



EMPLOYMENT AND SKILLS SNAPSHOT – FINANCE AND INSURANCE

January 2010

Introduction

The finance and insurance industry is an important employer in New Zealand, employing 53,200 people (or 2.5% of the total workforce) in the June 2009 quarter¹. Employment within the industry grew until late 2007, and then began to decline.

Employment data for the finance and insurance industry has been grouped into seven sectors: deposit taking financiers, other financiers², financial asset investors, life insurance and superannuation funds, other insurance³, services to finance and investment⁴, and services to insurance⁵.

The core occupations which make up the industry include bank officers, finance managers, financial advisors, financial dealers and brokers, and insurance representatives.

The discussion below focuses on the industry's:

- contribution to Gross Domestic Product (GDP);
- historical employment growth;
- qualifications;
- age and gender; and
- employment forecasts for the industry.

¹ Based on Department of Labour Employment Estimates

² This sector consists of people mainly engaged in providing credit, or lending money, or in leasing machinery, plant or equipment purely on a financial services basis.

³ Other insurance includes people engaged in providing health insurance and general insurance.

⁴ This sector consists of people engaged in providing nominee, trustee, investment management or advisory services, or other services in the field of finance or investment (except insurance or superannuation).

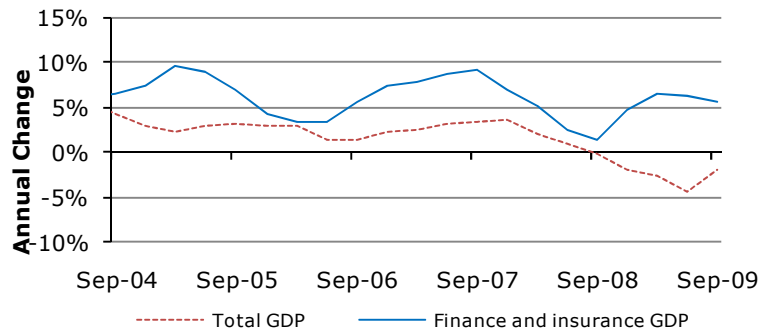
⁵ This sector consists of people mainly engaged in providing insurance broking or agency services, or other services to insurance such as consultation, claim assessment or adjustment services.



Contribution to Gross Domestic Product (GDP)

Over the last five years, the growth in GDP of the finance and insurance industry has been generally above total GDP. Despite the recession over the last two years, the finance and insurance industry has continued to grow.

Figure 1: Annual change in total GDP and finance and insurance GDP (Sept 04 – Sept 09)

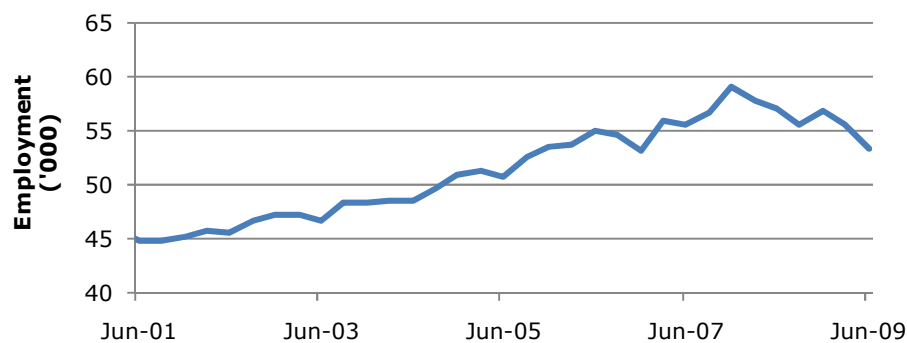


Source: Statistics New Zealand

Historical employment growth

Between June 2001 and December 2007, employment in the finance and insurance industry experienced strong growth. However, since the start of the recession, employment has declined (see Figure 2).

Figure 2: Total employment in the finance and insurance industry (Jun 01 – Jun 09)



Source: Department of Labour Employment Estimates

In June 2009, the deposit taking financiers sector employed the largest number of workers in the industry, employing 22,800 people.

