

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.⁴⁶ 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, identifying 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.⁴⁷

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 the total labour force 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 labour force participation. 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. The employment rate can be affected by factors including changes in the number of discouraged workers who are not employed but who are not actively seeking work and changes to the working-age population.

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 unemployment rate is 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.

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.

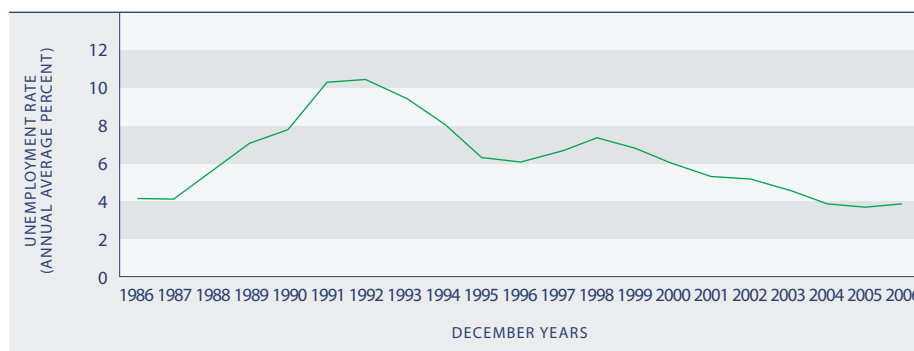
CURRENT LEVEL AND TRENDS

In 2006, 3.8 percent of the labour force (or 82,600 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 2006 unemployment rate was lower than the rate of 4.1 percent in 1986 when records began (70,000 people unemployed).

In 2006, 20 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 22 percent in 2005. The 2006 level of long-term unemployment was below that recorded in 1986 (23 percent) and substantially lower than the peak of 53 percent in 1992.

Figure PW1.1

Unemployment rate, 1986–2006



Source: Statistics New Zealand, Household Labour Force Survey

AGE AND SEX DIFFERENCES

Unemployment rates among different age groups have followed similar trends. The unemployment rate for 15–24 year olds has, in every year, been greater than that for older age groups because those with fewer skills and less experience take longer to find suitable employment. The unemployment rate is not specifically a measure of youth who are inactive or at risk of poor transitions into work or higher education. Unemployment rates were higher for males than females in the peak years of unemployment but, since 2002, females have had slightly higher unemployment rates than males.

Table PW1.1

Unemployment rates (%), by age and sex, selected years, 1986–2006

Year	15–24	25–44	45–64	Total 15+	Males	Females
1986	7.9	3.1	1.8	4.1	3.6	4.8
1991	18.8	8.8	6.1	10.3	10.9	9.6
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
2005	9.4	2.9	2.1	3.7	3.4	4.0
2006	9.6	2.9	2.0	3.8	3.5	4.1

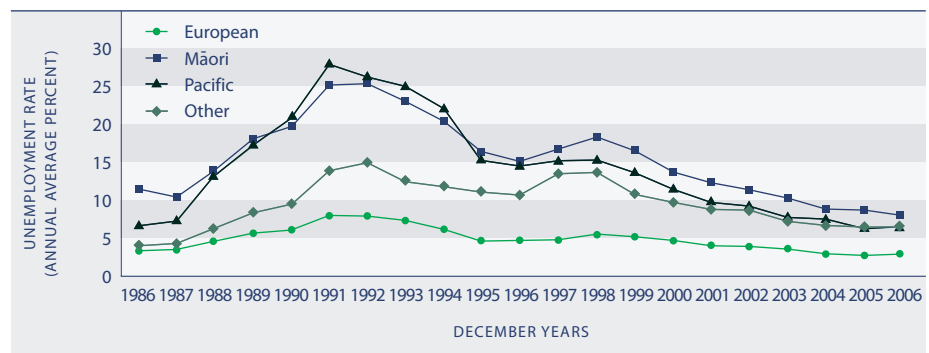
Source: Statistics New Zealand, Household Labour Force Survey
 Note: Average for December years

ETHNIC DIFFERENCES

The Māori unemployment rate rose from 11.3 percent in 1986 to a peak of 25.4 percent in 1992. It had fallen to 7.9 percent by 2006, the lowest rate since the survey began. 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. Since the early-1990s, the Pacific peoples' unemployment rate has declined more than that of Māori and was 6.4 percent in 2006. This was 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 2.7 percent by 2006. 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 6.2 percent in 2006.

