



EMPLOYMENT STRATEGY: PROGRESS TO DATE

JUNE 2002 – SEPTEMBER 2003



Ministerial Foreword

The Government's Employment Strategy provides a comprehensive approach to employment policy designed to sustain and improve economic growth and employment opportunities in New Zealand. The third in a series of updates, this publication reviews the progress made against the Employment Strategy between June 2002 and September 2003.

Significant progress has been made in tackling unemployment. As a country we now have far better utilisation of the skills and talents of our labour force. Over the past 15 months, the New Zealand labour market has remained strong, thanks largely to the continued growth of the economy. Reflecting this, the labour force participation rate remained high, employment growth continues to improve, and the unemployment rate reached a 16-year low of 4.4 percent in the September 2003 quarter. This is a figure that we can draw much optimism from as employment is far more available to most job-seekers.

Our success in tackling unemployment means that we must increasingly look towards issues such as the quality of employment and productivity. It is imperative that we build on our strong base of employment growth to produce better, higher income and more productive jobs for all. A significant priority of the present Government is improving the quality of working lives by supporting job-seekers into sustainable employment and economic independence. Sustainable employment means giving people the opportunity to move into employment, spend less time unemployed and move into higher-quality jobs.

Despite our positive economic results, the buoyant economy has contributed to a tight labour market with firms reporting significant labour and skill shortages. In a recent business survey, one in six firms reported the main constraint on expansion was a lack of labour.

At the same time we continue to have a large population of working age people who are out of the labour market, with many lacking the skills necessary to meet the needs of employers and industries. This presents a risk to New Zealand's economy in terms of our ability to sustain and support growth.

The Government has a wide range of initiatives underway to meet this challenge. In addition to the Employment Strategy, these initiatives include the Growth and Innovation Framework, the Tertiary Education Strategy, the Skills Action Plan, Regional Economic Development, and efforts to increase industry training including Modern Apprenticeships. In broad terms these initiatives are about supporting a highly-productive economy by enhancing the capability of New Zealanders; maximising the opportunities available for people to use their skills; and ensuring that capacities and opportunities are well matched.

Many of the key drivers of national economic growth are based in the regions. This year, skills and employment fora were held throughout the regions in order to better understand and support the diversity of issues confronting local labour markets in New Zealand. I have been encouraged by the way in which regional communities have responded to the challenge around forming better linkages between stakeholders to match people's skills with job opportunities. Government agencies, such as the Ministry of Social Development, Department of Labour and the Tertiary Education Commission, have an important role in working together. This effort must be sustained through strong partnerships and ownership of solutions by local authorities, employers, unions, educational providers and other key community groups.

More recently, in August this year, the 'Jobs Jolt' package of initiatives was unveiled with the purpose of tackling skill shortages and getting more New Zealanders into work. This package also places a greater emphasis on increasing the level of job search activity and employment for those with significant barriers to employment through more active case management and clearer mutual obligations. Encouraging diversity in the workplace is also identified as a key mechanism for harnessing current skills in the working age population not being fully utilised. Mature workers, those with disabilities, and those not currently participating in the labour force are targeted by several Government initiatives, including the Jobs Jolt package.

This report shows that we have continued to build on the successes of recent years. I welcome your views on this report and in particular, how we are doing against the objectives which reflect the changing needs of New Zealanders.



Steve Maharey

Minister of Social Development and Employment





What is the Employment Strategy?

In 2000, the New Zealand Government developed an Employment Strategy setting out its key employment objectives. These objectives are the Government's high-level aims:

- maximising the number of jobs that provide opportunities to increase potential and enhance productivity
- minimising persistent disadvantage in the labour market and enhancing the sustainability of employment
- improving the quality of people's working lives.

The Strategy is designed to strengthen labour market performance. The keys to a high-performing labour market are: creating employment opportunities, building people's capacity, and matching people with jobs. Effective matching occurs when job opportunities and working conditions (such as wages, hours of work, flexibility) meet the needs of employees, job-seekers and employers.

Changes to the Employment Strategy

The Government reviewed the Employment Strategy in late 2002 to ensure it still meets the needs of the changing New Zealand labour market. In line with changing Government priorities, the objectives were more strongly focussed on sustainable employment, quality of employment and increasing productivity. The Government also established two new goals (5 and 8) to help achieve these revised objectives.

There is a need for an Employment Strategy because...

A high-performing labour market is essential for sustained economic growth, and achieving the Government's aim of returning New Zealand's per capita income to the top half of OECD rankings. Creating the right conditions for business growth and high productivity leads to greater job opportunities and higher wages for workers. The Employment Strategy works to help create those right conditions for employment and to maximise job opportunities.

For most New Zealanders, work is fundamental to their financial and personal sense of wellbeing. It can also encourage people to take a greater role in their communities. If New Zealand can increase the participation of people currently under-represented in the labour market, then not only will the economy benefit, but communities will also.

People facing ongoing disadvantage in the labour market tend to come from groups with particular characteristics (e.g. young school-leavers), have Māori and Pacific backgrounds, and come from certain regions. These groups are an increasingly important part of New Zealand's future workforce. The Strategy is taking positive steps to meet their labour market needs.

