

## DESIRED OUTCOMES

Everybody has access to meaningful, rewarding and safe employment. An appropriate balance is maintained between paid work and other aspects of life.

# Paid Work

## INTRODUCTION

Paid work has an important role in social wellbeing. It provides people with incomes to meet their basic needs and to contribute to their material comfort, and gives them options for how they live their lives. Paid work is also important for the social contact and sense of self-worth or satisfaction it can give people.

The desired outcomes highlight four aspects of paid work: access to work, the financial return from work, the safety of the working environment and the balance between work and other areas of life.

For most people, income from paid work is the main factor determining their material standard of living. On average, about two-thirds of total household income is derived directly from labour market income, and the figure is substantially greater for most households.<sup>48</sup> Income saved during their working life contributes to the standard of living of many retired people.

The social and personal dimensions of paid work are both important. Ideally, work should not only be materially rewarding but it should contribute to other aspects of wellbeing. Meeting challenges at work can contribute to a sense of satisfaction and self-worth. Paid work is more likely to be satisfying where people can find employment to match their skills and abilities.

Social contact is an important part of wellbeing. For many people, much of their social contact is through their jobs. People often gain a sense of belonging or identity from their jobs, recognising themselves and others because of the organisation they work for or the type of work they do.

Conversely, unemployment can isolate people from society and cause them to lose self-confidence. Unemployment is associated with poorer mental and physical health, and lower levels of satisfaction with life.<sup>49</sup>

The quality of work is critically important. A meaningful job can enhance people's satisfaction with their work. An unsafe job, on the other hand, places people's wellbeing at risk.

Work can also be stressful. People may be required to work longer hours than they want to or need to. The desired outcomes acknowledge that wellbeing is best served by maintaining a balance between paid work and other aspects of life, though where that balance lies will differ from person to person.

## INDICATORS

Five indicators are used in this chapter. They are: unemployment, employment, median hourly earnings, workplace injury claims and satisfaction with work-life balance.

Together, these indicators present a picture of people's access to employment, the financial rewards from employment, the safety of employment and the balance between work and other areas of life.

The first indicator is the unemployment rate. The unemployment rate measures the proportion of people who are out of work and who are actively seeking and available to take up paid work. This is a relatively narrow measure of unemployment but it accords closely with the OECD standard measure, allowing international comparisons. Information about long-term unemployment is also provided.

The second indicator is the employment rate. The employment rate provides an alternative picture of people's access to paid work. It is influenced not only by the amount of work available but also by trends in people making themselves available to work. The indicator measures the proportion of working-age people employed for one hour or more a week. Information is provided on the breakdown between full-time and part-time employment. The employment rate complements the unemployment rate as an indicator. Changes in the employment rate will reflect changes in the number of discouraged workers who are not employed, but who are not actively seeking work.

Both the unemployment and the employment rates are affected by several factors, including economic conditions, migration flows, people's qualifications and abilities, and their decisions on whether to undertake paid work.

The third indicator measures median hourly earnings from waged and salaried employment. The level of financial return from paid employment independent of the number of hours worked is central to the quality of paid work.

The fourth indicator is the rate of workplace injury claims per 1,000 full-time equivalent employees. Workplace safety is important in its own right, but may also be a proxy for the quality of employment. Jobs should not pose an unreasonable risk to people's lives or physical wellbeing.

The final indicator measures the proportion of the population in paid employment who are satisfied with their work-life balance.

# Unemployment

## DEFINITION

The number of people aged 15 years and over who are not employed and who are actively seeking and available for paid work, expressed as a percentage of the total labour force.

The labour force is defined as the population aged 15 years and over who are either employed or unemployed (not employed but actively seeking and available for paid work).

## RELEVANCE

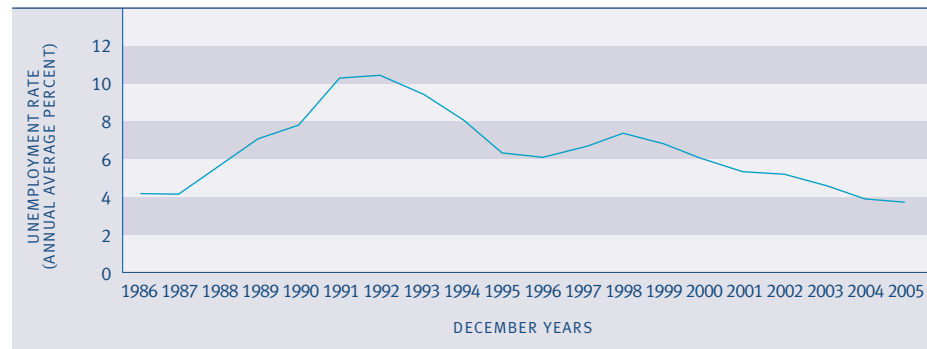
This is a key indicator of labour market outcomes and the lack of access to employment. The unemployment rate is an important reflection of overall economic conditions and gives some sense of the ease with which people are able to move into employment.