Figure PW1.2

Unemployment rate, by ethnic group, 1986–2006

Source: Statistics New Zealand, Household Labour Force Survey
 Note: Other includes Asian

INTERNATIONAL COMPARISON

In 2006, out of 27 OECD countries, New Zealand ranked third (after South Korea and Norway) with a standardised unemployment rate of 3.8 percent, compared with the OECD average of 6.0 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 2006 was lower than those of Japan (4.1 percent), the United States (4.6 percent), Australia (4.9 percent), the United Kingdom (5.3 percent), and Canada (6.3 percent).⁴⁸ In 2005, New Zealand ranked fifth in terms of the proportion of the unemployed who had been unemployed for six months or longer.⁴⁹

Employment

DEFINITION

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

RELEVANCE

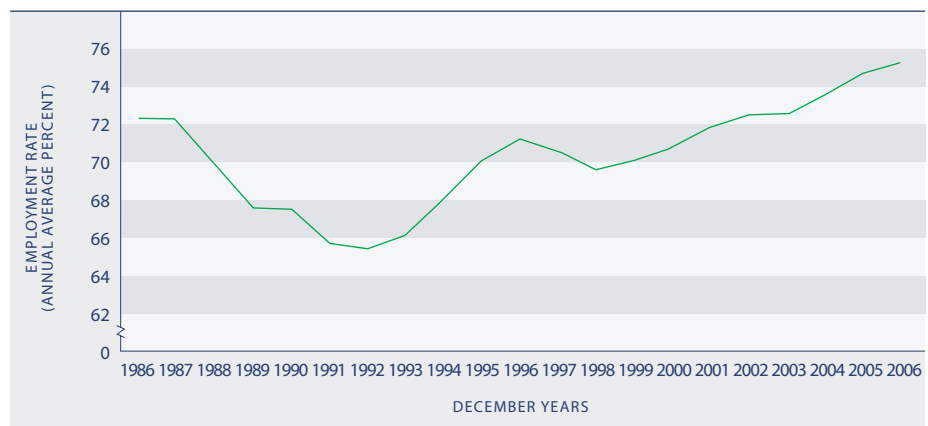
The employment rate is the best available indicator of the prevalence of paid employment. It is affected by trends in both unemployment and labour force participation (the proportion of the working-age population either employed or unemployed).

CURRENT LEVEL AND TRENDS

In 2006, 75.2 percent of 15–64 year olds (2.057 million people) were employed. This was an increase from 74.6 percent in 2005 and 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 75.2 percent in 2006 corresponds to a rise of 553,000 in the number of employed people aged 15–64 years. Over the same period, the number of people aged 15–64 years increased by 436,800.

The full-time employment rate for 15–64 year olds declined sharply between 1986 (60.4 percent) and 1992 (51.5 percent), and had almost recovered to the mid-1980s level by 2006 (59.4 percent). The part-time employment rate increased throughout the period, from 11.9 percent in 1986 to 15.7 percent in 2006. Although the part-time rate has almost doubled for men since 1986, women continue to have a higher part-time employment rate than men (23.5 percent compared with 7.7 percent in 2006).

Figure PW2.1 **Employment rate, 1986–2006**



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. 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. The sex gap in the employment rate is narrowing as female employment grew at a more rapid pace than male employment between 1992 and 2006.

