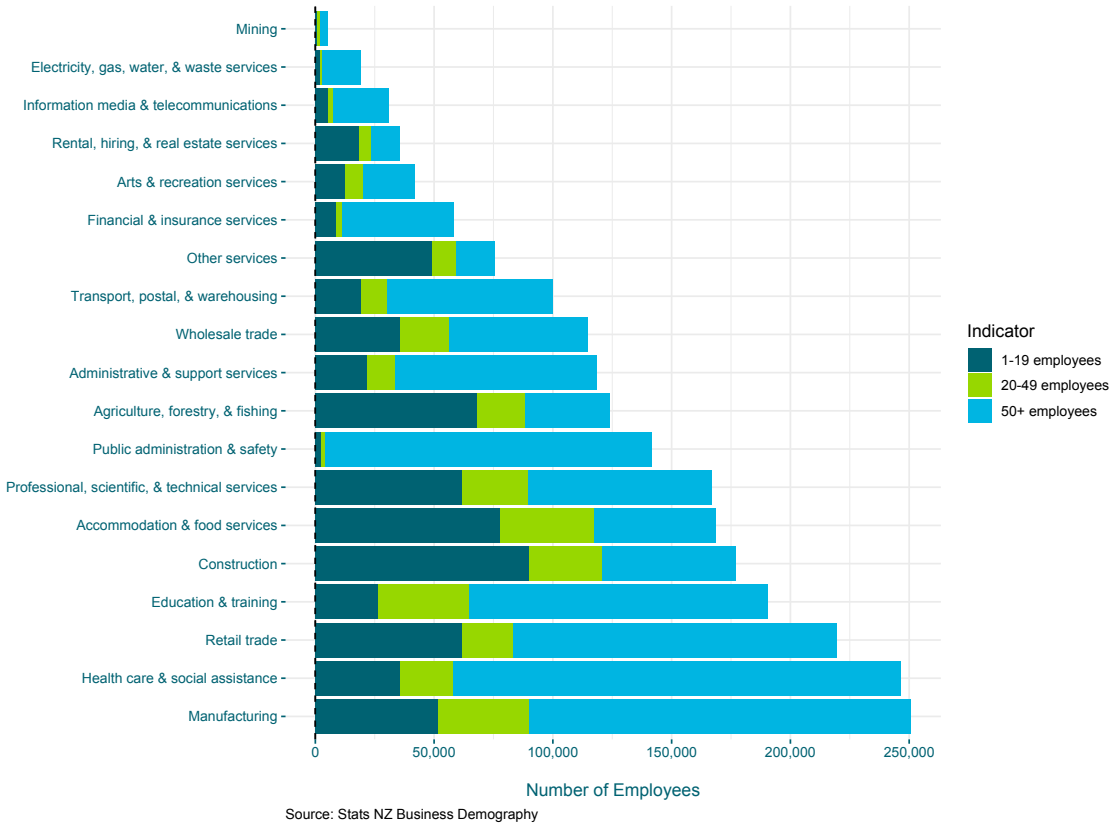
[9] Statistics New Zealand, Business Demography, Feb 2019
[10] Statistics New Zealand, National Accounts, Mar 2014

Figure 8: Business size by industry



Source: Stats NZ Business Demography

Figure 9: Number of employees by industry and business size



Source: Stats NZ Business Demography

Around two-thirds of employees in the Accommodation & food services, Construction, and Rental, hiring & real estate services industries are employed in small or medium-sized businesses.

The Global Financial Crisis (GFC) hit small and medium-sized businesses harder than large businesses, but they have since recovered to pre-GFC growth rates. Following the GFC, annual growth in employee numbers for small businesses has been 1.6 per cent, while annual growth in employees has been stronger for medium businesses (3.4 per cent) and large businesses (2.9 per cent).

■ BUSINESSES ARE STILL PESSIMISTIC, BUT CONFIDENCE IS IMPROVING

Business confidence improved in the December 2019 quarter, but more businesses still expect conditions to get worse than to get better, with a net 26 per cent of businesses expecting economic conditions to worsen over the coming months (down from a net 35 per cent last quarter).[11] ANZ's Business Outlook, which is more heavily weighted towards the primary sector than NZIER's Quarterly Survey of Business Opinion, has risen steeply in recent months and

[11] NZIER, Quarterly Survey of Business Opinion, December 2019

showed a net 13 per cent of businesses were pessimistic about the year ahead (improved from a net 54 per cent last quarter).[12]

Business demand has remained soft, with a net 11 per cent of firms reporting reduced demand in the December 2019 quarter. However, a net 17 per cent of firms are expecting their own activity to increase over the year ahead. Firms also reported increasing employment and investment intentions as profit expectations improved slightly.[13]

■ SKILL SHORTAGES REMAIN AND LABOUR DEMAND HAS FLATTENED

The difficulties in finding labour remained steady in the December quarter. A net 44 per cent of businesses reported having trouble finding skilled labour and a net 27 per cent reported trouble finding unskilled labour. Before flattening out over the last couple of years, these reported difficulties in finding labour had been generally increasing since the height of the GFC in 2009.

Figure 10: Ease of finding labour

Source: NZIER Quarterly Survey of Business Opinion

Online job advertisements (a measure of demand for labour) have fallen slightly, decreasing 0.3 per cent in the December quarter, and falling 2.6 per cent over the year.[14] Over the year, IT and Hospitality were the only industries to show an increase in online job advertising.

Most firms offer a variety of training to their employees

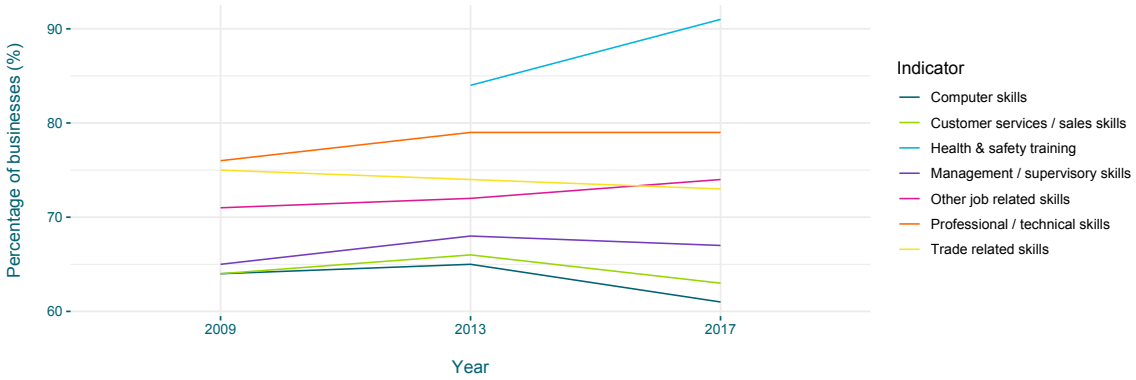
The Business Operations survey (BOS) periodically includes a module on employment practices that asks about the type and take-up of training that businesses offer their employees. This module was most recently run in 2017.