It is not enough that New Zealand creates jobs. The Government wants higher calibre results from the labour market. That means creating good jobs through focussing on sustainable employment and the quality of people's working lives. Sustainable employment means people can move into employment, spend less time unemployed and get higher-quality work. Improving work-life balance and creating fair employment conditions are keys to the wellbeing of people and their communities.

Progress to date...

This report is the third in a series of stock-takes surveying progress made with the Employment Strategy¹. The time period covered here is the past 15 months, between July 2002 and September 2003.

The economy grew strongly at an annual average rate of 4.0 percent in the year to June 2003, which lifted the number of people employed by 3.3 percent in the year to September 2003. This is up from job growth of 2.8 percent in the year to September 2002. The seasonally-adjusted unemployment rate fell to a 16-year low of 4.4 percent in the September 2003 quarter, continuing the downward trend in the unemployment rate since 1999.



The percentage of people taking part in the labour market increased in the September 2003 quarter to 66.6 percent. Net migration inflows are at historically high levels, and have been a main factor behind high growth in the working age population (those 15 years or older).

As labour market conditions have improved, firms report difficulty in finding the labour and skills they require. For many firms this has constrained their ability to expand their operations, and suggests New Zealand needs more people entering the workforce, and rising skill levels. The stock of skills in the labour market appears to be increasing – more New Zealanders have a qualification in the year to September 2003 compared to a year ago.

Other trends of note over the year to September 2003:

- All regions experienced a rise in employment, apart from Bay of Plenty. The annual average unemployment rate fell in nine of the 12 main regions.
- Māori and Pacific peoples' employment levels rose strongly, and their average annual unemployment rates fell.
- However, a number of groups, including Māori, Pacific peoples and people with disabilities, continued to be less likely to be employed and more likely to earn less.
- Employment growth for women and youth (15-24 years) was in line with employment growth in the economy as a whole. Women's labour force participation rates stayed relatively unchanged, while participation rates for youth continued to fall as more young people opted to study.

¹ The stock-take provides an overview of labour market trends and selects a range of examples of the progress made against the Employment Strategy by the Government. Consequently, it only covers some of the activities and initiatives being undertaken by government agencies. For more comprehensive information on government initiatives please visit www.govt.nz.

Eight goals work to achieve the Employment Strategy's objectives:

Goal 1: Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation

Goal 2: Promoting an 'employment-rich, high productivity' economy

Goal 3: Developing a flexible, highly-skilled workforce that is responsive to the needs of the labour market and an innovative economy

Goal 4: Developing community capability as a source of employment opportunities

Goal 5: Promoting a fair employment environment that enhances working relationships

Goal 6: Improving participation in employment, earnings and the quality of employment for Māori

Goal 7: Improving participation in employment, earnings and the quality of employment for Pacific peoples

Goal 8: Improving participation in employment, earnings and the quality of employment for:

- women
- youth
- mature workers
- people with disabilities
- other groups at risk of long-term and persistent unemployment.

GOAL 1:

Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation

Key outcomes

- Gross Domestic Product (GDP) rose by 4.0 percent in the year to June 2003. This compares with annual growth of 3.6 percent at June 2002 and 2.3 percent at June 2001.
- High growth in construction and manufacturing has driven much of the annual economic growth. The manufacturing sector's strength came from growth in exports. The construction sector gained from high net migration inflows and low interest rates.

Challenges and opportunities

- Strong economic growth means labour market conditions have improved to the point where labour shortages have become a constraint on further job creation. Many firms found it hard to find both skilled and unskilled labour, affecting their ability to expand. One in six firms reports that a lack of labour is constraining its expansion.
- The Government recognises the need to stay focussed on policies that encourage demand for labour and job creation. New Zealand's economic and social success depends on people's capacity and skills, business opportunities, natural resources and government policy.

Key government actions and activities

- The Growth and Innovation Framework (GIF) is the expression of the Government's overarching goal to improve New Zealanders' living standards in a sustainable way. This will be achieved through growth in innovation, and investment in skills, capital and research and development, leading to strong returns and business success. The government is paying particular attention to three sectors – information and communication technologies (ICT), biotechnology and the creative industries – which it believes have the potential to grow rapidly and to contribute to growth in other sectors of the economy.



- A key focus of the GIF is an integrated, whole-of-government approach to sustainable economic growth and innovation. This is illustrated by the initiatives announced as part of the 2003 Budget. Significant items included:
 - \$140 million, excluding capital, over four years for research, science and technology
 - \$110 million over four years to respond to the recommendations of the taskforces into biotechnology, design, screen production and ICT
 - \$73 million over four years to promote overseas trade
 - \$19 million over four years to the Pre-Seed Accelerator Fund
 - \$44 million over four years to target skilled migrants
 - \$15 million over three years to promote New Zealand tourism in the USA.
- These measures reinforce and are integrated with existing programmes to support regional, industry and business development, education and training, and research, science and technology. The aim is to align all relevant government programmes towards growth objectives.