Table PW2.1 **Employment rates (%), by age and sex, selected years, 1986–2006**

Year	15–24	25–44	45–64	65+	Males 15–64	Females 15–64	Total 15–64
1986	68.7	79.3	64.8	8.8	84.6	60.2	72.3
1991	55.0	74.0	61.5	6.0	74.0	57.5	65.7
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
2005	56.9	80.9	78.0	11.5	81.5	68.0	74.6
2006	58.8	80.7	78.7	12.5	82.1	68.4	75.2

Source: Statistics New Zealand, Household Labour Force Survey

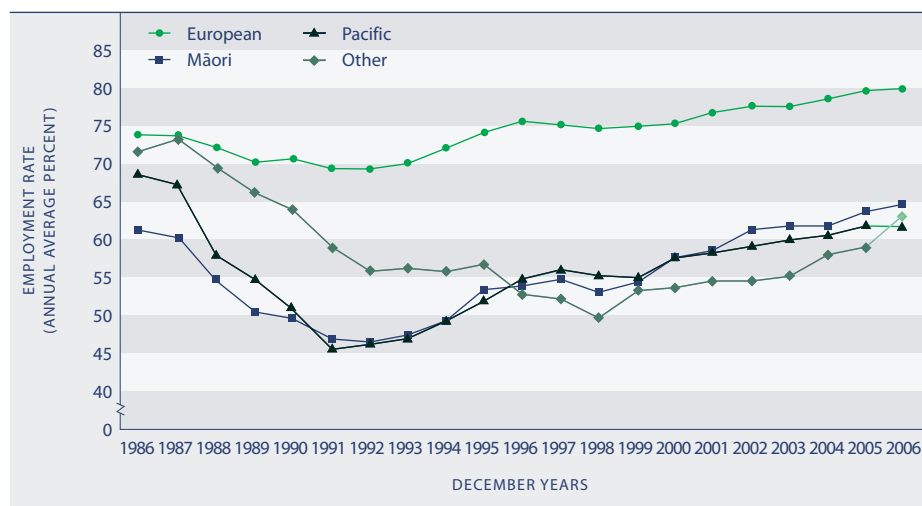
Note: Average for December years

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 2006, the Māori employment rate, at 64.6 percent, had surpassed the 1986 level (61.2 percent). However, Pacific peoples were still less likely to be employed in 2006 (61.6 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 (79.9 percent employed in 2006, compared with 73.8 percent in 1986). The employment rate for the Other ethnic group fell from being the second highest in the late-1980s to being the lowest over recent years. However, in 2006 their employment rate (63.2 percent) rose to be just above that of Pacific peoples.

Figure PW2.2 **Employment rate, by ethnic group, 1986–2006**



Source: Statistics New Zealand, Household Labour Force Survey

INTERNATIONAL COMPARISON

In 2005, New Zealand was ranked fifth highest of 30 OECD countries with an employment rate of 74.6 percent for people aged 15–64 years. This was well above the OECD average of 65.5 percent. Iceland had the highest employment rate in 2005 (84.4 percent). The New Zealand rate in 2005 was higher than those of Sweden (73.9 percent), the United Kingdom (72.6 percent), Canada (72.5 percent), Australia (71.6 percent) and the United States (71.5 percent). New Zealand had a higher female employment rate than the United Kingdom, the United States and Australia in 2005.⁵⁰

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

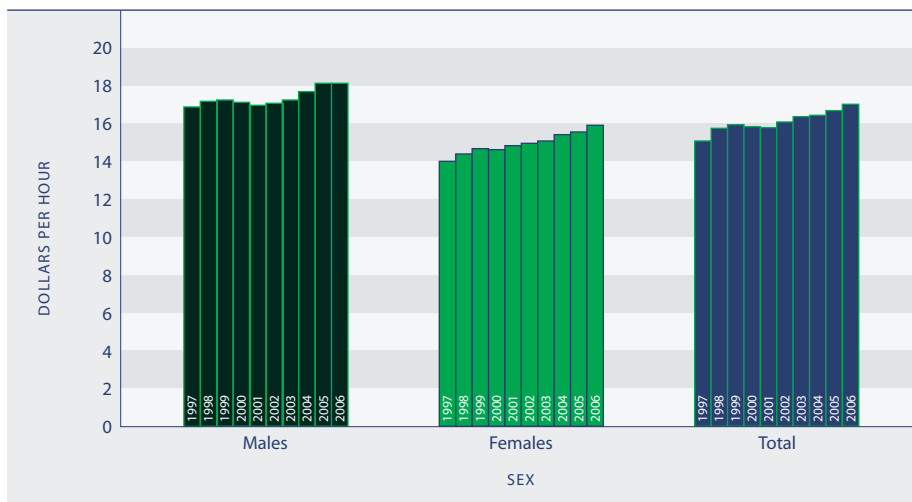
Median hourly earnings from wage and salary jobs is an indicator of the financial return from paid employment, independent of the number of hours worked.