## CURRENT LEVEL AND TRENDS

In 2005, 3.7 percent of the labour force (or 79,000 people) were unemployed and actively seeking work. The unemployment rate has declined steadily since 1998 and is considerably lower than the peak rate of 10.4 percent in 1992 (176,000 people unemployed). The 2005 unemployment rate was lower than the rate of 4.1 percent in 1986 when records began (70,000 people unemployed).

In 2005, 22 percent of the surveyed unemployed who specified their duration of unemployment had been unemployed for a continuous period of six months or more, a decline from 23 percent in 2004. The 2005 level of long-term unemployment was just under that recorded in 1986 (23 percent) and substantially lower than the peak of 53 percent in 1992.

Figure PW1.1 **Unemployment rate, 1986–2005**



Source: Statistics New Zealand, Household Labour Force Survey

## AGE AND SEX DIFFERENCES

Unemployment rates among different age groups have followed similar trends but the level among those aged 15–24 years (9.4 percent in 2005) has been consistently more than twice the rate for older groups. This group made up 44 percent of all unemployed in 2005. Rates were higher for males than females in the peak years of unemployment but, more recently, females have had slightly higher unemployment rates than males.

Table PW1.1 **Unemployment rates (%), by age and sex, selected years, 1986–2005**

| Year | 15–24 | 25–44 | 45–64 | Total 15+ | Males | Females |
|------|-------|-------|-------|-----------|-------|---------|
| 1986 | 7.9   | 3.1   | 1.8   | 4.1       | 3.6   | 4.8     |
| 1996 | 11.8  | 5.2   | 3.9   | 6.1       | 6.1   | 6.1     |
| 2001 | 11.8  | 4.5   | 3.4   | 5.3       | 5.3   | 5.3     |
| 2004 | 9.3   | 3.2   | 2.3   | 3.9       | 3.5   | 4.4     |
| 2005 | 9.4   | 2.9   | 2.1   | 3.7       | 3.4   | 4.0     |

Source: Statistics New Zealand, Household Labour Force Survey

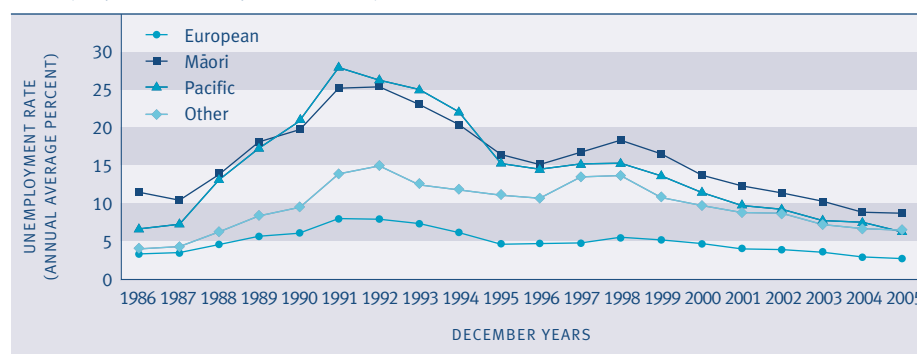
Note: Average for December years

## ETHNIC DIFFERENCES

For European, Māori and Pacific peoples, unemployment rates in 2005 were the lowest recorded since 1986.

The Māori unemployment rate rose from 11.3 percent in 1986 to a peak of 25.4 percent in 1992 and had fallen to 8.6 percent by 2005. Between 1986 and 1991, the unemployment rate for Pacific peoples rose from 6.6 percent to 28 percent, the highest rate for any ethnic group. The Pacific peoples' unemployment rate has declined more than that of Māori since the mid-1990s and was 6.1 percent in 2005, lower than the rate in 1986.

The unemployment rate is lowest among people of European ethnicity. Their unemployment rate rose from 3.3 percent in 1986 to a peak of 7.9 percent in 1992 and had dropped to 2.6 percent by 2005. The unemployment rate of the Other ethnic group category (made up mainly of Asians, but includes many recent migrants) increased from 3.7 percent in 1986 to 14.8 percent in 1992, and was still relatively high at 6.4 percent in 2005.

