

## DESIRED OUTCOMES

All people have 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 by providing people with incomes to meet their basic needs and to contribute to their material comfort, as well as by giving 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 of 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>47</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 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 which matches 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>48</sup>

The quality of work is of critical importance. 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 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 from all wages and salaries, the number of workplace injury claims and the proportion of the population in paid employment who are satisfied with their work-life balance.

Together, these indicators present a picture of people's access to employment, how financially rewarding employment is, the level of safety of employment and the balance between work and other areas of life.

The first two indicators relate to the quantity of paid work on offer and taken up. This is affected by several factors, including economic conditions, migration flows, people's qualifications and abilities, and their decisions on how much time to allocate to paid work.

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, as 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. Changes in the employment rate will reflect changes in the number of discouraged workers who are not employed, but are not actively seeking 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 official unemployment rate is the number of people aged 15 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 and over who are either employed or unemployed (not employed but actively seeking and available for paid work).

## RELEVANCE

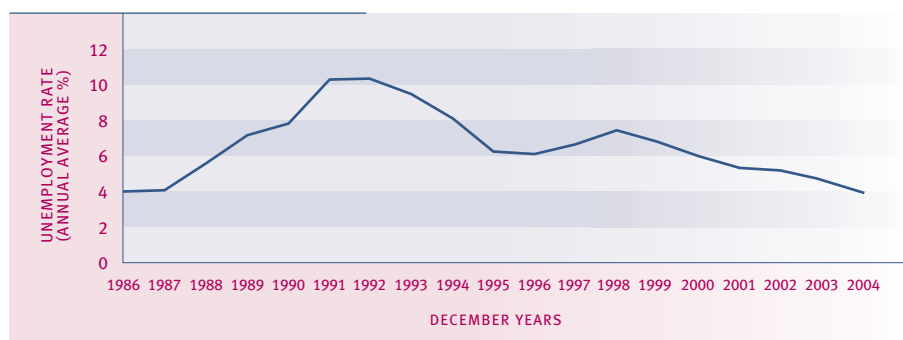
This is a key indicator of labour market outcomes and the lack of access to employment. The unemployment rate is an important reflection of overall economic conditions and may give some sense of the ease with which people are able to move into employment.

## CURRENT LEVEL AND TRENDS

In 2004, 3.9 percent of the labour force (or 82,000 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 2004 unemployment rate was just under the rate of 4.1 percent in 1986 when records began (70,000 people unemployed).

In 2004, 23 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 27 percent in 2003. The 2004 level of long-term unemployment was the same as that recorded in 1986 and substantially lower than the peak of 53 percent in 1992.

Figure PW1.1 Unemployment rate, 1986–2004



Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)

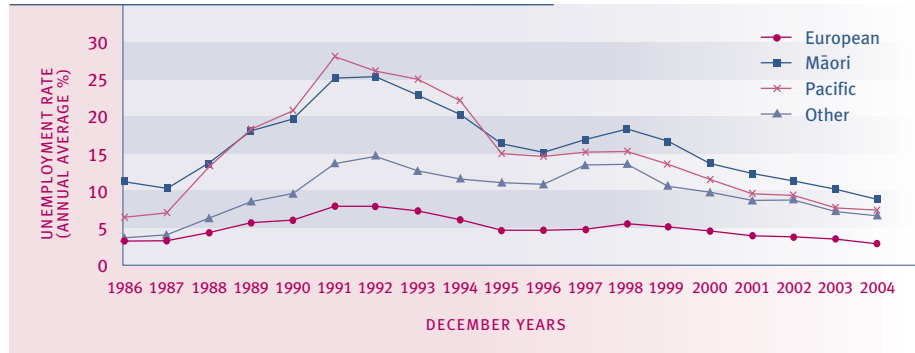
## ETHNIC DIFFERENCES

Substantial differences in unemployment rates persist for different ethnic groups. Māori unemployment rose from 11.3 percent in 1986 to a peak of 25.4 percent in 1992 but had fallen to 8.8 percent by 2004, the lowest rate recorded since the Household Labour Force Survey began. Between 1986 and 1991, the unemployment rate for Pacific peoples rose from 6.6 percent to 28.0 percent, the highest rate for any ethnic group. Pacific peoples' unemployment rate has declined more than that of Māori since the mid-1990s and was 7.4 percent in 2004. Pacific unemployment is still higher than it was 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 declined to 2.8 percent by 2004. The unemployment rate of the "Other" ethnic group category (which comprises predominantly people of Asian ethnicity and includes many recent migrants) increased from 3.7 percent in 1986 to 14.8 percent in 1992, and was still relatively high at 6.6 percent in 2004.