CURRENT LEVEL AND TRENDS

In June 2006, half of all people employed in wage and salary jobs earned more than \$17.00 an hour. The median hourly wage for male employees was \$18.13, while for female employees it was \$15.88.

Real median hourly earnings increased by \$1.93 an hour or 13 percent in the nine years to June 2006. The increase over this period was greater for female employees (14 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 2006.

Figure PW3.1 **Median hourly earnings from wage and salary jobs (in June 2006 dollars), by sex, June 1997 to June 2006**



Source: Statistics New Zealand, New Zealand Income Survey

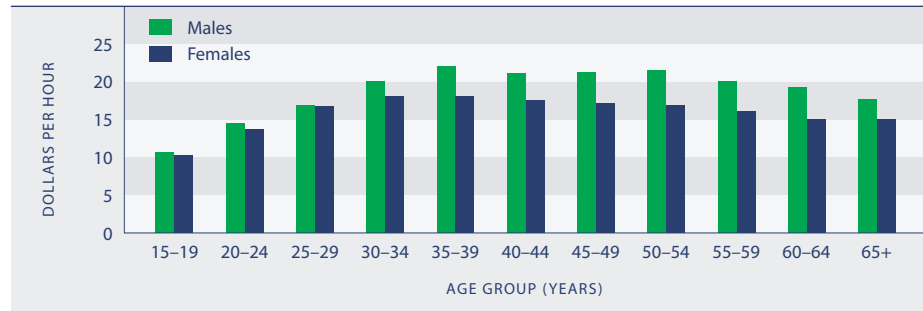
AGE DIFFERENCES

In 2006, median hourly earnings from wage and salary jobs were highest at ages 35–39 years (\$19.35 an hour). This compares with \$10.50 for 15–19 year olds. The increase in real median hourly earnings between 1997 and 2006 was smaller for 15–24 year old employees (5 percent) than for older workers (11 percent for those aged 25–44 years, 9 percent for those aged 45–64 years and 20 percent for those aged 65 years and over).

SEX DIFFERENCES

In 2006, the difference between the sexes in median hourly earnings for wage and salary earners was most evident in age groups over 30 years. The gap was greatest at ages 50–54 years, where the ratio of female to male median earnings for employees was 78 percent. There was little difference between the earnings of men and women in age groups under 30 years.

Figure PW3.2 **Median hourly wage and salary earnings, by age and sex, June 2006**



Source: Statistics New Zealand, New Zealand Income Survey

ETHNIC DIFFERENCES

In June 2006, Europeans had the highest median hourly earnings for wage and salary earners at \$17.74 an hour. This was \$2.59 and \$2.18 an hour higher than the earnings of Māori and the Other ethnic group respectively. Median hourly earnings were lowest for Pacific peoples (\$14.50 an hour).

Over the nine years to June 2006, increases in inflation-adjusted median hourly earnings from wage and salary jobs were highest for Māori and Pacific peoples (both 15 percent), followed by Europeans (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 2006, workers in Wellington had substantially higher earnings than those in other regions. The median hourly wage for wage and salary earners was \$18.75 in Wellington, \$17.90 in Auckland, and \$16.67 in Canterbury and Southland. Median hourly wages were lowest in Northland and Manawatu-Wanganui (both \$15). Over the period 1998–2006, real median hourly wages increased most in Canterbury and Nelson/Tasman/Marlborough/West Coast. All regions experienced positive growth in real hourly wages over the period.