Figure PW1.2 **Unemployment rate, by ethnic group, 1986–2005**

Source: Statistics New Zealand, Household Labour Force Survey

Note: Other includes Asian

## INTERNATIONAL COMPARISON

In 2005, out of 26 OECD countries, New Zealand ranked first equal (with South Korea) with a standardised unemployment rate of 3.7 percent, compared with the OECD average of 6.6 percent. Since the mid-1980s, New Zealand's unemployment rate relative to other OECD countries has ranged from one of the lowest (fifth in 1986 with a rate of 4.1 percent) to one of the highest (17th in 1992 with a rate of 10.3 percent). The New Zealand unemployment rate in 2005 was lower than those of Japan (4.4 percent), the United Kingdom (4.7 percent), the United States and Australia (each 5.1 percent) and Canada (6.8 percent).<sup>50</sup> In 2004, New Zealand ranked sixth in terms of the proportion of the unemployed who had been unemployed for six months or longer.<sup>51</sup>

# Employment

## DEFINITION

The proportion of the population aged 15–64 years who are in paid employment for at least one hour per week.

## RELEVANCE

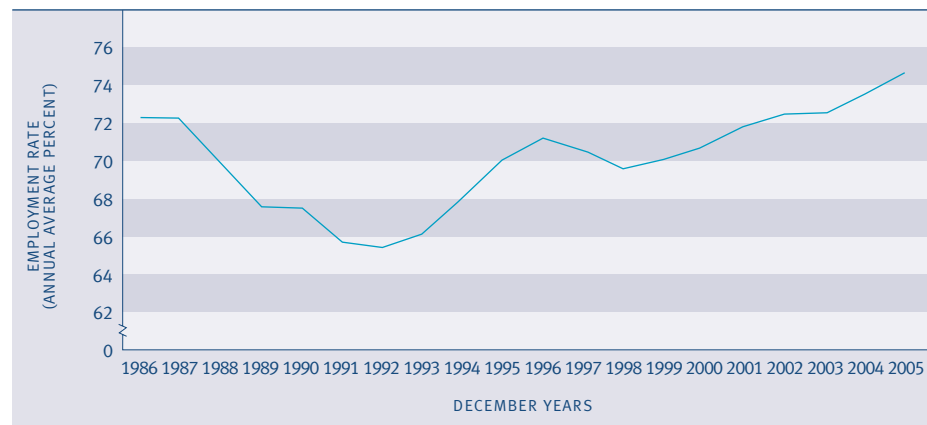
The employment rate is the best available indicator of the prevalence of paid employment. It is affected by trends in both unemployment and labour force participation (the proportion of the working-age population either employed or unemployed).

## CURRENT LEVEL AND TRENDS

In 2005, 74.6 percent of 15–64 year olds (2.019 million people) were employed for one hour or more per week. This was higher than the rate recorded in 1986 (72.3 percent). The employment rate has been rising since 1992, except during the economic downturn in 1997 and 1998. The increase from 65.4 percent in 1992 to 74.6 percent in 2005 corresponds to a rise of 515,200 in the number of employed people aged 15–64 years. Over the same period, the number of people aged 15–64 years increased by 406,200.

The full-time employment rate declined sharply between 1986 (60.4 percent) and 1992 (51.5 percent), and had almost recovered to the mid-1980s level by 2005 (58.7 percent). The part-time employment rate increased throughout the period, from 11.9 percent in 1986 to 15.9 percent in 2005. Although the part-time rate has almost doubled for men since 1986, women (23.8 percent) continue to have a higher part-time employment rate than men (7.7 percent).

Figure PW2.1 **Employment rate, 1986–2005**



Source: Statistics New Zealand, Household Labour Force Survey  
Note: Based on population aged 15–64 years

## AGE AND SEX DIFFERENCES

The fall in the employment rate between 1987 and 1992 affected all age groups but was most pronounced for young people aged 15–24 years. Youth employment rates have remained relatively low during the period of employment growth since 1992, possibly due to a growth in their participation in tertiary education and training. Conversely, employment rates for people aged 45–64 years have grown strongly since 1992, driven mainly by the phasing in of the higher age of eligibility for New Zealand Superannuation, rising employment among women, and an increase in the demand for labour.

The employment rate for women is significantly lower than that for men, although the gap has narrowed substantially since the mid-1980s. This is mainly because women spend more time on childcare and other unpaid household work, and are more likely than men to undertake some form of study or training.