[12] ANZ Business Outlook, December 2019
[13] Note that this report comes prior to the impact of the coronavirus.
[14] MBIE, Jobs Online, December 2019

THE PROPORTION OF FIRMS OFFERING HEALTH AND SAFETY TRAINING IS INCREASING

Health & safety training was the most common type of training offered, with over 90 per cent of firms offering health & safety training to at least some of their staff. Meanwhile, computer skills training was the least commonly offered, with only 60 per cent of firms providing training. Apart from the recent increase in firms offering health and safety training, the proportion of firms offering some other form of training has remained relatively flat since 2009.

Figure 11: Types of training offered by businesses



Source: Business Operations Survey (BOS)

THE VARIETY OF TRAINING PROVIDED BY A FIRM DEPENDS ON INDUSTRY AND FIRM SIZE

Most firms offer some form of training, but the kind of training provided varies by industry. Customer service or skills training is provided by 87 per cent of Accommodation & food services firms, but by only 29 per cent of Agriculture, forestry, & fishing firms. The industry least likely to conduct health and safety training is Professional, scientific, & technical services, with only three quarters of firms providing training to at least some of their staff in 2017.

In 14 of 18 industry groups, more businesses provided training in 2017 than 2015. However, businesses in only five industries provided more training compared to 2007 – the earliest year for which data are available, and prior to the GFC.

The prevalence of training increases with firm size, with only 90 per cent of small firms (6-19 employees)[15] undertaking some form of training, compared to 97 per cent of medium-sized firms (20-49 employees) and 99 per cent of large firms (50 or more employees). Small firms are less likely to provide computer skills (54 per cent), customer service or sales skills (57 per cent) and management or supervisory skills (59 per cent) training, but are still quite likely to provide health & safety training (88 per cent).

[15] BOS only surveys firms with 6 or more employees

EMPLOYEE TRAINING IS THE MOST COMMON INNOVATIVE ACTIVITY

The BOS also collects information on business' innovation – broadly defined as the introduction or development of any activity that improves the business. The survey asks if a business engaged in eleven different activities and whether the business did it to support innovation, or for other reasons.

In 2017, employee training was the most common innovative activity for 14 of the 18 industry groups, and second most common for the remaining four. Over three quarters of businesses offered some form of training, although it was frequently not done for the purpose of supporting innovation.

3. Labour market dynamics

■ **HIGHLIGHTS**

- In 2018, 370,000 people or 14 per cent of the total workforce, moved to different industries.
- Younger workers and certain industries were much more strongly affected by the Global Financial Crisis.
- A lot of young people start out working in the Accommodation & food services industry, but usually move on to other industries within a few years.

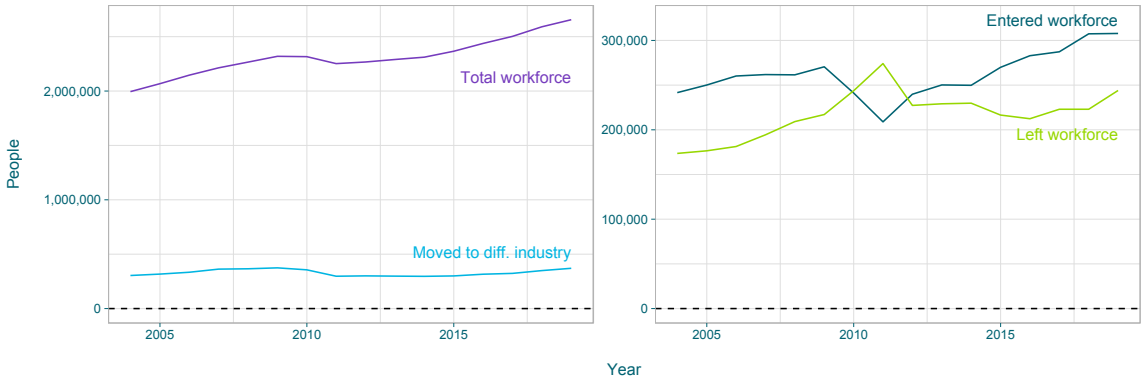
The proportion of the workforce changing industry each year is relatively stable

Linked employer-employee data (LEED) can be used to track the movements of workers between industries year to year. This allows us to explore which industries are more closely linked and how these relationships have changed over time.

The proportion of the workforce moving between different industries each year has been relatively stable over time. Before the Global Financial Crisis (GFC), about 15.8 per cent of the workforce changed industries each year. This proportion dropped to about 13.1 per cent post-GFC, and in 2018, 370,000 people moved to different industries (13.9 per cent of the total workforce).

After briefly reducing at the height of the GFC, the total flow of people into the workforce has remained a net positive since 2011. It peaked at 84,400 people in 2017 before reducing slightly to 63,800 people in 2018.

Figure 12: Flows of workers within and in/out of the workforce

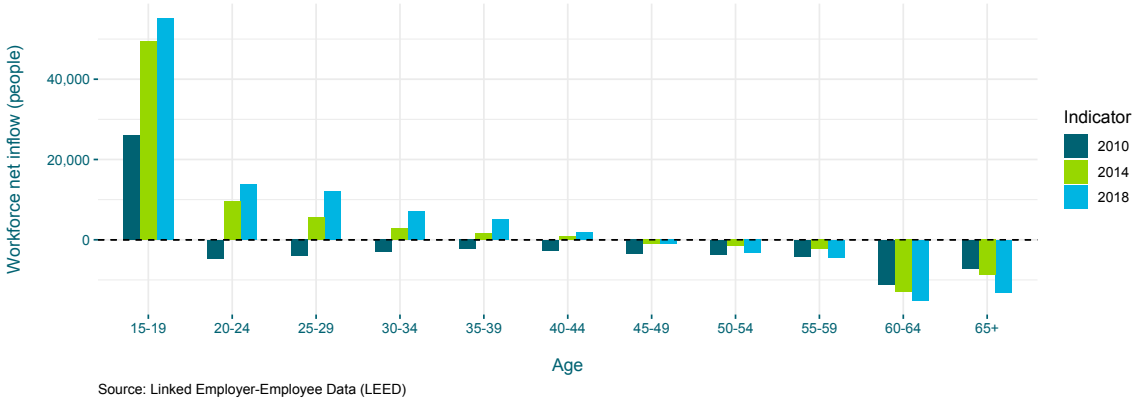


Source: Linked Employer-Employee Data (LEED)

The effects of the GFC were not uniform across the whole labour market

The impact of the GFC was greater for younger age groups than for other sections of the population, and had the effect of reducing the number of people in this age group entering the labour force. However, economic recovery meant that these numbers increased over time and in 2018 the 15-19 age group had its highest net inflow (excluding people in and out of benefits) of the last two decades at 55,300, more than double its lowest point in 2010 which was 26,100.