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.

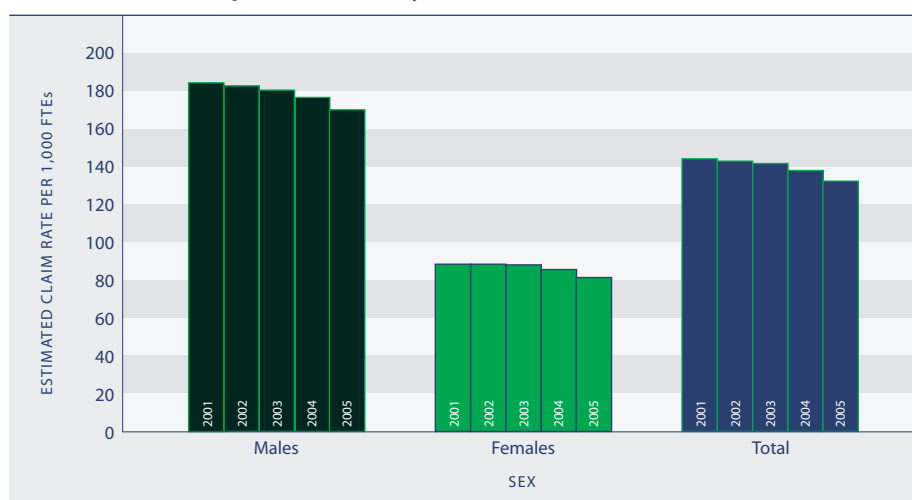
RELEVANCE

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 2005 calendar year shows 242,600 work-related injury claims had been reported to the ACC by 31 March 2006. This represents a rate of 132 claims per 1,000 full-time equivalent employees (FTEs), lower than the rate in the previous year (138 per 1,000 FTEs). The majority of claims were for medical treatment only (ie not including weekly compensation). Eighty-three percent of the claims were for employees, and people who employed others in their own business. The other 17 percent were for the self-employed who did not employ others in their business. The injury claim rate for self-employed not employing others was much higher than for the rest of the workforce (203 per 1,000 FTEs compared with 123 per 1,000 FTEs).

Figure PW4.1 **Estimated claim rate per 1,000 FTEs, by sex, 2001–2005**



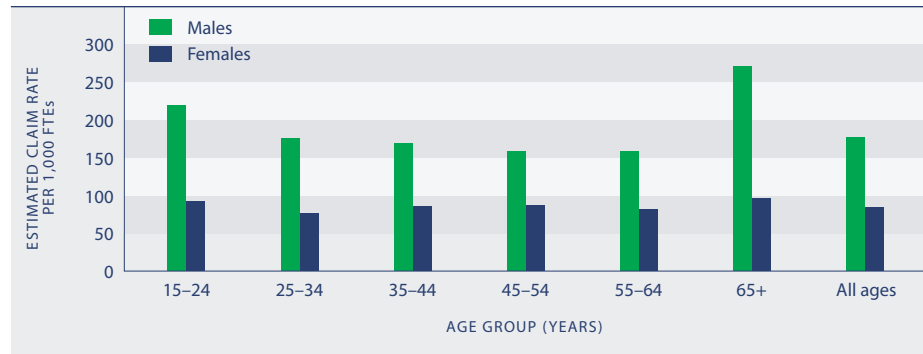
Source: Statistics New Zealand (2006a)
Note: 2005 data is provisional and subject to change

Injury claims reported by March 2006 for the year ended December 2005 included 86 work-related fatalities, 8 fewer than the 94 reported in 2003.⁵¹ 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 2005, construction and agriculture each accounted for 23 percent of work-related fatalities, followed by manufacturing (19 percent) and transport and storage (16 percent).