GOAL 2:

Promoting an 'employment-rich, high productivity' economy

Key outcomes

- In the year to September 2003 employment increased 3.3 percent, up from the previous year's growth of 2.8 percent. The labour market has performed strongly, with a record number of people in employment. **The unemployment rate fell to a 16-year low of 4.4 percent.**
- Most of the employment growth has been in full-time employment, which climbed by 51,000 people. Full-time employment accounted for most of the 61,000 increase in total employment.
- The labour force participation rate (the proportion of people of working age² in the labour force) increased in the September 2003 quarter to 66.6 percent, up from 66.3 percent in the June 2003 quarter, but unchanged from the September 2002 quarter. The recent increase in the participation rate can be attributed to strong labour market conditions that have encouraged people to enter or remain in the labour force.
- Reflecting the tightness of the labour market, wage growth³ rose to a **six-year high** as measured by the Labour Cost Index (LCI) in the year to September 2003. Growth has been strongest in the domestic-based sectors of education, health and community services, communication services and construction, with a strong contribution from forestry and logging.
- Currently, **stable employment**³ is the main outcome measure used by the Ministry of Social Development (MSD). In the year to September 2003, MSD helped 47,000 people into stable employment. Emphasis on improving the quality of placements for job seekers, particularly long term job-seekers, has resulted in a significant increase in stable employment outcomes for people who had been seeking work for over four years (2,514 in 2002/03 compared to 1,893 in 2001/02).



Challenges and opportunities

- Labour productivity⁴ is a key contributor to economic growth, improved living standards and sustained economic growth. New Zealand is increasingly dependent on labour productivity growth – explicitly recognised in the GIF. This means investigating the factors that will contribute to productivity growth such as capital deepening, investment in knowledge and innovation.
- Along with sustained employment growth and a greater proportion of people in the labour force, unemployment has fallen to a 16-year low over the last year. This ‘tight’ labour market presents several challenges for the Government:
 - Good quality matching of skills and talents to employment opportunities is critical if New Zealand is to enhance effective labour use and productivity.
 - Addressing the barriers to employment faced by individuals with high and complex needs. Goals 6 to 8 address the need to improve participation in employment, earnings and the quality of employment for specific disadvantaged groups.

Key government actions and activities

- New Zealand Trade and Enterprise (NZTE), the New Zealand Government’s trade and economic development agency, was formed from the merger of Trade New Zealand and Industry New Zealand in July. NZTE aims to improve the capability and international competitiveness of New Zealand businesses, through providing the business community with a single organisation that can provide a range of high quality, responsive and expert services to businesses throughout their life cycle, from start-ups to internationally competitive exporting companies.
- Support is provided through a range of programmes, covering:
 - Services for businesses starting up and at an early stage of development

- Services for businesses seeking to grow and internationalise, including new exporters, high growth businesses and other exporters
- Investment services: a specialised service for foreign investors, providing New Zealand business information as well as extensive networks for investors seeking existing and start-up New Zealand-based ventures with excellent future potential
- Business Partnerships: supporting companies working together in export networks, and regional and national clusters, to achieve higher growth
- Regional Development: working with and funding regions to grow, by encouraging them to focus on their regional advantages
- Industrial Capability Network: providing access to government markets through a low cost, one port of call service
- Fostering an Enterprise Culture: encouraging New Zealanders to have a positive attitude towards business success.
- The Job Partnerships with Industry programme is another initiative which aims to strengthen partnerships between New Zealand industry and Government, through Work and Income. A National Co-ordinator will oversee the immediate development of industry partnerships, and help to ensure that job seekers secure sustainable employment. There will be a focus on training targeted to meet industry-identified skill and labour shortages, which may include on-the-job training, work experience or pre-employment training.

² Statistics New Zealand defines ‘working age’ as people who are residents in the non-institutionalised civilian population of New Zealand aged 15 years and over.

³ Stable employment is defined as the placement of job-seekers into full-time employment, or part-time employment over 15 hours per week, who stay off the register for three months or more.

⁴ Labour productivity is defined as the ratio of Gross Domestic Product to hours worked in paid employment. It is a measure of how efficiently labour is used in an economy.

GOAL 3:

Developing a flexible, highly-skilled workforce that is responsive to the needs of the labour market and an innovative economy

Key outcomes

The skill levels of New Zealand's workforce have climbed over the last year as more people in the labour market gain qualifications. Even so, firms have experienced difficulty finding both skilled and unskilled labour. Partly in response to these shortages, net migration inflows reached record levels.

• Qualifications

- The percentage of working age people with no qualification fell from 26.6 percent in the year to September 2002 to 25.5 percent in the year to September 2003. Both males and females contributed to the decline.
- The unemployment rate was higher for people with no qualifications at 7.4 percent, compared to people with some qualifications in the year to September 2003. People with both school and post-school qualifications had the lowest unemployment rate of 3.3 percent.