Table PW2.1 **Employment rates (%), by age and sex, selected years, 1986–2005**

| Year | 15–24 | 25–44 | 45–64 | 65+  | Males<br>15–64 | Females<br>15–64 | Total<br>15–64 |
|------|-------|-------|-------|------|----------------|------------------|----------------|
| 1986 | 68.7  | 79.3  | 64.8  | 8.8  | 84.6           | 60.2             | 72.3           |
| 1996 | 59.5  | 77.3  | 70.2  | 6.6  | 79.0           | 63.4             | 71.1           |
| 2001 | 55.8  | 77.9  | 73.5  | 8.6  | 79.1           | 64.8             | 71.8           |
| 2004 | 56.8  | 79.3  | 76.8  | 11.1 | 80.8           | 66.5             | 73.5           |
| 2005 | 56.9  | 80.9  | 78.0  | 11.5 | 81.5           | 68.0             | 74.6           |

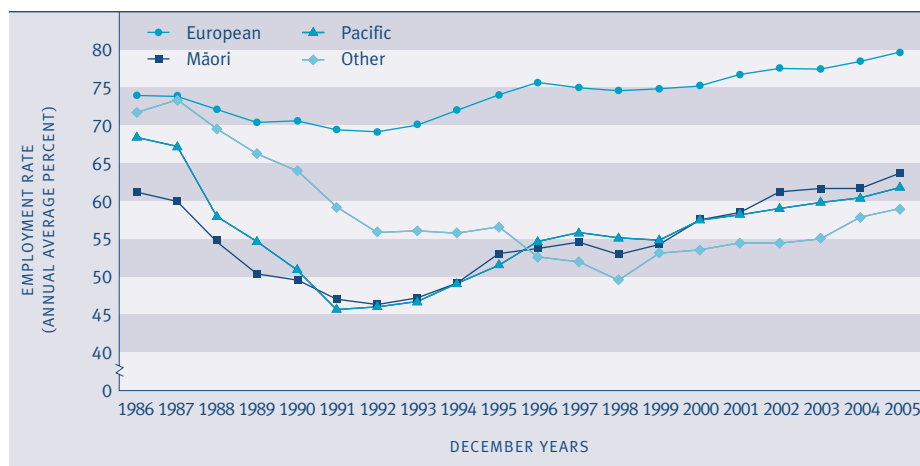
Source: Statistics New Zealand, Household Labour Force Survey  
Note: Average for December years

## ETHNIC DIFFERENCES

The employment rates for Māori and Pacific peoples showed the steepest fall between 1987 and 1992, but have also shown the strongest recovery since then. In 2005, the Māori employment rate, at 63.8 percent, had surpassed the 1986 level (61.2 percent). However, Pacific peoples were still less likely to be employed in 2005 (61.8 percent) than in 1986 (68.4 percent).

The European ethnic group, with the highest employment rate, has also surpassed the level of the mid-1980s (79.7 percent employed in 2005, compared with 73.8 percent in 1986). The employment rate for the Other ethnic category has fallen from being the second highest in the late-1980s to the lowest since the mid-1990s (59 percent in 2005).

Figure PW2.2 **Employment rate, by ethnic group, 1986–2005**



Source: Statistics New Zealand, Household Labour Force Survey  
Notes: (1) Based on population aged 15–64 years (2) Other includes Asian

## INTERNATIONAL COMPARISON

In 2004, New Zealand was ranked fifth highest of 30 OECD countries with an employment rate of 73.5 percent for people aged 15–64 years. This was well above the OECD average of 65.3 percent. Iceland had the highest employment rate in 2004 (82.8 percent). The New Zealand rate in 2004 was equal to Sweden's, similar to those of the United Kingdom (72.7 percent) and Canada (72.6 percent) and higher than those of the United States (71.2 percent) and Australia (69.5 percent). New Zealand had a higher female employment rate than the United States and Australia in 2004.<sup>52</sup>

# Median hourly earnings

## DEFINITION

Real median hourly earnings from all wages and salaries for employees earning income from wage and salary jobs, as measured by the New Zealand Income Survey.