Figure PW1.2

**Unemployment rate, by ethnic group, 1986–2004**



Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)  
 Note: "Other" includes Asian

**AGE AND SEX DIFFERENCES**

Unemployment rates among different age groups have followed similar trends but the level among those aged 15–24 (9.3 percent in 2004) has been consistently more than twice the rate for older groups. This group comprised 42 percent of all unemployed in 2004. Unemployment rates were higher for males than females in the peak years of unemployment. However, the pattern has reversed in recent years, with females having slightly higher unemployment rates than males.

Table PW1.1

**Unemployment rates (%), by age and sex, selected years, 1986–2004**

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
2004	9.3	3.2	2.3	3.9	3.5	4.4

Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)  
 Note: Average for December years

**REGIONAL DIFFERENCES**

In 2004, regional unemployment rates were highest in Bay of Plenty and Gisborne-Hawke’s Bay (each 4.8 percent) and Northland (4.5 percent) and lowest in Tasman-Nelson-Marlborough-West Coast (2.5 percent). The fall in the unemployment rate between 1992 and 2004 was greatest in the Northland region. Regional unemployment rates are closer now than they have ever been since the survey began in 1986. In 2004 the spread from the highest to the lowest unemployment rate was 2.3 percentage points, compared with a spread of 4.5 percentage points a year earlier. The difference in unemployment rates among the regions was greatest in 1994 (6.9 percentage points).

**INTERNATIONAL COMPARISON**

In 2004, New Zealand ranked second out of 27 OECD countries with a standardised unemployment rate of 3.9 percent, compared with the OECD average of 6.9 percent. Since the mid-1980s, New Zealand’s unemployment rate relative to other OECD countries has ranged from one of the lowest (ranked fifth in 1986 with a rate of 4.1 percent) to one of the highest (ranked 17th in 1992 with a rate of 10.3 percent) to a more favourable position in recent years. South Korea had the lowest unemployment rate in 2004 (3.7 percent). The New Zealand unemployment rate in 2004 was lower than those of the United Kingdom (4.6 percent), Japan (4.7 percent), the United States (5.5 percent), Australia (5.5 percent) and Canada (7.2 percent).<sup>49</sup> In 2003, New Zealand ranked sixth best in terms of the proportion of the unemployed who had been unemployed for six months or longer.<sup>50</sup>

HEALTH  
 KNOWLEDGE AND SKILLS  
 PAID WORK  
 ECONOMIC STANDARD OF LIVING  
 CIVIL AND POLITICAL RIGHTS  
 CULTURAL IDENTITY  
 LEISURE AND RECREATION  
 PHYSICAL ENVIRONMENT  
 SAFETY  
 SOCIAL CONNECTEDNESS

# Employment

## DEFINITION

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

## RELEVANCE

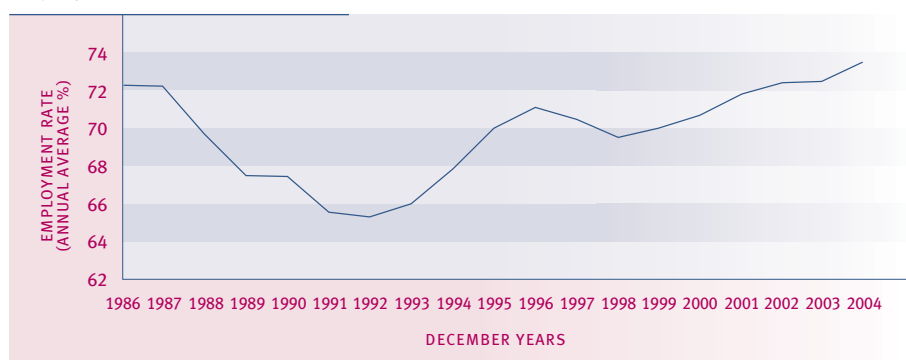
The employment rate is the best available indicator of the prevalence of paid employment. It is affected by trends in both unemployment and labour force participation (the proportion of the working-age population either employed or unemployed).