• Skill Shortages

- An average net 39 percent of firms struggled to find skilled labour in the year to September 2003, climbing from 34 percent the year before⁵. The historical average for this series is a net 14 percent, suggesting that skill shortages are particularly acute.
- Finding unskilled labour also became harder, up from an average net 15 percent in the year to September 2002 to 19 percent in the year to September 2003.
- Fifteen percent of firms said labour shortages were their main constraint on expansion in the year to September 2003, up from 11 percent in the year to September 2002.

• Migration

- The net permanent and long-term migration inflow rose by 3,300 to 40,400 people in the year to September 2003. This was partly fuelled by New Zealand's safe reputation abroad and the strong economy. It lifted population growth from 0.7 percent in the year to September 2001 to 1.7 percent in the year to September 2003. In turn, this stimulated the economy, lifting job growth in sectors such as construction and property.

Challenges and opportunities

- The continued high level of skill shortages has implications for the alignment of education and training with New Zealand's wider social and economic priorities. Reforms to



the tertiary education sector aim to better link the sector to economic development opportunities at the national level.

- Maintaining global links will be important to building workforce capability. This goal could create some challenges due to New Zealand's small size and relative distance from other countries and markets.
- Immigration and return migration will also figure in developing and maintaining New Zealand's skill base. The global competition for the most highly-skilled workers will increase, and the quality of job opportunities on offer in New Zealand will matter even more.

Key government actions and activities

- A lot of work is already being done to help develop a flexible, highly-skilled workforce and improve matching of people with job opportunities. Initiatives under the Growth and Innovation Framework, Youth Transitions, Modern Apprenticeships and the Skills Action Plan, all contribute towards this goal. Some of these initiatives include:
 - **Career Services** offers a website, freephone and face-to-face career information, advice and guidance throughout New Zealand.
 - **Skills Action Plan** initiatives are designed to speed up the matching of people's skills to the job opportunities that are currently available, and to reduce skill shortages in the future by helping people make informed decisions about education and training:
 - The electronic labour market information portal WorkSite PaeMahi is one initiative to improve information on skills, employment and business.
 - Regional skill and employment fora have been held in Work and Income regions in 2003. These are helping regional communities with Work and

Income, and other government agencies such as the Department of Labour and Tertiary Education Commission, identify a range of local and national issues impacting on regional labour markets and solutions to them.

- The **Skilled Immigration Policy** changes will move immigration from a demand-driven focus to a focus on actively recruiting the skills and talent we need in New Zealand. The recruitment of migrants who are employable, have the talent and skills to contribute to future growth, and who are able to settle well, is vital to growing an inclusive innovative economy. The Customised Service business strategy will mean more active targeting of skilled migrants. The New Zealand Immigration Service received \$29.47M in operating funds and \$11M in capital funds from the Growth and Innovation Framework allocation for the 2003/04 Budget to implement Customised Service over the next three years.
- The **Jobs Jolt** package of labour market initiatives was launched in August 2003 to tackle skill shortages and get more New Zealanders into work. Two groups of initiatives are being implemented:
 - Time-limited initiatives targeted at assisting job-seekers into employment to take advantage of a period of strong economic and employment growth.
 - Ongoing initiatives that increase the level of job search activity and employment of benefit recipients through more active case management and clearer mutual obligations.

⁵ Data sourced from the New Zealand Institute of Economic Research's Quarterly Survey of Business Opinion.

GOAL 4:

Developing community capability as a source of employment opportunities

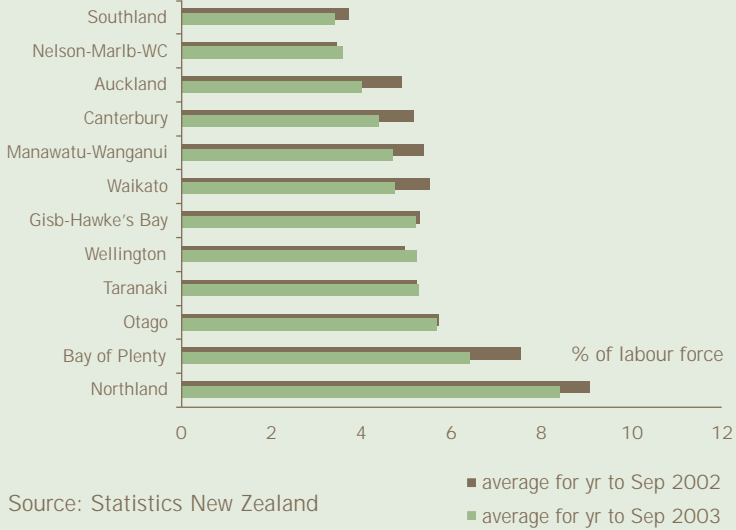
Key outcomes

- New Zealand's regional labour markets mostly had a positive year to September 2003. Employment kept rising in all regions except Bay of Plenty, and unemployment rates declined in nine of the twelve regions⁶.
- The regions with high employment growth were Manawatu-Wanganui (6.4 percent), Taranaki (5.7 percent), Southland (5.5 percent), Northland (5.1 percent) and Waikato (3.8 percent). Employment declined in Bay of Plenty by 1.0 percent in the year to September 2003, while employment growth in Auckland and Tasman-Nelson-Marlborough remained low at 0.3 and 0.5 percent respectively.