## RELEVANCE

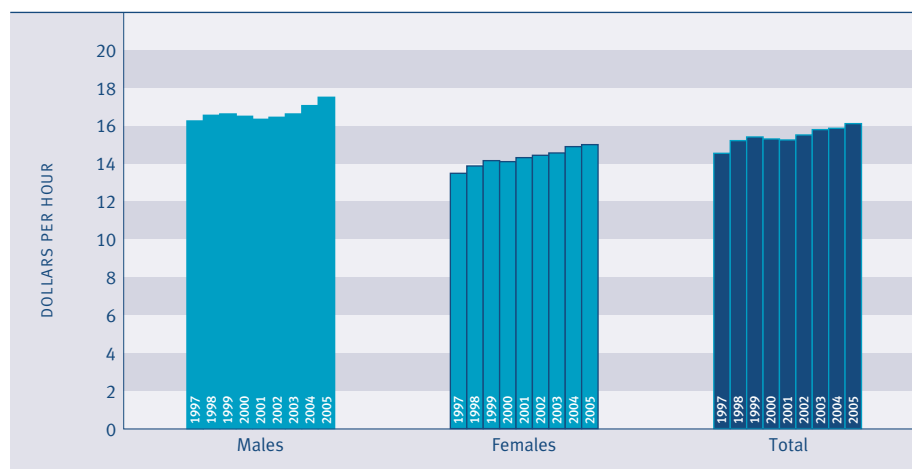
Median hourly earnings from wage and salary jobs is an indicator of the financial return from paid employment, independent of the number of hours worked.

## CURRENT LEVEL AND TRENDS

In June 2005, half of all people employed in wage and salary jobs earned more than \$16.10 an hour. The median hourly wage for male employees was \$17.50, while for female employees it was \$15.

Real median hourly earnings increased by \$1.58 per hour or 11 percent in the eight years to June 2005. The increase over this period was greater for female employees (11 percent) than for male employees (8 percent). The ratio of female to male median hourly earnings rose from 83 percent in June 1997 to 88 percent in June 2002, but fell slightly to 86 percent by June 2005.

Figure PW3.1 **Median hourly earnings from wage and salary jobs (in June 2005 dollars), by sex, June 1997 to June 2005**



Source: Statistics New Zealand, New Zealand Income Survey

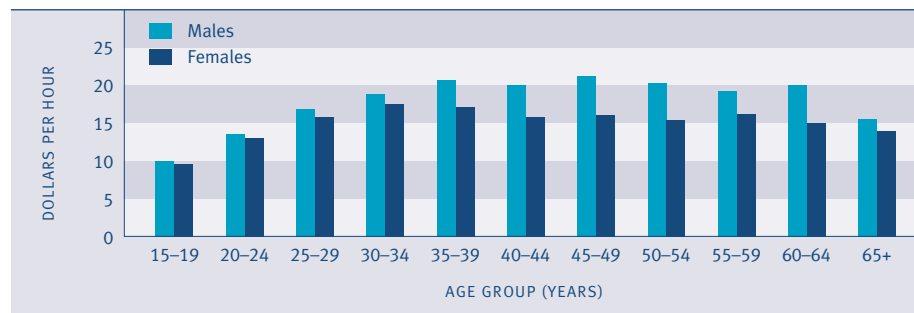
## AGE DIFFERENCES

In 2005, median hourly earnings from wage and salary jobs were highest at ages 35–39 years (\$18.80 an hour). This compares with \$10 for 15–19 year olds. The increase in real median hourly earnings between 1997 and 2005 was smaller for 15–24 year old employees (6 percent) than for older workers (10 percent for those aged 25–64 years, 17 percent for those aged 65 and over).

## SEX DIFFERENCES

In 2005, there was little difference between the sexes in median hourly earnings for wage and salary earners under 35 years. In all older age groups, the median hourly wage of employed men was considerably higher than that of employed women. In 2005, the difference between the sexes was greatest at ages 45–64 years, where the ratio of female to male median earnings for employees was 78 percent.

Figure PW3.2 **Median hourly wage and salary earnings, by age and sex, June 2005**



Source: Statistics New Zealand, New Zealand Income Survey

## ETHNIC DIFFERENCES

In June 2005, Europeans had the highest median hourly earnings for wage and salary earners at \$17 an hour. This was \$2 an hour higher than the Māori and Other ethnic groups. Median hourly earnings were lowest for Pacific peoples (\$13.79 an hour).

Over the eight years to June 2005, increases in inflation-adjusted median hourly earnings from wage and salary jobs were higher for Māori, at 18 percent, than for Pacific peoples or Europeans (each 13 percent). Employees from the Other ethnic group experienced the lowest increase in real median hourly earnings from wage and salary jobs (4 percent).

## REGIONAL DIFFERENCES

In 2005, workers in Auckland had substantially higher earnings than those in other regions. The median hourly wage for wage and salary earners was \$17.44 in Auckland, \$16.30 in Wellington, and \$16.15 in Canterbury. Median wages were lowest in Southland, Tasman/Nelson/Marlborough/West Coast and Gisborne (all \$15). Over the period 1998–2005, real median hourly wages increased most in Manawatu-Wanganui and Northland. They declined slightly in Wellington and Southland.