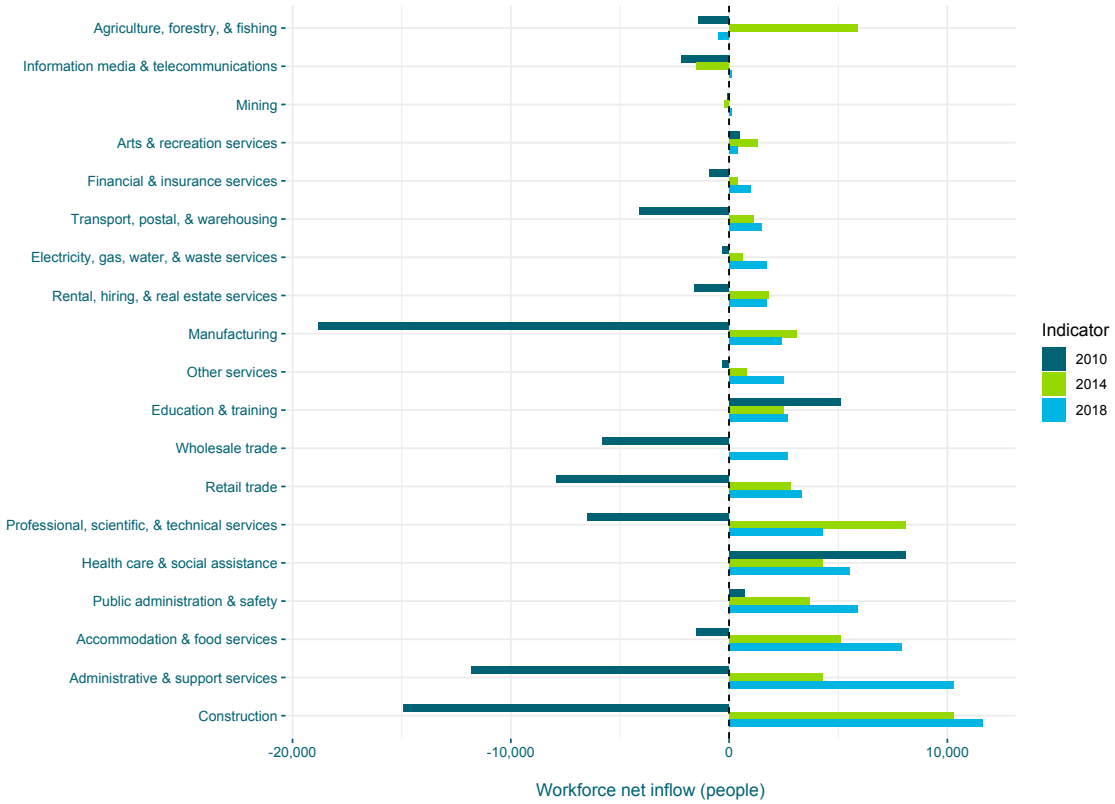
Figure 13: Net inflow of workers into the workforce by age group



Source: Linked Employer-Employee Data (LEED)

The GFC also affected some industries more than others, though most had largely recovered by 2014. In 2018, the Construction industry experienced the highest net inflow (11,600 people), but is quite volatile, having experienced the second-largest net outflow of 14,900 in 2010.

Figure 14: Net inflow of workers into the workforce by industry



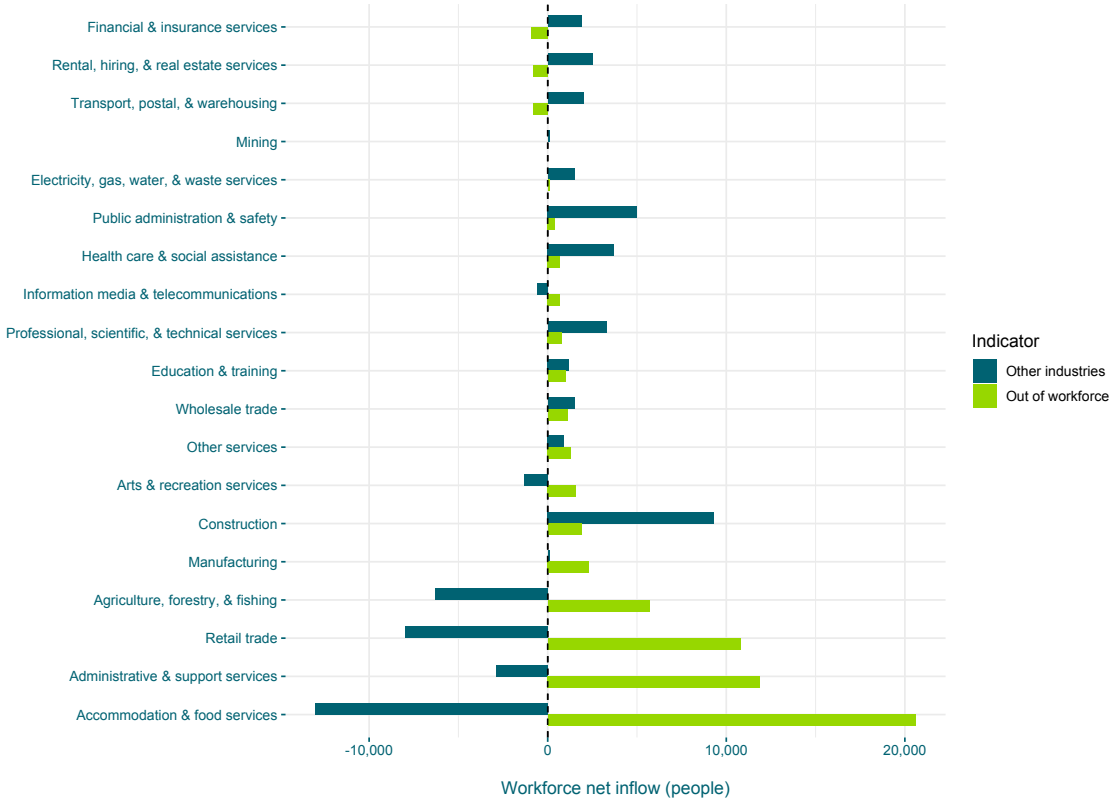
Source: Linked Employer-Employee Data (LEED)

Younger workers, and workers in certain industries are much more likely to change industries

A large portion of the positive net flow of people into Construction was from other industries. In 2018, a net 9,300 people made the transition to the Construction industry from other industries, compared to just 1,900 people entering Construction from out of the workforce.