Challenges and opportunities

- Increasingly, the government's role in the labour market will concentrate on aligning its interventions, and fostering good connections and networks. These connections are not just the 'matching' between employers and employees, but also between government and training providers, regions, community organisations and employers.
- Of growing strategic importance is the community sector's role in fostering innovation and opportunity development. Social investment, enterprise and entrepreneurship are key concepts for achieving social development. There is an emphasis on active investment in communities and supporting individuals with innovative and bold solutions to community wellbeing.

Figure 1: Unemployment rates by region



Source: Statistics New Zealand

Key government actions and activities

- **The Community Employment Group (CEG)** takes on numerous Community Employment and Development Projects to help raise the capacity and sustainability of communities and community groups in low employment areas. In the year to June 2003, CEG provided \$12.338 million to assist 1,420 projects and fund 934 projects.
- **Industry New Zealand Polytechnic Regional Development Fund.** This contestable pool of money is designed to strengthen partnerships between polytechnics, local companies, regional development organisations, industry training organisations and Iwi, and to encourage skills development initiatives that meet the needs of local employers.
- The Government's **'Connecting Communities' strategy** supports communities' access to information and communications technology. The vision of the Government is that all New Zealanders, either as individuals or as members of communities, have the opportunity to access and efficiently use current and emerging information and communications technologies. This vision will enable individuals and communities to take part fully in the economic, social, educational, cultural and democratic opportunities available in an information society.

⁶ See Figure 1.



GOAL 5:

Promoting a fair employment environment that enhances working relationships

Key outcomes

- **Employment Relations Act 2000 Evaluation**
 - In a three-year evaluation of the short-term effects of the Employment Relations Act, more than three-quarters of employees surveyed reported being either 'very satisfied' (31 percent) or 'satisfied' (52 percent) with their current employment terms and conditions.
- **Unionisation and collective bargaining coverage**
 - The Employment Relations Act promotes collective organisation of workers and collective bargaining as the preferred means of reducing inequalities in bargaining and of enhancing the effectiveness of employment relationships. In the year to March 2003, there were 175 registered unions representing 21.9 percent of wage and salary earners.
- **Paid Parental Leave**
 - Paid Parental Leave has helped promote enhanced employment relations and a fairer employment environment. For the year ended June 2003, 14,383 mothers and 94 fathers received Paid Parental Leave.
 - Almost all of the mothers (93 percent) who had returned to work since taking Paid Parental Leave went back to the same employer. Of the mothers still on parental leave, 68 percent said they were likely to return to the same employer.

Challenges and opportunities

- The Government has committed to work-life balance as a major area of policy review and development. Although the ideal balance of work and 'life' will be different for every New Zealander, and different for each stage in life, helping people improve this balance is seen as a valuable way to help achieve the Government's social and economic goals.
- A taskforce has been set up to address pay and employment equity issues in the public service, public health and public education sectors over the next five years.

Key government actions and activities

- **Future of Work**
 - The Department of Labour's Future of Work programme aims to increase our understanding of future trends in work and their implications for the workplace, the workforce, and employment opportunities in New Zealand. The website www.futureofwork.govt.nz has research and information from the Future of Work programme.
- **Work-life Balance work project**
 - This project is now in the consultation phase. This involves engaging with a wide range of stakeholders to



raise awareness and debate on the issues, clarify differing perspectives, and generate practical solutions. The website www.dol.govt.nz/worklife has more information.

- **Review of the Employment Relations Act**

- The review of the Employment Relations Act continued during this period, and included consideration of the following areas:

- i the extent to which the intent of the Act, and especially the principles of good faith bargaining, are given sufficient weight;
- ii giving effect to the aim of promoting, as opposed to simply permitting, collective bargaining;
- iii whether compliance costs associated with the bargaining process can be reduced, and measures to facilitate support for multi-employer collective bargaining;
- iv the adequacy of provisions to discourage and prevent the undermining and avoidance of collective bargaining; and
- v ensuring there is protection of employment conditions and continuity of employment in the event of the sale of a business, transfer of undertakings, and contracting out.

- **Small Business Active Pilot**

- Recognising that businesses – in particular, small businesses – can face cost issues arising from a lack of available information, expertise or capacity in their employment-related obligations, the Department of Labour has been undertaking a small business ‘active pilot’. The purpose of the pilot is to gain knowledge from small business owners about the best ways to provide and access information and guidance on good practice in employment relations, health and safety and immigration issues.



GOAL 6:

Improving participation in employment, earnings and the quality of employment for Māori

GOAL: 6

Challenges and opportunities

- An overarching aim of Goals 6 – 8 is to **encourage a diverse workforce**. A number of the challenges to, and opportunities for, achieving this are outlined below.
 - In the present environment of reported labour shortages, the entrenched labour market and social or economic exclusion experienced by some groups presents **barriers to high-quality working lives** and community wellbeing.
 - An **ageing population means an older workforce**. New Zealand must maintain and build on the skills of the existing workforce.
 - Young people's successful transitions into tertiary education, training or employment, is another key area for enhancing people's capability. **Improving young people's educational achievement and labour market participation** will help build the skills and talents of tomorrow's workforce.
 - The proportion of minority ethnic groups in New Zealand's population is increasing. However, current statistics continue to identify disparities in the labour market outcomes for many of these groups. New Zealand's challenge is to ensure all ethnic groups can use their skills and talents in the labour market to improve their social and economic status.