In absolute terms, deposit taking financiers also experienced the largest growth in employment between June 2004 and June 2009, with an increase of 2,700 employees (or 14%). In percentage terms, the largest increase in employment occurred in the services to finance and investment sector over the same period (an increase of 1,800 employees or 22%). The largest fall in total employment was within the life insurance and superannuation funds sector, with a decline of 600 workers or 19% between June 2004 and June 2009.

**Table 1: Employment growth in the finance and insurance industry by sector
(Jun 04 – Jun 09)**

Sector	Employment (Jun 04)	Employment (Jun 09)	Share of industry employment	Employment growth (Jun 04 - Jun 09)
Deposit Taking Financiers	20,100	22,800	43%	14%
Services to Finance and Investment	8,400	10,200	19%	22%
Services to Insurance	5,800	5,900	11%	2%
Other Insurance	5,600	5,400	10%	-5%
Financial Asset Investors	3,500	4,400	8%	23%
Life Insurance and Superannuation Funds	3,100	2,500	5%	-19%
Other Financiers	1,700	2,000	4%	18%
Finance and Insurance	48,200	53,200	-	10%
Total (All Industries)	1,995,900	2,166,000	-	5%

Source: Department of Labour Employment Estimates

Qualifications

Overall, the industry had a higher proportion of employees holding bachelor degree or higher qualifications (24%) compared to all occupations in New Zealand (19%). The industry also had a higher share of employees holding school level qualifications (48%) compared to the entire workforce (35%).

**Table 2: Qualifications held by employees in the finance and insurance industry,
2006*⁶**

Occupation	No Qualification	School Qualification	Vocational	Bachelor Degree or Higher
Specialised Managers	4%	40%	20%	35%
Finance and Sales Associate Professionals	6%	46%	26%	22%
Cashiers, Tellers and Related Clerks	8%	62%	15%	15%
Business Professionals	3%	30%	17%	51%
Library, Mail and Related Clerks	11%	51%	20%	18%
Finance and Insurance	8%	48%	20%	24%
All Occupations in New Zealand	19%	35%	27%	19%

Source: Census of Population and Dwellings, 2006

* Note: percentages may not add to 100 due to rounding

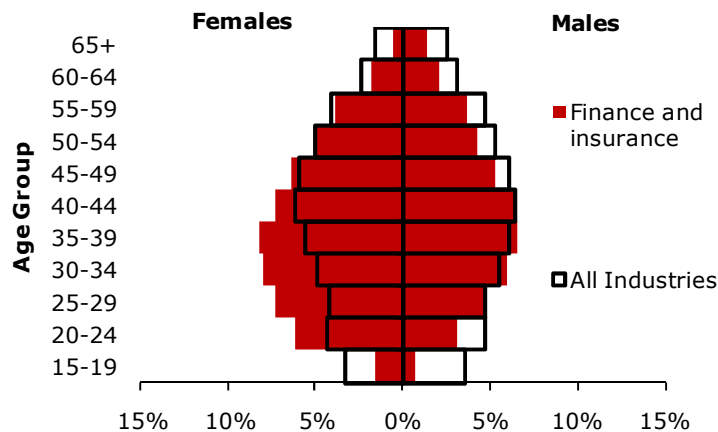
⁶ These occupations were chosen based on shares of employment from the 2006 census



Age and gender

In 2006, the finance and insurance industry had a slightly larger share of female employment, with 56% of all employees being female. There was also a tendency towards younger female employees (see Figure 3).

Figure 3: Age and gender profile of finance and insurance industry employees compared to the working age population, 2006



Source: Census of Population and Dwellings, 2006

Employment forecasts

The Department of Labour has periodic updates of employment projections for industries and occupations through to 2013. These are based in part on the GDP forecasts for each industry produced by the New Zealand Institute of Economic Research (NZIER). They also take into account recent productivity trends within industries. A degree of uncertainty is attached to these employment projections which are often influenced by changing industry prospects.

Over this period, total employment within the finance and insurance industry is forecast to increase significantly. This is due to a strong GDP growth forecast by NZIER as the economy is expected to pick up in 2010 following the recession.

Summary

Currently, the finance and insurance industry represents around 2.5% of New Zealand's total employment. Up to December 2007, the industry has seen moderate employment growth. Since then, employment has declined.

The industry also has a relatively higher share of employees holding bachelor degree or higher qualifications. There is also a slightly higher share of younger female employment within the industry.