In contrast, industries where people more typically begin their careers like Accommodation & Food Services, Administrative & Support Services, Agriculture, Forestry & Fishing, and Retail trade had net negative flows to other industries, but this was largely balanced out by large net positive flows of people from out of workforce.

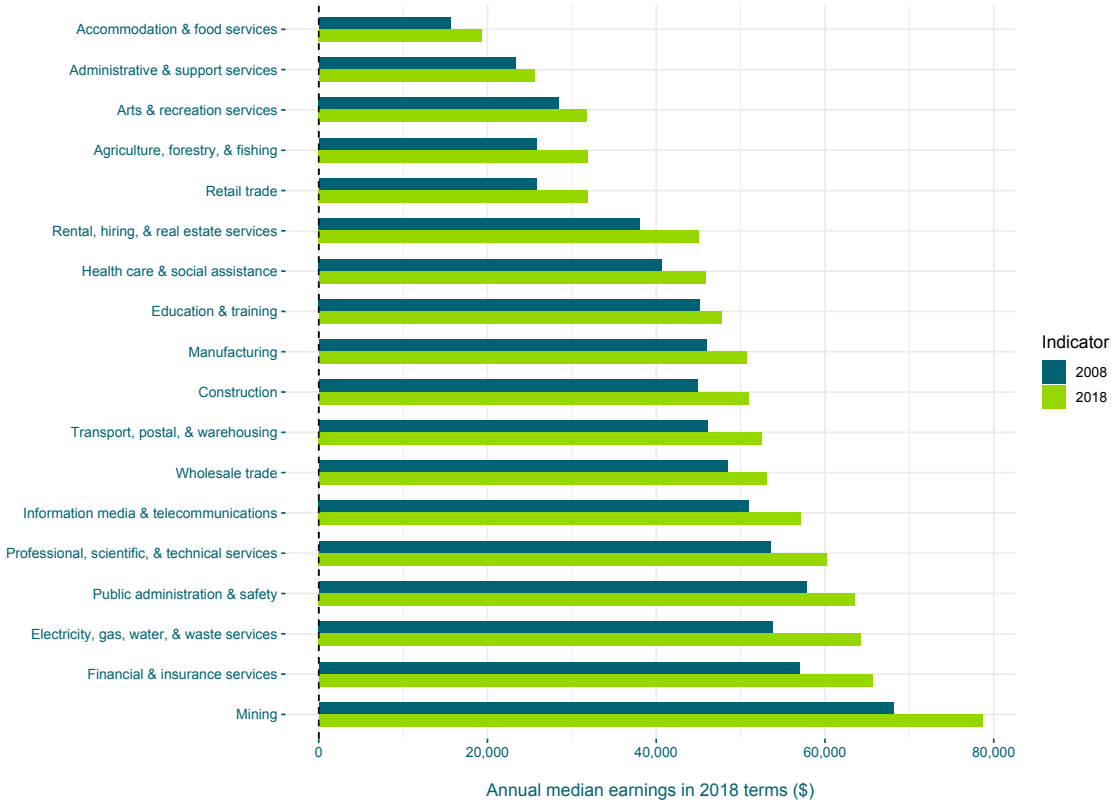
Figure 15: Net inflow of workers by industry and source



Source: Linked Employer-Employee Data (LEED)

The industries that have net inflows of workers from out of the workforce also have relatively lower median earnings compared to other industries. Accommodation & food services had the lowest median earnings in 2018 of $19,360 compared to the national median of $44,200.

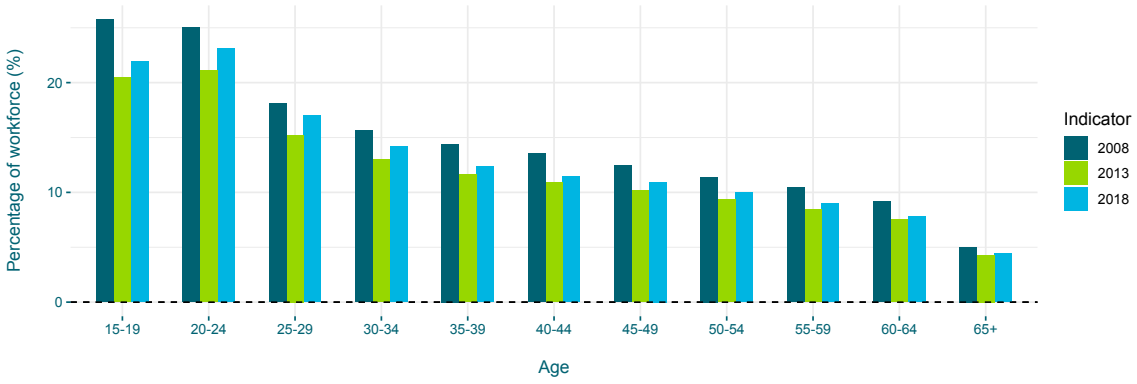
Figure 16: Annual median earnings by industry



Source: Linked Employer-Employee Data (LEED)

Younger workers move between industries more frequently than older workers. In 2018, 23 per cent of the workforce aged 20-24 moved to a different industry compared to just 4 per cent for the workforce age 65 and above. By age, the proportion of workers moving between the different industries has been relatively stable over the last twenty years.