## CURRENT LEVEL AND TRENDS

In 2004, 73.5 percent of 15–64 year olds (1.966 million people) were employed for one hour or more per week. This was slightly above 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 73.5 percent in 2004 corresponds to a rise of 462,400 in the number of employed people aged 15–64. Over the same period, the number of people aged 15–64 increased by 374,400.

Full-time employment rates declined between 1986 (60.4 percent) and 1992 (51.5 percent) and have yet to recover to 1986 levels for men. Part-time employment rates have increased for both sexes over the period (from 11.9 percent in 1986 to 15.8 percent in 2004), almost doubling for men. However, women (23.3 percent) continue to have higher part-time employment rates than men (8.1 percent).

Figure PW2.1 **Employment rate, 1986–2004**



Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)  
Note: Based on population aged 15–64

## AGE AND SEX DIFFERENCES

The employment rate decline between 1987 and 1992 affected all age groups but was most pronounced for young people aged 15–24. Youth employment rates have remained relatively low during the period of employment growth since 1992, possibly due to a growth in participation in tertiary education and training. Conversely, employment rates for people aged 45–64 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.

Women's employment rate is significantly lower than that for men, owing mainly to the fact that women spend more time on childcare and other unpaid household work, and are more likely than men to be undertaking some form of study or training. The gap has, however, narrowed substantially since the mid-1980s, from 24 to 14 percentage points.

Table PW2.1

**Employment rates (%), by age and sex, selected years, 1986–2004**

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
2004	56.8	79.3	76.8	11.1	80.8	66.5	73.5

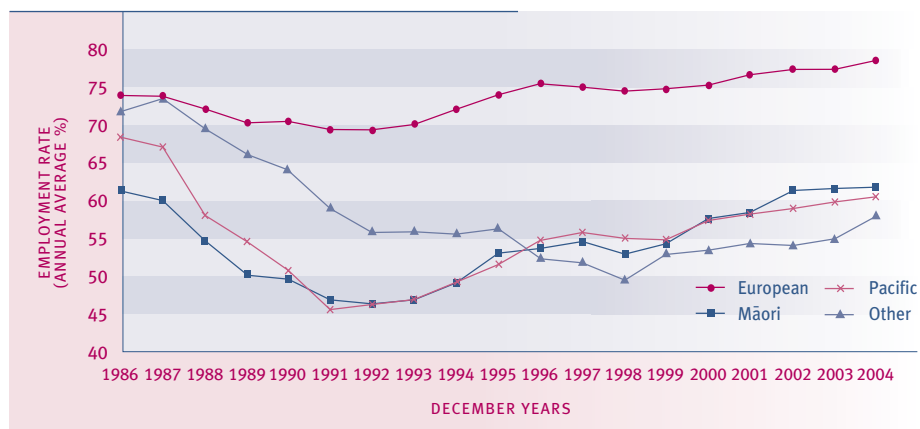
Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)

Note: Average for December years

**ETHNIC DIFFERENCES**

The proportions of the European, Māori and Pacific peoples working-age populations in employment all fell between 1987 and 1992 and have risen since then. The only ethnic group to have higher employment rates in 2004 than in the mid-1980s was the European group (78.4 percent employed in 2004, compared with 73.8 percent in 1986). The Māori employment rate, at 61.7 percent in 2004, had recovered to 1986 levels (61.2 percent), but Pacific peoples were still much less likely to be employed (68.4 percent in 1986, 60.5 percent in 2004). 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.