Key outcomes

- In the year to September 2003, Māori employment levels rose by 6,800 to 183,500. The Māori labour force participation rate fell to 66.0 percent, which assisted the unemployment rate down to 10.6 percent in the year to September 2003.
- Māori had the best employment growth of the three main ethnic groups in the year to September 2003 at 3.8 percent, higher than for Europeans or Pacific peoples.
- Despite the recent decline in the Māori participation rate, it has generally trended upwards since late 1999. The Māori participation rate fell from 66.3 percent in the year to September 2002 to 66.0 percent a year later but this is up when compared to 63.5 percent in the year to September 2001. By comparison, Europeans had a participation rate of 68.0 percent in the year to September 2003.

Key government actions and activities

- **Te Puni Kokiri's Capacity Building Strategy** assists economic, social and/or cultural development. All of the available funding (\$8.6 million) in 2002/03 was allocated.
- **Te Puni Kokiri's Māori Business Facilitation Service** works to improve Māori participation in the commercial sector. For the six months to June 2003, the service had 508 registrations of interest and 123 successful interventions. These include 105 business start-ups, 10 business expansions and eight business turn-arounds.
- Under the Māori Responsiveness Strategy, the Ministry of Social Development has developed a number of strategies to increase the participation of Māori in training and education and improve duration of employment.

GOAL 7:

Improving participation in employment, earnings and the quality of employment for Pacific peoples



Key outcomes

- Pacific peoples' employment levels rose by 2,100 in the year to September 2003 to 86,700. The labour force participation rate fell slightly to 61.9 percent, and is still well below the Māori and European rates.
- The unemployment rate for Pacific peoples declined the most of all the ethnic groups, down 2.1 percentage points to 7.6 percent. On an annual average basis, this is the lowest unemployment rate for Pacific peoples in 16 years.

Key government actions and activities

- The Ministry of Pacific Island Affairs has worked with other agencies to develop the Pacific Workforce Development Strategy. The Strategy aims to help agencies better align and integrate their initiatives and programmes that target the Pacific workforce so Pacific peoples can get into sustainable employment. The Ministry will work with agencies to implement the Strategy.
- A special feature on key labour market trends for Pacific peoples over the past 6 years can be found on page 18 of this report.



GOAL 8:

Improving participation in employment, earnings and the quality of employment for women, youth, mature job seekers, people with disabilities and other groups at risk of long-term and persistent unemployment

Overall picture

Employment growth for women and youth mirrored national growth. More youth went into study and fewer into the labour force, while the participation rates for mature workers rose. Women were more likely to be employed part-time (nearly three quarters of all of part-time workers are women) and underemployed⁷ than men. The overall number of long-term unemployed fell.

Key outcomes

For women

- The number of women in employment increased by 4.1 percent in the year to September 2003. The majority of this increase has been in full-time employment. Males, however, are more likely to be in full-time employment than females.
- Women's median hourly earnings rose by 2.5 percent in the year to June 2003, down from the previous year's growth of 2.9 percent, but above growth of 2.3 percent for men in the year to June 2003. At \$13.80, female hourly earnings are now 88 percent of male hourly earnings; median hourly earnings for males in the year to June 2003 were \$15.70.

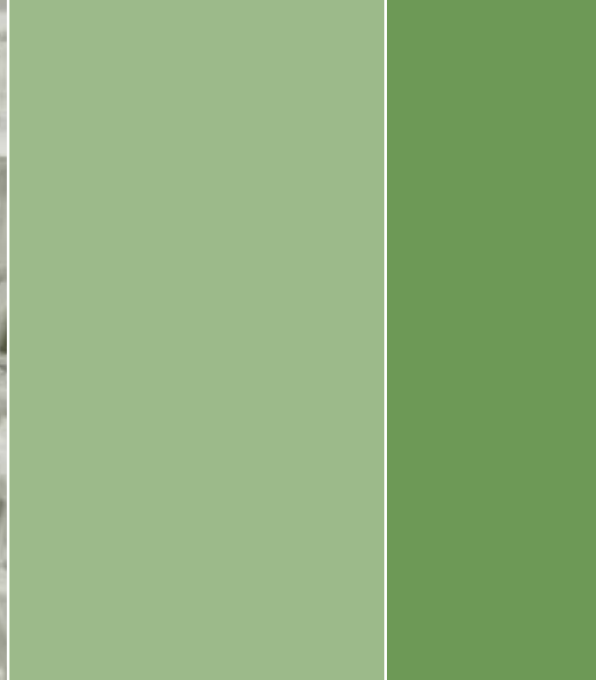
For youth: 15–19 and 20–24 year olds

- Participation rates for youth have decreased in the last year. In the year to September 2003 participation rates were 53.0 percent for 15–19 year olds and 73.5 percent for 20–24 year olds. The teenagers' lower rate reflects that as a group they are more likely to be studying, and therefore not in the labour force.