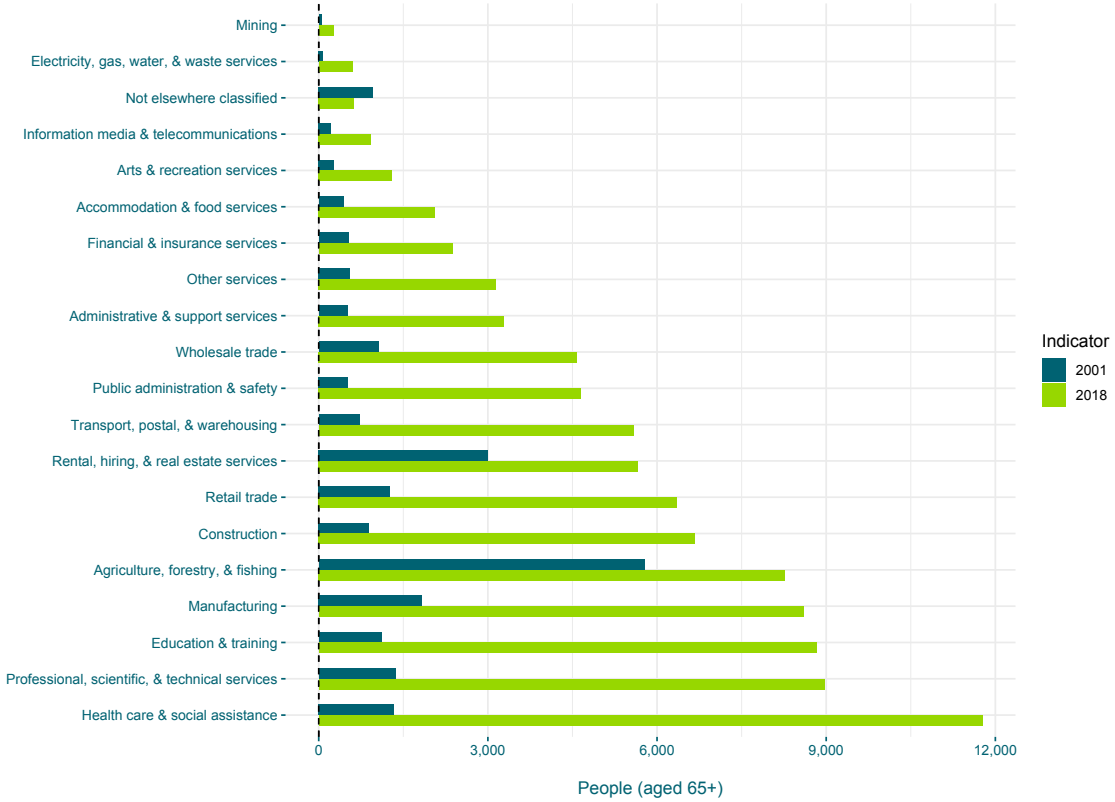
Figure 17: Proportion of workers changing industry by age



Source: Linked Employer-Employee Data (LEED)

The total number of workers aged 65 and over has been growing at a rate of 8.8 per cent per year, from 22,000 in 2001 to 94,500 in 2018. In 2001, 26 per cent of the workforce aged 65 and over worked in the Agriculture, forestry & fishing industry. By contrast in 2018, this share has fallen to 9 per cent (although the number of workers has increased slightly), with older workers spread much more evenly across the various industries.

Figure 18: Number of workers aged 65+ by industry

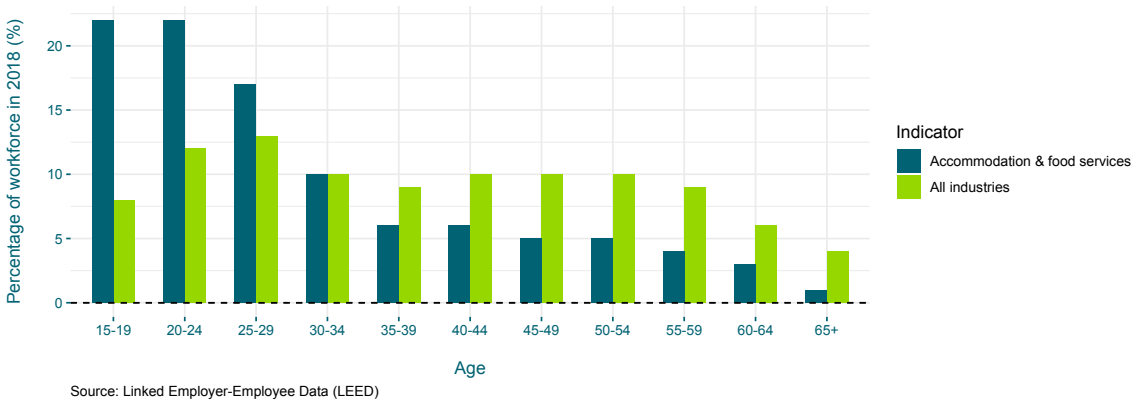


Source: Linked Employer-Employee Data (LEED)

For many people, their first job is in the Accommodation & food services industry

Accommodation & food services has a much younger workforce then all other industries, with 22 per cent of its workforce under 20 in 2018 compared to just 8 per cent for all industries.

Figure 19: Accommodation & food services workforce by age

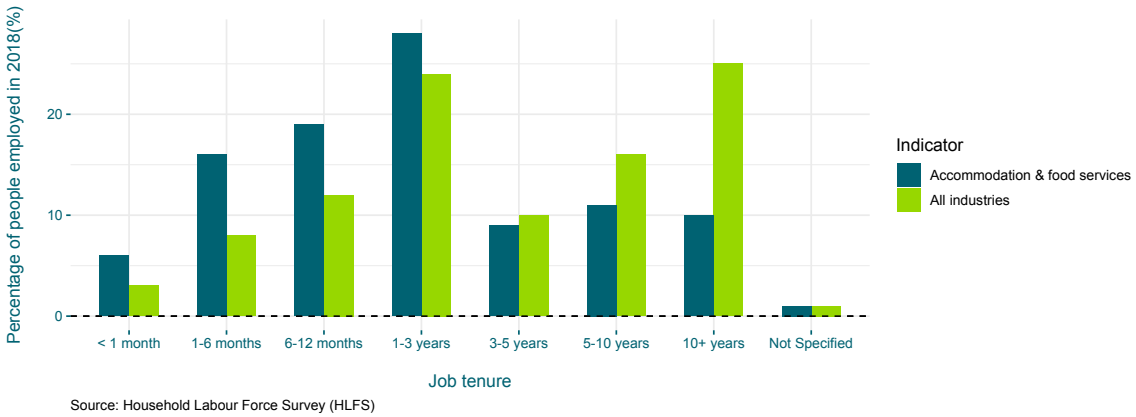


Source: Linked Employer-Employee Data (LEED)

A lot of young people start out working in the Accommodation & food services industry, but usually move on to other industries within a few years:

- In 2018, 37,500 people aged under 30 entered the industry from not in the workforce (53 per cent of the net inflow to Accommodation & food services).
- In 2018, 27,800 people aged under 30 left the industry for another industry (44 per cent of the outflow from Accommodation & food services). The largest net outflows from Accommodation & food services were to retail trade (2,300 people), Healthcare & social assistance (1,600 people), Professional, scientific & technical services (1,500 people) and Construction (1,400 people).
- The average tenure in Accommodation & food services is 183 weeks compared to 364 weeks for all industries.