Figure PW2.2

**Employment rate, by ethnic group, 1986–2004**

Source: Statistics New Zealand, Household Labour Force Survey (1986–2004)

Notes: [1] Based on population aged 15–64 [2] “Other” includes Asian

**REGIONAL DIFFERENCES**

In 2004, employment rates were highest in Southland (78.0 percent) and Canterbury (77.7 percent) and lowest in Northland (69.2 percent) and Manawatu-Wanganui (70.6 percent).

**INTERNATIONAL COMPARISON**

In 2003, the New Zealand employment rate of 72.5 percent for people aged 15–64 years was well above the OECD average of 65.0 percent and ranked seventh highest out of 28 OECD countries. New Zealand’s position has improved from 13th place in 1990, almost entirely due to the recovery in male employment rates. Switzerland had the highest employment rate in 2003 (77.8 percent). The New Zealand rate in 2003 was similar to those of the United Kingdom (72.9 percent) and Canada (72.1 percent) and higher than those of the United States (71.2 percent) and Australia (69.3 percent). Of those countries, the United States and Australia had lower female employment rates than New Zealand in 2003.<sup>51</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

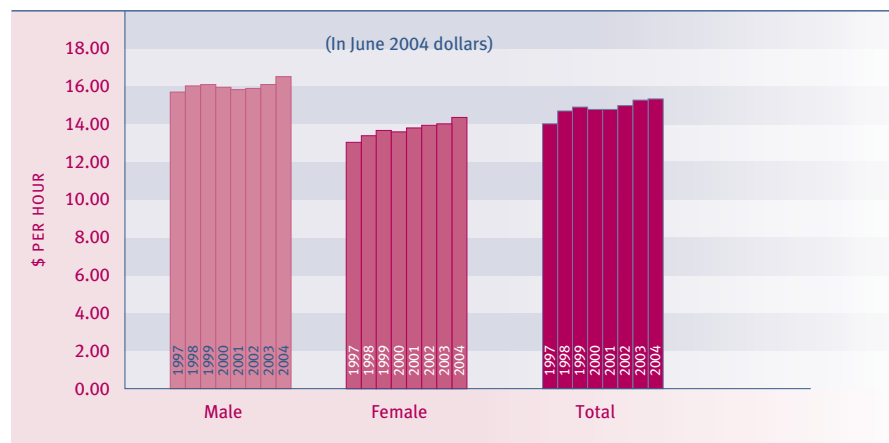
Median hourly earnings from wage and salary jobs is an indicator of the financial return from paid employment, independent of the number of hours worked.

## CURRENT LEVEL AND TRENDS

In June 2004, half of all people employed in wage and salary jobs earned more than \$15.34 an hour. The median hourly wage for male employees was \$16.50 while for female employees it was \$14.40.

Real median hourly earnings increased by \$1.29 per hour or 9 percent in the seven years to June 2004. The increase over this period was greater for female employees (10 percent) than for male employees (5 percent). As a result, the ratio of female to male real median hourly earnings has risen from 83 percent in June 1997 to 87 percent in June 2004.

Figure PW3.1 Median hourly earnings from wage and salary jobs, by sex, June 1997 to June 2004



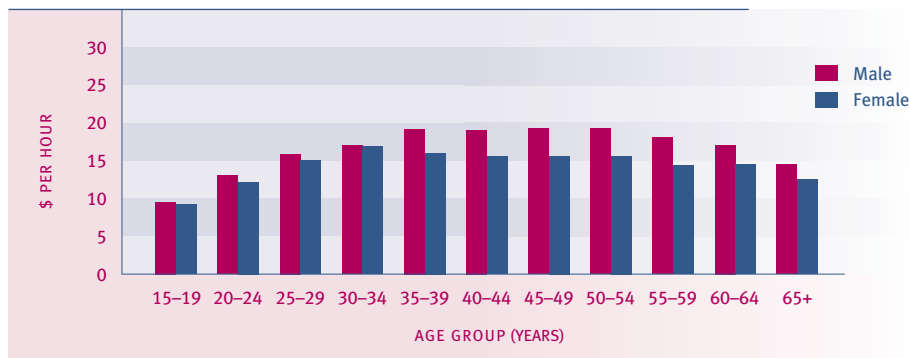
Source: Statistics New Zealand, New Zealand Income Survey (1997–2004)