# Workplace injury claims

## DEFINITION

The number of workplace accident insurance claims reported to the Accident Compensation Corporation (ACC) per 1,000 full-time equivalent employees, excluding those employees who received accident and emergency treatment only.

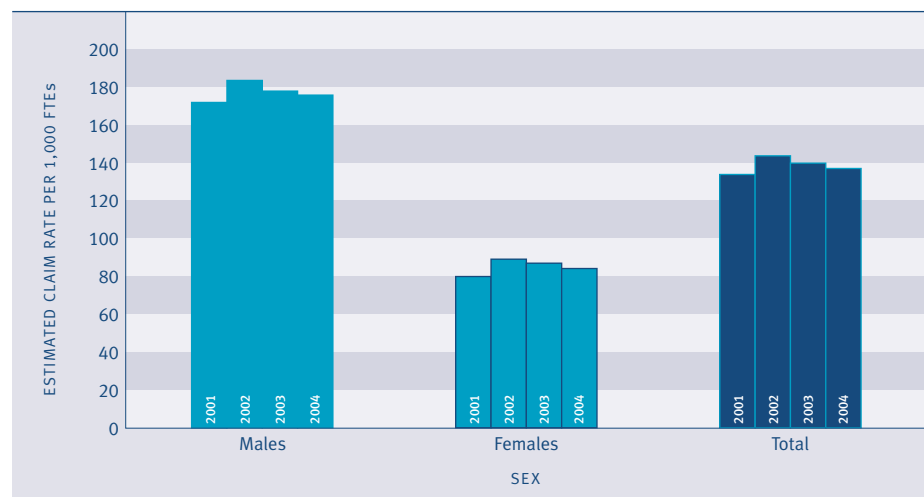
## RELEVANCE

Safety at work is an important contributor to wellbeing and the risk of work-related accidents or illness can be seen as one component of the quality of work. The best currently available measure of the incidence of workplace injuries comes from the database of claims made to the ACC.

## CURRENT LEVEL AND TRENDS

Provisional data for the 2004 calendar year shows 245,200 work-related injury claims had been reported to the ACC by 31 March 2005. This was an increase of 4,700 (2 percent) on the year ended December 2003 with a similar reporting cut-off. This represents a rate of 137 claims per 1,000 full-time equivalent employees (FTEs), slightly lower than the previous year (a rate of 140 per 1,000 FTEs). The majority of claims were for medical treatment only (ie not including weekly compensation). Eighty-two percent of the claims were for employees, and people who employed others in their own business. The other 18 percent were for the self-employed who did not employ others in their business. The incidence rate for self-employed not employing others was much higher than for the rest of the workforce, as defined above (216 per 1,000 FTEs compared with 127 per 1,000 FTEs).

Figure PW4.1 **Estimated claim rate per 1,000 FTEs, by sex, 2001–2004**



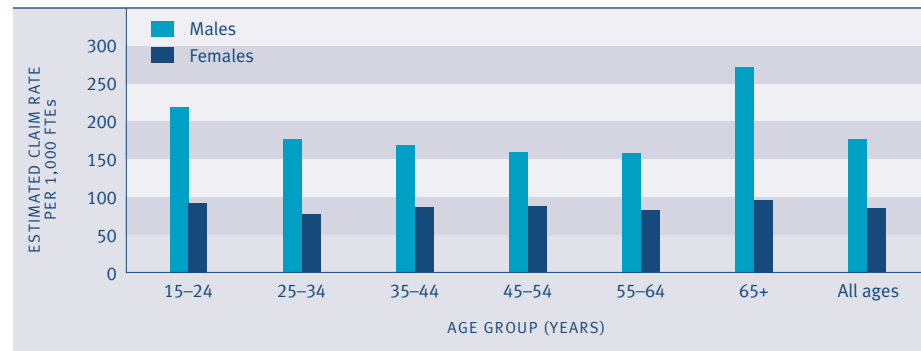
Source: Statistics New Zealand (2005a)

Injury claims reported by March 2005 for the year ended December 2004 included 73 work-related fatalities, 10 fewer than in 2003. This is likely to be an underestimation of the final number of fatalities, because some workers may have died later from injuries in the period, and not all fatal work-related accidents result in a claim to the ACC. In 2004, construction accounted for 23 percent of work-related fatalities, followed by manufacturing (18 percent) and agriculture (15 percent).