Figure 20: Accommodation & food services workforce by job tenure



Source: Household Labour Force Survey (HLFS)

4. Conclusions

Overall, the state of the labour market is positive. Underutilisation has fallen to an 11-year low, and wage growth has improved. Outcomes for women are generally improving and the gap with men is narrowing. Gradual inroads are also being made into ethnic disparities, with the unemployment rates for both Māori and Pacific Peoples trending down from peaks in 2012.

However, not everything is improving. The NEET rate has risen for the last two quarters, businesses expect economic conditions to worsen over the coming months, and skill shortages remain.

5. A Spotlight On: Women in the labour market

■ **INTRODUCTION**

The position of women in the labour market has changed significantly over recent decades. As a result we need to think differently about the issues to be addressed to achieve gender equity as we move towards the middle of the 21st century. In this *Spotlight*, we look at the extent to which the concerns that were being voiced 50 years ago about the limitations on women's participation in employment have been addressed. We note that not all women have benefited to the same extent; and new issues are emerging where there are disparities.

Women's employment from 1970–1990

Right across the Western world, patterns of women's employment began to change from the 1950s onwards. Prior to this paid employment tended to be the preserve of single women, with married women frequently engaged in domestic and community and volunteering work.[16]

From the 1970s onwards, driven by near full employment and changing social attitudes, there was a significant increase in the number of women in the labour market. Nevertheless, many women continued to suffer from discrimination; and as unemployment rose from the late 70s and early 80s, labour market participation for women fell slightly. This was particularly true for Māori and Pacific women, who were more likely than other women to be employed in those industries where job losses were heaviest.

The prevailing social and labour market context of the time meant that it was believed that improving equity would be achieved through increased participation in employment, and equal pay. The Equal Pay Act was passed in 1972, giving women and men working the same job the right to equal pay and conditions; and discrimination against women was made unlawful in the 1977 Human Rights Commission Act. Nevertheless, the labour market became clearly segregated along gender lines. In particular, while women's labour market participation increased significantly, in 1989, 33.0 per cent of women in the labour market worked part-time, compared to only 7.7 per cent of men. In addition, up until the 1990s, women continued to be concentrated in a narrow range of occupations (namely retail, clerical and low-skilled manufacturing) and continued discrimination in the promotion stakes meant that they were under-represented in professional and managerial roles (vertical segregation or the so-called

[16] Historical information has been drawn from National Advisory Council on the Employment of Women. (1990). *Beyond the Barriers. The State, the Economy and Women's Employment 1984-1990.* National Advisory Council on the Employment of Women. Wellington.

"glass ceiling"). An analysis of women's share of top white collar jobs from 1956-81[17] demonstrated little improvement until the late 1970s, at which time women began to move slowly into managerial positions.

While changes were starting to occur in the 1990s, they occurred more slowly for some women than others. For example, the 1986 New Zealand Census, showed that Māori women were more likely than non-Māori women to be working in less-skilled occupations such as Service & production, Transport equipment operators and Labourers occupations and less likely to work in Professional, technical, administrative & managerial, Clerical and Sales occupations. Similarly, Pacific women were more likely than non-Pacific women to be employed in production, transport equipment operators and labourers occupational groups, many working as machinists or packers. Very few Pacific women were employed in professional and technical occupations.

Drivers of change

From the 1980s onwards, the introduction of Equal Employment Opportunities initiatives and programmes resulted in initiatives to tackle occupational and vertical segregation. These frequently drew attention to structural barriers that limited women's progression, including continued segregation of tasks in the domestic sphere, lack of availability of affordable child care, a culture of long hours of work, inflexible working practices in some occupations, and workplace practices around time off work to care for dependants.

A major barrier to women's full participation in the labour market has been the need for families to be able to juggle job and family responsibilities. Legislative changes have provided for paid parental leave and promoted flexible working hours. Over the past 30 years there has been increased government funding for early childhood education (ECE) and subsidies to support ECE participation.

Improved access to education, training and job opportunities has also played a part. Women's participation and attainment in senior secondary schooling and tertiary education began to increase from around 1990 onwards. By 1996, more women were staying at school longer and leaving school more qualified than in the past, making tertiary education more accessible. Although educational participation and attainment for Māori and Pacific women improved, disparities remained in both secondary and post-secondary education for these groups of women.[18]

Lastly, attitudinal changes towards women in paid employment, have contributed to greater numbers of women participating in the labour market over the past 50 years[19] and participating in a wider range of jobs. Demographic changes, including delayed childbearing, smaller families and increased acceptance of women and men in non-traditional occupations have all influenced the labour market position of women at the end of 2019.

[17] Horsfield, A. (1988). *Women in the Economy.* Ministry of Women's Affairs.

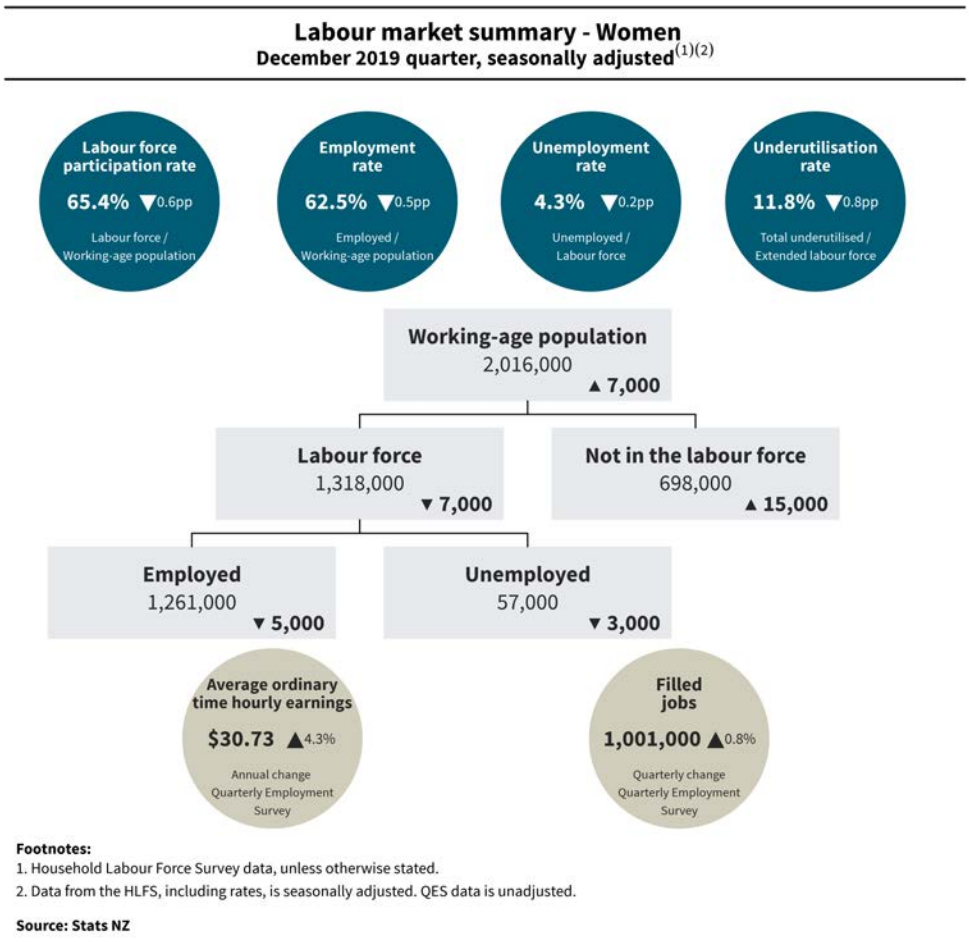
[18] Statistics New Zealand. (1998). *New Zealand Now Women.* Statistics New Zealand and Ministry of Women's Affairs. Wellington