AGE AND SEX DIFFERENCES

Males are more than twice as likely as females to suffer workplace injuries involving a claim to the ACC (170 per 1,000 FTEs for males compared with 81 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 claim rates are 287 and 245 per 1,000 FTEs, respectively). The highest 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, by age and sex, 2005**



Source: Statistics New Zealand (2006a)
Note: 2005 data is provisional and subject to change

ETHNIC DIFFERENCES

Workplace injury claim rates are higher for Māori (182 per 1,000 FTEs) than for other ethnic groups. In 2005, the next highest rate was for Pacific peoples (158 per 1,000 FTEs), followed by Europeans (119 per 1,000 FTEs). The Other ethnic group has the lowest accident claim rate (114 per 1,000 FTEs).

Table PW4.1 **Workplace injury claims, by ethnicity, 2005**

Ethnic group	Number of claims	Rate per 1,000 FTEs
European	169,300	119
Māori	30,700	182
Pacific peoples	12,700	158
Other	18,800	114
Total	242,600	132

Source: Statistics New Zealand (2006a)
Notes: (1) Data is provisional (2) Other includes Asian (3) Total includes ethnicity not specified

REGIONAL DIFFERENCES

The highest work-related injury claim rates were in the Bay of Plenty and Gisborne/Hawke's Bay, with rates of 197 and 180 claims per 1,000 FTEs, respectively. Wellington had the lowest rate of 74 claims per 1,000 FTEs (the only region with an incidence rate below 100).

INDUSTRY DIFFERENCES

Injury claim rates are highest in the primary industries of mining (198 claims per 1,000 FTEs), and in agriculture, forestry and fishing (190 per 1,000 FTEs). However, there are also relatively high rates in manufacturing (169 per 1,000 FTEs) and in construction (167 per 1,000 FTEs), which together employ about a quarter of all FTEs. The lowest injury claim rate is for people working in finance and insurance (22 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 Survey 2006.

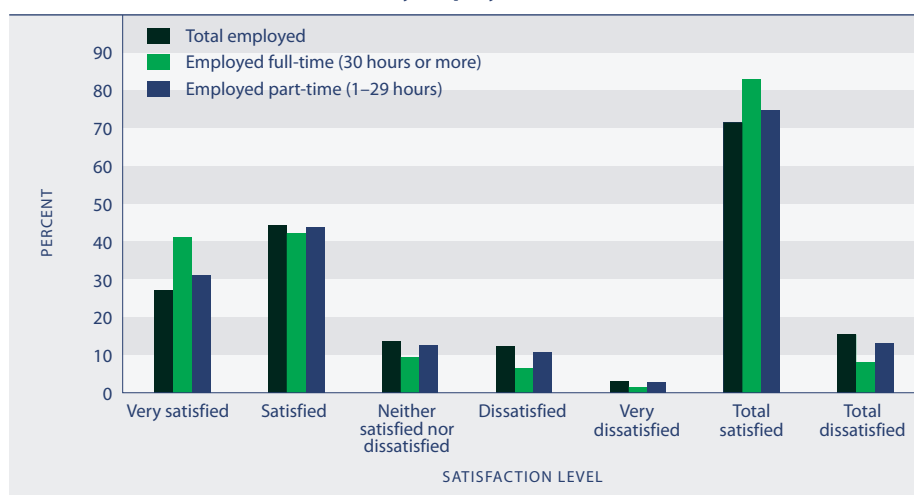
RELEVANCE

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 Survey 2006 show most employed New Zealanders (75 percent) are satisfied or very satisfied with their work-life balance. People in part-time employment (83 percent) are more likely to be satisfied or very satisfied with their work-life balance than people in full-time employment (71 percent).

Figure PW5.1 **Satisfaction with work-life balance, by employment status, 2006**



Source: Quality of Life Survey 2006

AGE DIFFERENCES

Those least likely to be satisfied with their work-life balance in 2006 were employed people aged 25–49 years (71 percent). Those aged 65 years and over (84 percent) were the most satisfied age group.