For mature workers

- The labour force participation rate for mature workers (50 years or over) climbed from 46.0 percent in the year to September 2002 to 46.5 percent in the year to September 2003. Employment success for people aged 55–59 years drove most of this increase. Their participation rate rose from 72.9 to 75.6 percent, while most of the other age bands (50 years and over) saw a decline.
- As the labour market has improved over the last two years, proportionally fewer people of working age were in retirement. In the year to September 2002, 15.1 percent of the working age population were retired; a year later this had fallen slightly to 15.0 percent.

⁷ There are a number of definitions of underemployment but the one being used here is those individuals who are not working the number of hours they would like to be. This particularly concerns those in part-time employment who would like full-time work.



For long-term unemployed

- The number of long-term unemployed (that is, those who have been unemployed for more than 26 weeks) fell by 2,700 over the year to September 2003 to 23,400 people. This is the lowest number of long-term unemployed in 15 years and equates to 24.7 percent of total unemployment in the year to September 2003. Most of this decrease was in the very long-term unemployed.

For people with disabilities

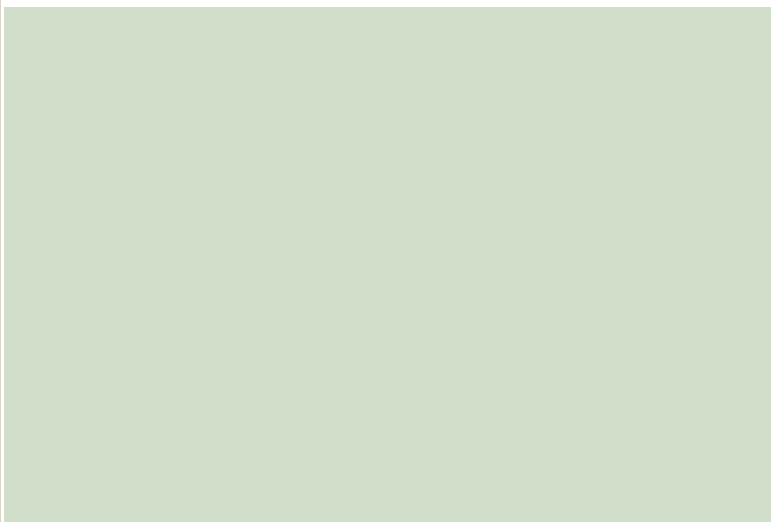
- Information on the experiences of people with disabilities is becoming increasingly important as the population ages and New Zealand strives to remove the barriers they face. However, the information we have is limited.
- Approximately 13 percent of people registered as unemployed with MSD have a disability. This level has remained relatively constant, even though the number of people registered as unemployed with a disability has declined by 3,841 in the twelve months to June 2003.

Key government actions and activities

- The Government has a shared goal with the **Mayors' Taskforce for Jobs** that "by 2007 all 15–19 year olds will be engaged in appropriate education, training and work or other activities leading to long-term economic independence and well-being". Māori and Pacific young people, and young people with disabilities, have been

identified as groups who are at higher risk of not making successful transitions, and so are a focus of this work. As part of this work, the **youth transitions work programme** has three areas of focus in the short term to improve transitions for at-risk youth into education, training, work or other activities, including:

- enhancing careers information, advice and guidance for school students
 - building on and better co-ordinating the post-school local support services for those most at risk
 - enhancing the vocational education and training available at school and post-school.
- **EmployABLE**. This MSD project seeks to help people on Sickness Benefits and Invalids Benefits into work, by trialling innovative strategies. These strategies will be fully evaluated to inform policy development on providing this group with the support they need to get work.
 - The National Advisory Council on the Employment of Women (NACEW) has commissioned a report on the status of **self-employed women in New Zealand** and case-study interviews on work-life balance. Both are due to be published soon.





SPECIAL FEATURE: Pacific employment 1997–2003

This feature looks at some key labour market trends for Pacific peoples over the past six years. Employment growth for Pacific peoples has been very impressive, averaging annual growth of 4.8 percent, in comparison to the overall average annual growth rate of 1.5 percent for the same period.

However, looking more closely at the make-up of this employment growth, there are differences in the occupations that Pacific peoples are entering. Two-thirds of the employment growth for Pacific peoples has been in clerical and production-type occupations. This compares with over half the growth in non-Pacific employment going into professional and technical occupations. Real income growth for Pacific peoples has also lagged behind that of other ethnic groups, with Pacific peoples staying over-represented in lower income brackets.