## AGE AND SEX DIFFERENCES

In 2004, median hourly earnings from wage and salary jobs were highest at ages 35–54 years (\$17–18 an hour). This compares with \$9.50 for 15–19 year olds. The increase in real median hourly earnings between 1997 and 2004 was smaller for 15–24 year old employees (3 percent) than for older workers (8 percent for those aged 25–64 years, 11 percent for those aged 65 and over).

In 2004, there was little sex difference in median hourly earnings among 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. The sex difference was greatest at ages 45–64 years. However, the ratio of female to male real median hourly earnings for employees in this age group improved from 75 percent to 80 percent over the period 1997–2004.

Figure PW3.2 **Median hourly wage and salary earnings, by age and sex, June 2004**



Source: Statistics New Zealand, New Zealand Income Survey (2004)

## ETHNIC DIFFERENCES

In June 2004, half of Māori in wage and salary jobs earned more than \$13.76 an hour, a lower median hourly wage than that of European/Pākehā (\$16.00 an hour) but slightly higher than that of Pacific peoples (\$12.98 an hour). The median hourly earnings of wage and salary earners from the “Other” ethnic group was \$14.68.

Over the seven years to June 2004, increases in inflation-adjusted median hourly earnings from wage and salary jobs were higher for Māori, at 12 percent, than for Pacific peoples (10 percent) or Europeans/Pākehā (9 percent). Employees from the “Other” ethnic group experienced the lowest increases in real median hourly earnings from wage and salary jobs (5 percent).

## REGIONAL DIFFERENCES

Workers in Wellington and Auckland have substantially higher earnings than those in other regions. In 2004, the median hourly wage for wage and salary earners was \$17.00 in Wellington and \$16.48 in Auckland. Median wages were lowest in Otago (\$14.00). Over the period 1998–2004, real median hourly wages increased most in Northland and Manawatu-Wanganui and actually declined slightly in Otago 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

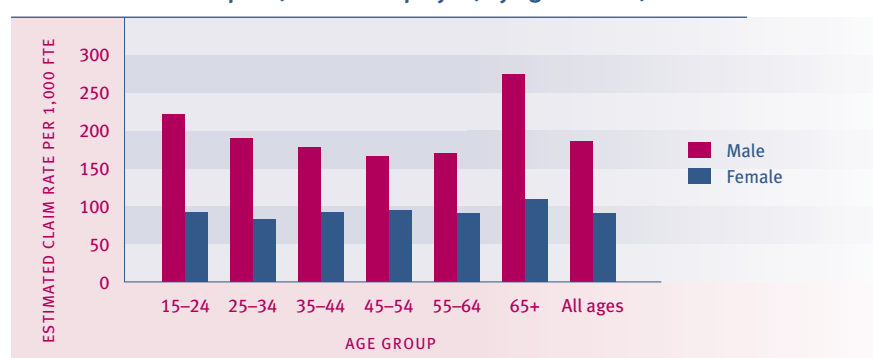
Safety at work is an important contributor to wellbeing and the risk of work-related accidents or illness can be seen as one component of the quality of work. The best currently available measure of the incidence of workplace injuries comes from the database of claims made to the ACC.

## CURRENT LEVEL AND TRENDS

Provisional data for the 2003 calendar year shows that 247,500 work-related injury claims had been reported to the ACC by 31 March 2004, an increase of 10,500 (4 percent) on the year ended December 2002 with a similar reporting cut-off. This represents a rate of 146 claims per 1,000 full-time equivalent employees (FTEs), about the same as the previous year (a rate of 143 per 1,000 FTEs). The majority of claims were for medical treatment only (ie not including weekly compensation). Eighty-two percent of claims were in respect of employees, and people who employed others in their own business. The remainder were the self-employed who did not employ others in their business. The incidence rate for the self-employed not employing others was almost twice that of the rest of the workforce, as defined above (233 per 1,000 FTEs compared with 134 per 1,000 FTEs).