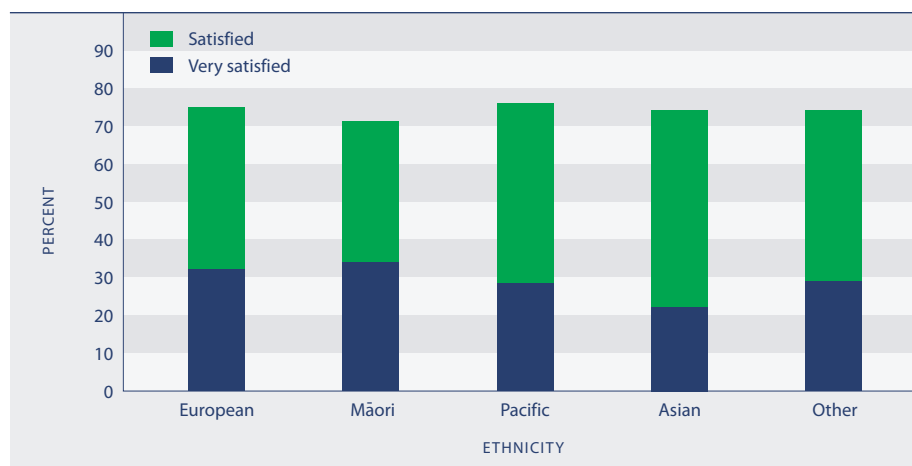
SEX DIFFERENCES

Employed females (74 percent) have similar rates of satisfaction with work-life balance to employed males (76 percent). Among full-time workers, however, males (74 percent) are more likely to be satisfied or very satisfied with their work-life balance than females (67 percent). Work-life balance satisfaction rates are highest for both male and female part-time workers (both 83 percent).

ETHNIC DIFFERENCES

Employed people in the different ethnic groups have similar rates of work-life balance satisfaction. For employed Pacific peoples the rate was 76 percent in 2006, for Europeans 75 percent and the Asian and Other ethnic groups both had work-life balance satisfaction rates of 74 percent. Employed Māori had the lowest rate of satisfaction with work-life balance (71 percent).

Figure PW5.2 **Satisfaction with work-life balance, employed people, by ethnic group, 2006**

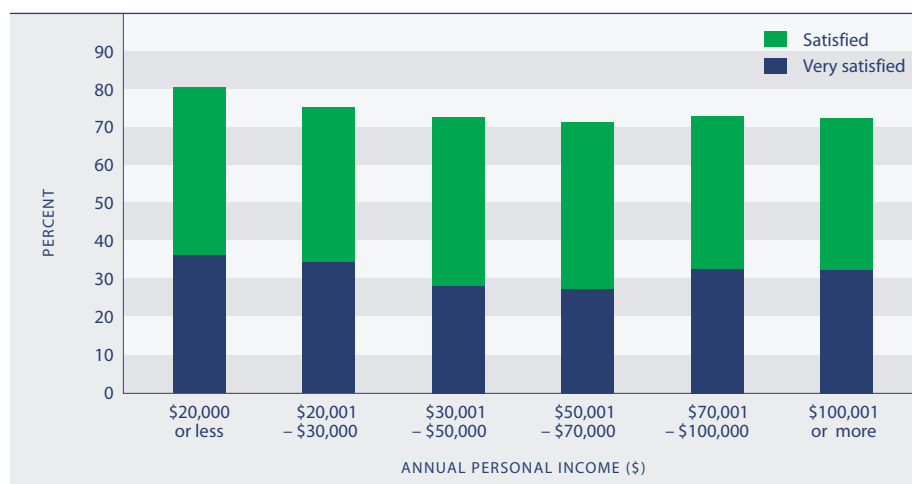


Source: Quality of Life Survey 2006

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 (80 percent). This group includes many women who work part-time.

Figure PW5.3 **Satisfaction with work-life balance, employed people, by personal income, 2006**



Source: Quality of Life Survey 2006

REGIONAL DIFFERENCES

Satisfaction with work-life balance among employed people varies across cities. Those people with the highest levels of satisfaction live in Porirua and Auckland (both 77 percent). Manukau City and North Shore recorded the lowest levels of satisfaction (both 69 percent).