## AGE AND SEX DIFFERENCES

Males are more than twice as likely as females to suffer workplace injuries involving a claim to the ACC (176 per 1,000 FTEs for males compared with 84 per 1,000 FTEs for females). This reflects in part a male predominance in relatively dangerous occupations (eg elementary occupations and plant and machine operating and assembly occupations, where the injury incidence rates are 275 and 259 per 1,000 FTEs respectively). The highest injury claim rate for males was for those aged 65 years and over followed by those aged under 25 years. Age differences in the injury claim rate for females were less pronounced.

Figure PW4.2 **Estimated claim rate per 1,000 FTEs employed, by age and sex, 2004**



Source: Statistics New Zealand (2005a)

## ETHNIC DIFFERENCES

Workplace injury claim rates are higher for Māori (190 per 1,000 FTEs) than for other ethnic groups. In 2004, the next highest rate was for Pacific peoples (154 per 1,000 FTEs), followed by Europeans (124 per 1,000 FTEs). The Other ethnic group has the lowest accident claim rate (112 per 1,000 FTEs).

Table PW4.1 **New workplace injury claims, by ethnicity, 2004**

| Ethnic group | Number of claims | Rate per 1,000 FTEs |
|--------------|------------------|---------------------|
| European     | 174,200          | 124                 |
| Māori        | 30,800           | 190                 |
| Pacific      | 12,600           | 154                 |
| Other        | 15,500           | 112                 |
| <b>Total</b> | <b>245,200</b>   | <b>137</b>          |

Source: Statistics New Zealand (2005a)  
Note: Total includes ethnicity not specified

## REGIONAL DIFFERENCES

The highest work-related injury incidence rates were in Northland and Gisborne/Hawke's Bay, with rates of 191 and 187 claims per 1,000 FTEs, respectively. Wellington had the lowest rate of 77 claims per 1,000 FTEs (the only region with an incidence rate below 100). These figures reflect the main industries and occupations in these regions.

## INDUSTRY DIFFERENCES

Injury incidence rates are highest in the primary industries of mining (237 claims per 1,000 FTEs), hunting and fishing (228 per 1,000 FTEs) and agriculture (184 per 1,000 FTEs). However, there are also relatively high injury incidence rates in manufacturing and in construction, which together employ about a quarter of all FTEs. Both these industries have injury incidence rates of 172 per 1,000 FTEs. The lowest injury incidence rate is for people working in finance and insurance (26 per 1,000 FTEs).

# Satisfaction with work-life balance

## DEFINITION

The proportion of employed people who are “satisfied” or “very satisfied” with their work-life balance, as reported in the *Quality of Life in New Zealand’s Largest Cities Survey 2004*.

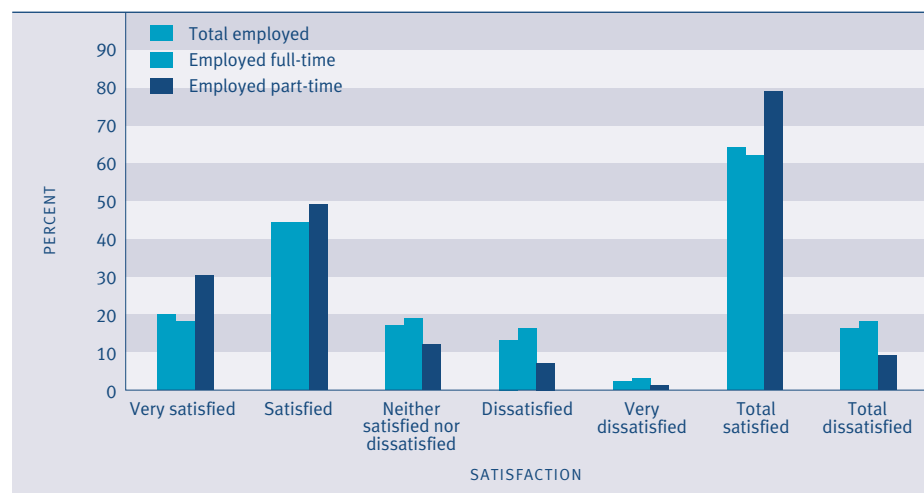
## RELEVANCE

It is important that people find a balance between paid work and other aspects of their lives. When this balance is not found, people may suffer from stress or anxiety. Long working hours or non-standard working hours (eg night shifts) may compromise work-life balance.

## CURRENT LEVEL

Results from the *Quality of Life in New Zealand’s Largest Cities Survey 2004* show most employed New Zealanders (66 percent) are “satisfied” or “very satisfied” with their work-life balance. People in part-time employment (79 percent) are more likely to be “satisfied” or “very satisfied” with their work-life balance than people in full-time employment (62 percent).