Information on workplace injuries for 2003 is produced by Statistics New Zealand and output was based, for the first time, on a calendar year rather than a financial year. These figures have been backdated to 2001 but are not directly comparable with previous figures on workplace injuries.

Figure PW4.1 **Estimated claim rate per 1,000 FTE employed, by age and sex, 2003**



Source: Statistics New Zealand (2004d)

Injury claims for the year ending December 2003, that had been reported by March 2004, included 87 work-related fatalities. This is likely to be an underestimate of the final number of fatalities, because some deaths may have occurred subsequently from injuries in that period, and not all fatal work-related accidents result in a claim to ACC. Construction accounted for 23 percent of work-related fatalities, followed by agriculture (13 percent) and manufacturing (11 percent).

## AGE AND SEX DIFFERENCES

Males are more than twice as likely as females to suffer workplace injuries involving a claim to ACC (186 per 1,000 FTEs for males compared with 91 per 1,000 FTEs for females). This reflects in part a male predominance in relatively dangerous occupations. Among males, the highest injury claim rate was for those aged 65 and over followed by those aged under 25. Among females, age differences in the injury claim rate were less pronounced.

## ETHNIC DIFFERENCES

Workplace injury claim rates are higher for Māori (190 per 1,000 FTEs) than for other ethnic groups. This is likely to reflect the fact that Māori are disproportionately employed in industries and occupations that have high injury rates, such as forestry. In 2003, the next highest rate was that for Pacific peoples (157 per 1,000 FTEs), followed by Europeans (134 per 1,000 FTEs). The “Other” (including Asian) ethnic group has the lowest accident claim rate (112 per 1,000 FTEs).

Table PW4.1

### New workplace injury claims, by ethnicity, 2003

Ethnic group	Number of claims	Rate per 1,000 FTEs
European	177,700	134
Māori	31,200	190
Pacific	12,300	157
Other (including Asian)	13,900	112
Total	247,500	146

Source: Statistics New Zealand (2004d)

## REGIONAL DIFFERENCES

The highest incidence rates occurred in Gisborne-Hawke’s Bay and Northland, with rates of 203 and 202 claims per 1,000 FTEs, respectively. Wellington had the lowest rate of 82 claims per 1,000 FTEs. These figures reflect the main occupations in these regions.

## INDUSTRY DIFFERENCES

The variation in injury rates for different industries underlies many of the differences in injury rates for males and females, and ethnic and age groups. The highest injury rates are in hunting and fishing (257 per 1,000 FTEs), mining (235 per 1,000 FTEs), agriculture (197 per 1,000 FTEs) and manufacturing (196 per 1,000 FTEs).

Table PW4.2

### New workplace injury claims, by industry, 2003

Industry	Number of claims	Rate per 1,000 FTEs
Hunting and fishing	1,000	257
Mining	1,000	235
Agriculture	24,200	197
Manufacturing	52,100	196
Construction	23,700	181
Forestry	1,800	176
Electricity, gas and water supply	1,100	136
Transport and storage	9,300	126
Communication services	2,700	94
Wholesale and retail trade	27,400	92
Health and community services	10,700	75
Property and business services	12,400	71
Education	7,700	61
Accommodation, cafes and restaurants	4,500	60
Finance and insurance	1,600	32

Source: Statistics New Zealand (2004d)