[19] Johnston, G. (2005). *Women's labour force participation in New Zealand and the OECD.* Workshop on labour force participation and economic growth. 14 – 15 April 2005.

Women in the labour market at December 2019

Against a range of labour market indicators, women's engagement in the labour market, and the quality of that engagement, has increased significantly in comparison with earlier decades. For example, labour market participation for women in December 2019 was 65.4 per cent, up from 53.2 per cent in December 1989. Similarly, the employment rate was 62.5 per cent (1,261,000 employed) compared with 49.2 per cent in December 1989 (657,000 women employed). The number of unemployed women has remained fairly stable over the same period, with the female unemployment rate falling from 7.4 per cent in December 1989 to 4.3 per cent in December 2019.

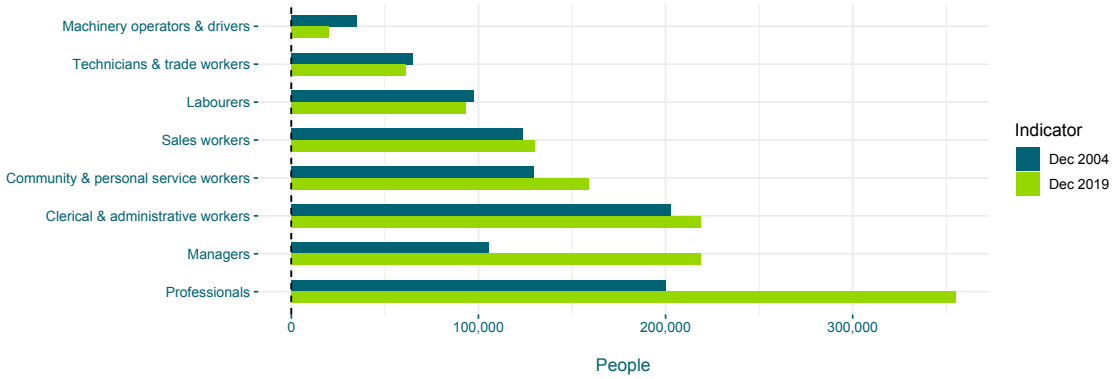
Figure 21: Labour market summary for women[20]



[20] All numbers of people are rounded to the nearest thousand. Changes in percentages are denoted by pp (percentage points). Comparisons are against the September 2019 quarter.

Since 2004, employment growth for women has been concentrated in the Managers (107 per cent) and Professionals (77 per cent) occupations rather than other occupations (average growth of 7 per cent for all other occupations). This strong shift in the type of work women are doing comes off the back of much higher participation in tertiary education, and also deliberate efforts to grow parity, particularly at management level.

Figure 22: Change in the number of female workers by occupation



Source: Household Labour Force Survey (HLFS)

Shifts are also reflected in the types of industries women are employed in. Since 2004, we see more women working in the Professional, scientific, technical, administrative & support services (160,400 in 2019 compared with 95,200 in 2004) and Health care & social assistance (237,200 in 2019 compared with 149,800 in 2004) industries.

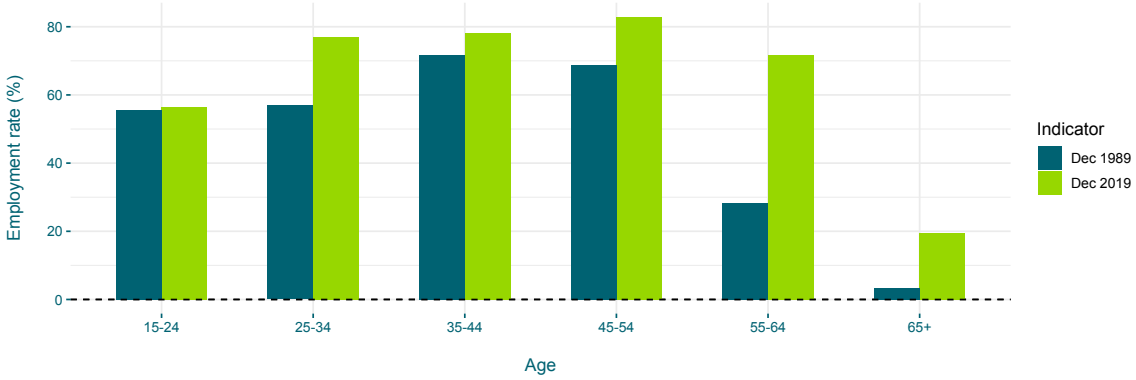
Older women (aged 55 years and over) are most likely to be working in the Health care & social assistance (24 per cent) and Education & training (14 per cent) industries.

New patterns of employment for women

The changes that have occurred have resulted in new patterns of employment for women; particularly the trend to a longer working life, and recently a slight increase in the proportion of women working full-time.

While we see no change in employment rate for young women (aged 15-24) from 1989 to 2019, the employment rate has increased strongly over the last 30 years for older age groups as women have become more likely to remain attached to the labour market after starting families.