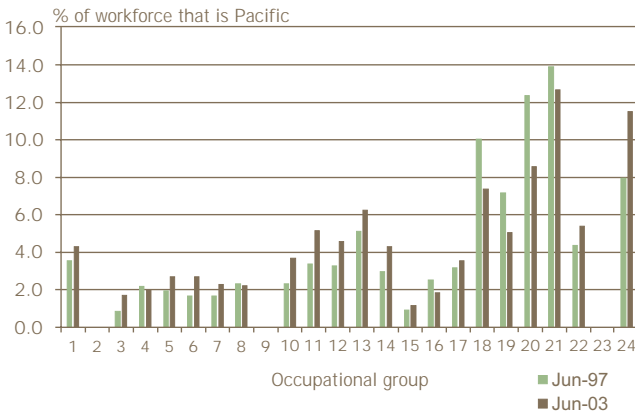
Occupational trends

Figure 2 shows the broad occupational trends for Pacific peoples and non-Pacific peoples. At June 2003, Pacific peoples made up 4.5 percent of total employed people, compared to an estimated 6.9 percent of New Zealand's total population. Pacific employment has grown rapidly, by over 30 percent since June 1997, compared with just over 8 percent for non-Pacific peoples.

Pacific employment is still concentrated in clerical and production-type occupations (78 percent at June 2003 compared to 60 percent for non-Pacific peoples). But growth in professional-type occupations has been impressive.

The share of Pacific peoples in lower-skilled trade and production occupations is higher than their 4.5 percent (June 2003) average share of total employment, showing that Pacific peoples are over-represented in these lower-skilled groups. Occupational groups with the strongest numerical growth in Pacific employment between June 1997 and June 2003 were also the lower-skilled occupations. These are: Labourers and

Figure 2: Pacific share of employment in each occupation group



- 1 Total all occupations
- 2 Legislators and Administrators
- 3 Corporate Managers
- 4 Physical, Mathematical and Engineering Science Professionals
- 5 Life Science and Health Professionals
- 6 Teaching Professionals
- 7 Other Professionals
- 8 Physical Science and Engineering Associate Professionals
- 9 Life Science and Health Associate Professionals
- 10 Other Associate Professionals
- 11 Office Clerks
- 12 Customer Services Clerks
- 13 Personal and Protective Services Workers
- 14 Salespersons, Demonstrators and Models
- 15 Market Oriented Agricultural and Fishery Workers
- 16 Building Trades Workers
- 17 Metal and Machinery Trades Workers
- 18 Precision Trades Workers
- 19 Other Craft and Related Trades Workers
- 20 Industrial Plant Operators
- 21 Stationary Machine Operators and Assemblers
- 22 Drivers and Mobile Machinery Operators
- 23 Building and Related Workers
- 24 Labourers and Related Elementary Service Workers

related Elementary Service Workers; Office Clerks; Salespersons, Demonstrators and Models; and Personal and Protective Service Workers. However, the situation has improved. Since June 1997, the share of Pacific employment in professional and technical occupations has risen. Just over 10 percent of growth in Pacific employment was in the Corporate Managers occupational group.

Pacific peoples' employment growth by income

Figure 3 shows the share of Pacific peoples in each income bracket for June 1997 and June 2002. A bar above the line at 20 percent shows Pacific peoples are over-represented in that income bracket.

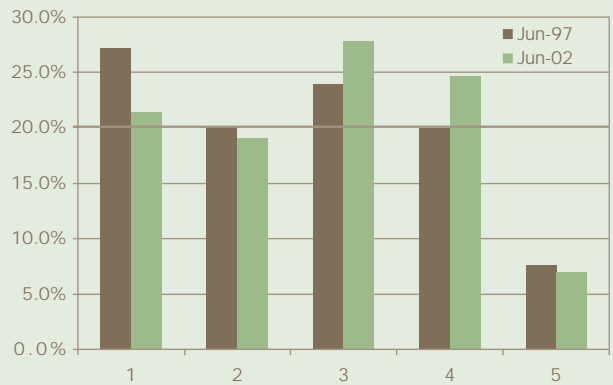
In June 1997, Pacific peoples were more heavily represented in the lower income brackets with nearly 50 percent earning less than \$229. However, the income distribution for Pacific peoples had improved by June 2002. By that stage, just 40.6 percent of Pacific peoples were in the bottom two income brackets. However, at just 7%, Pacific peoples remain significantly underrepresented in the highest income bracket.

Overall, Pacific peoples are still earning less. The real median weekly income of Pacific peoples in employment in June 1997 was \$465, compared with \$548 for Europeans. Although the real median weekly income for Pacific peoples had increased by \$35 by June 2002, this change was lower in both dollar terms and percentage terms than the comparative changes for Europeans.

Conclusion

Over the past six years (1997–2003), Pacific peoples' employment growth and improvement in income distribution levels have been substantial, set against overall figures. However, there is still progress to be made. Pacific peoples remain over-represented in lower-skill occupational groups, compared to non-Pacific people. And while the movement in real median weekly income is positive, this lags behind those of both Europeans and Māori.

Figure 3: Share of working-age population in each income quintile for Pacific peoples



	Jun-97	Jun-02
1	Under \$100	Under \$160
2	\$100 to \$229	\$160 to \$309
3	\$230 to \$399	\$310 to \$509
4	\$400 to \$639	\$510 to \$779
5	\$640 & Over	\$510 to \$779

Source: Numbers calculated by the Labour Market Policy Group using Statistics New Zealand (HLFS) data



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