Figure PW5.1 **Satisfaction with work-life balance, by employment status, 2004**



Source: Auckland City Council et al (2005) *Quality of Life in New Zealand’s Largest Cities Survey 2004*

## AGE DIFFERENCES

Those least likely to be satisfied with their work-life balance are people aged 15–24 years (65 percent) and those aged 25–49 years (64 percent).

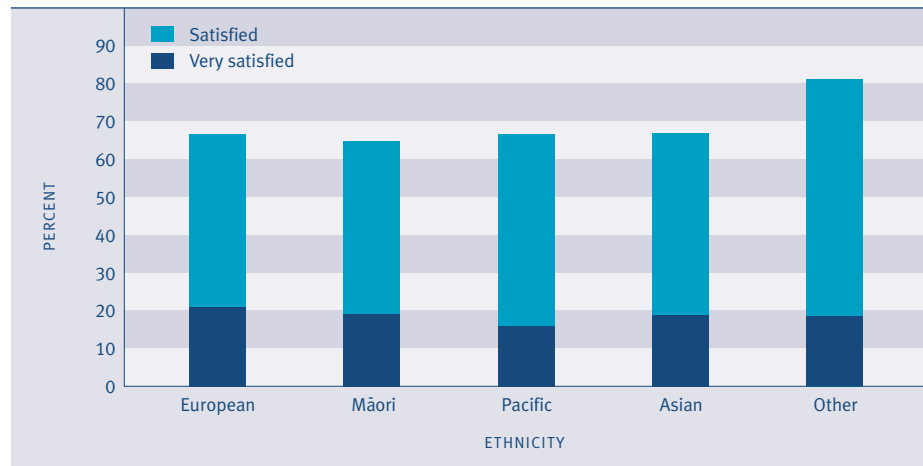
## SEX DIFFERENCES

Females (69 percent) are more likely to report being satisfied with their work-life balance than males (64 percent). This difference partly reflects the fact females are more likely than males to be in part-time work. Among full-time workers, males (63 percent) and females (62 percent) report similar levels of satisfaction with their work-life balance.

## ETHNIC DIFFERENCES

Those of the Other ethnic groups (excluding Asians) report the highest levels of satisfaction with work-life balance (81 percent). There is little difference between the remaining ethnic groups, with 66 percent of European, Pacific peoples and Asians and 64 percent of Māori reporting satisfaction with work-life balance.

Figure PW5.2 **Satisfaction with work-life balance, by ethnicity, 2004**

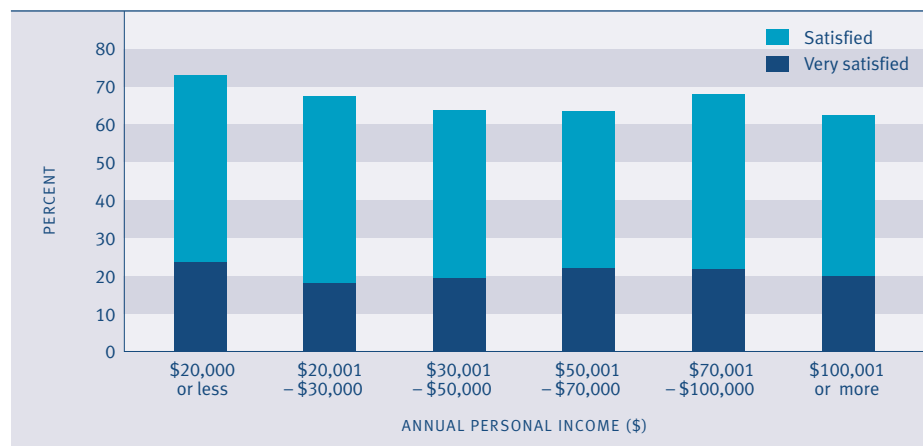


Source: Auckland City Council et al (2005) Quality of Life in New Zealand's Largest Cities Survey 2004

## SOCIO-ECONOMIC DIFFERENCES

Employed New Zealanders whose personal incomes are \$20,000 or less are the most likely to be satisfied overall with their balance of work and life (73 percent). This group includes many women who work part-time.

Figure PW5.3 **Satisfaction with work-life balance, by personal income, 2004**



Source: Auckland City Council et al (2005) Quality of Life in New Zealand's Largest Cities Survey 2004

## REGIONAL DIFFERENCES

Satisfaction with work-life balance varies across cities. Those people with the highest levels of satisfaction live in Wellington (70 percent). Auckland City and Hamilton recorded the lowest levels of satisfaction (62 percent).