Figure 23: Change in female employment rate



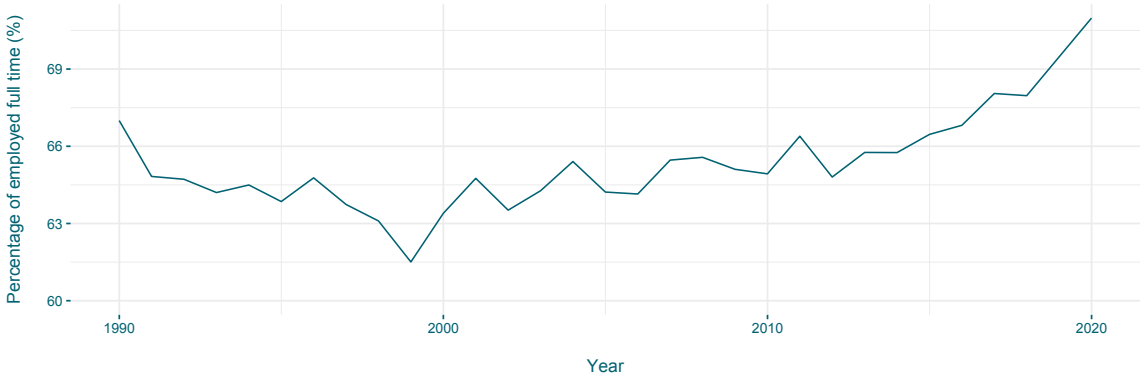
Source: Household Labour Force Survey (HLFS)

There has been a noticeable increase in the proportion of older women in the workforce over the past 30 years. In December 2019, 17 per cent of employed women were aged 55 – 64 years, with a further six percent of women aged 65 years or older (compared with six per cent and one per cent respectively in 1989). This is a change to patterns seen in the 1970s and 1980s, where older women retired at slightly earlier ages than men.

A broad range of factors are known to influence older workers to remain in the workforce, including health status, financial position and cost of living, conditions of work and labour demand, the availability of suitable (part-time/flexible) work that matches their skills, and gender. Another factor potentially affecting women's workforce participation at older ages in the future is the shift to older parenting ages that has occurred over the past few decades.

Another change that has happened over the past decades is that a higher proportion of women are now in full-time employment. The number of women in full-time work has increased steadily since the late 1990s while the number of women in part-time employment grew only slightly over the same period. The proportion of employed women who are in full-time work has historically remained around 65 per cent, but has recently risen to 71 per cent in December 2019, as more women are moving from part-time to full-time employment. The growth in part-time work has contributed to the overall increase in employment for those aged 65+ years, especially for women.

Figure 24: Percentage of employed women who worked full-time



Source: Household Labour Force Survey (HLFS)

Despite a recent drop in the underutilisation rate for women, mainly due to the number of underemployed (part-time and wanting more hours) women falling from 90,200 in December 2017 to 64,100 in December 2019, female underutilisation still remains much higher than for males (11.8 per cent for women, 8.3 per cent for men).

Job quality

While we've seen significant changes in the position of women in the workforce, particularly in traditionally male-dominated occupations, the female working population is diverse and their experiences of working life vary greatly. In particular, there is growing interest in the quality of jobs – the characteristics of work and employment that have an influence on an individual's wellbeing.[21] Evidence from Stats NZ's Survey of Working Life suggests that while women in NZ generally have a high level of job quality, different groups of women have less positive experiences.

Job satisfaction is a proxy indicator of job quality, and work-life balance can be used as an additional variable. Clear indicators of poor job quality are if the worker is experiencing discrimination, bullying or harassment at work, or if they are finding work to be stressful, or is

[21] Stats NZ, Survey of Working Life 2018.

making them tired. Lower-quality jobs might also give the worker less autonomy, and physical or dangerous work environments can also factor into an assessment of job quality.

Overall, job quality for women in New Zealand is positive and in line with that of men. In relation to work-life balance, 77 per cent of women are satisfied with their work-life balance. However, women aged 65 and over (90 per cent), as well as young women aged 15-24 years (81 per cent), were more satisfied with their work-life balance than women in all other age groups. Sole mothers reported lower satisfaction with their work life balance (67 per cent) than mothers in a two-parent family (78 per cent) and women without dependent children (77 per cent).

Three indicators of job autonomy are control over how daily work is organised, control over how tasks are done, and influence over decision-making regarding those tasks. The proportion of women reporting having a lot or a moderate amount for each component was 83 per cent, 89 per cent and 78 per cent respectively. All aspects of job autonomy are worst for young women (aged 15-24), and improve with age before plateauing from around 35 onwards. Influence over decision making was the lowest for young women, with only 60 per cent feeling they had autonomy in this area. Pacific women were the group that reported the lowest degree of autonomy of any ethnic group.

Stress and tiredness can also negatively impact on perceptions of job quality. 22 per cent of women say that they always or often experienced work stress in the previous 12 months; and 15 per cent always or often experienced tiredness. Women aged 65 and over were significantly less stressed (11 per cent) than women in the other age groups; while women in the 25-34 age group were more likely to report always or often being stressed (27 per cent). This may have something to do with juggling work and children, as sole mothers and mothers in two-parent families were more likely to report always or often experiencing stress.

Lastly, discrimination, harassment and bullying can negatively impact on job quality. Higher levels of discrimination at work are experienced by sole mothers (21 per cent) than mothers in two-parent families (13 per cent) and women without dependent children (14 per cent). By ethnicity, Māori women were more likely to report being discriminated against (17 per cent) than women from other ethnic groups.

Overall, evidence from the Survey of Working Life suggests that while job quality for women in NZ is positive, some women (particularly sole parents, Māori and Pacific women and younger women) experience poorer job quality than others.

Summary

Historically there were issues around equitable access to paid employment for women. There have been big strides in this area over the past 30 years, with women more actively engaged in the labour market, and parity with male counterparts improving. However, some issues remain for particular groups of women, and issues are emerging that constitute a new agenda for equity in the labour market.

Links

This is the third report to include the *Spotlight* section. If you have any feedback, suggestions for future topics or questions, please contact us at: LabourMarketInsights@mbie.govt.nz

Other products that we produce are:

Labour Market Dashboard:
https://mbienz.shinyapps.io/labour-market-dashboard_prod/

Jobs Online:
https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/

Labour Market Forecasting:
https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/labour-market-forecasting/

National Survey of Employers:
https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/national-survey-of-employers/

Occupation Outlook:
https://occupationoutlook.mbie.govt.nz/

Other MBIE analysis is available at:
https://www.mbie.govt.nz/data-and-analysis/

CGI 5506