# 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*.

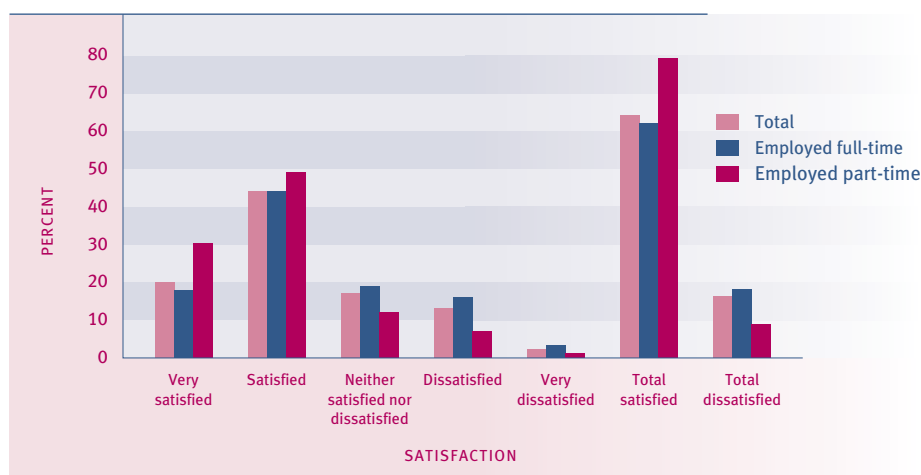
## RELEVANCE

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

## CURRENT LEVEL AND TRENDS

Results from the *Quality of Life in New Zealand’s Largest Cities Survey 2004* indicate that 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



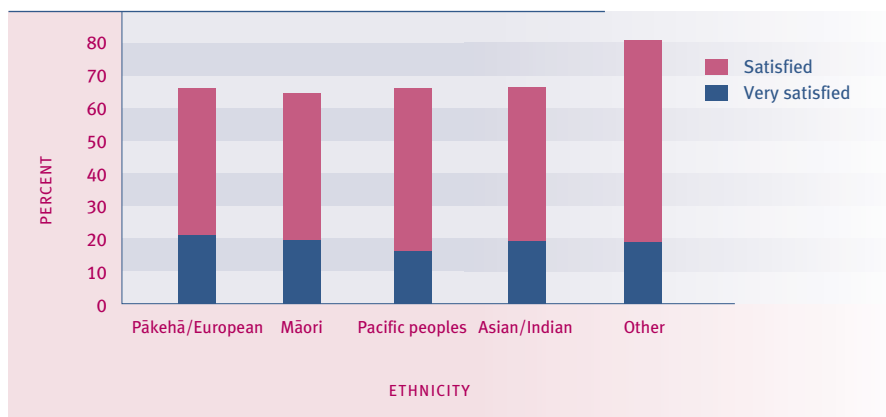
Source: Auckland City Council et al (2005) Quality of Life in New Zealand's Largest Cities

## AGE AND SEX 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). 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

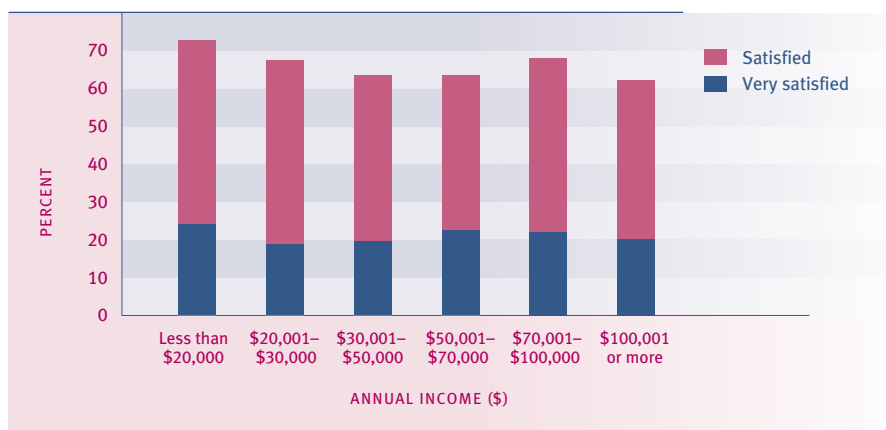
Those of “Other” ethnic groups report the highest levels of satisfaction with work-life balance (81 percent). There is little difference between the remaining ethnic groups, with 66 percent of Pākehā/European, Pacific peoples and Asian/Indians and 64 percent of Māori reporting satisfaction with work-life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

## PERSONAL INCOME DIFFERENCES

Employed New Zealanders whose personal incomes are less than \$20,000 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

## REGIONAL DIFFERENCES

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