

Key points

In the year to March 1998, the Auckland, Wellington and Canterbury Regions (within which the six largest cities exist) accounted for 60% of the New Zealand economy, with the Auckland Region alone making up a third (34%).¹¹³

Local economies are affected by factors such as the international environment, domestic factors, the regulatory environment (as set by central government and by local authorities) and infrastructure issues, particularly roading and transport. Diversification and the development of business clusters is also important. The economy and the shape of the labour market are gradually changing.

The economies of the six large cities are diverse and this is reflected in their employment structure. The six cities have higher proportions of skilled, clerical and service workers than the rest of New Zealand. Average hourly earnings are higher in the cities (apart from Waitakere) than in the rest of New Zealand.

While unemployment rates have fallen, economic growth co-exists with persistent unemployment for some sectors of the population - particularly the less skilled and lower qualified. Education and training are essential if labour force skills are to match employer needs and 'skills gaps' are removed.

Occupational Structure of the Labour Force

What this is about...

The spread of occupations gives an indication of the skill base in the community. It is useful to look at the occupational structure of the labour force when looking at the development of local economies. A strong skill base in the labour force is becoming increasingly important in economic development. If there is a mismatch between the skills of the labour force and the needs of employers and business, employers may find it difficult to fill positions requiring particular skills, which may have a negative impact on business productivity and growth. For those parts of the community that lack the skills needed, unemployment is likely to increase, in turn reducing income and putting pressure on individual and family wellbeing.

This indicator shows the occupational structure of the labour force resident in each of the six largest cities.¹¹⁴ The labour force includes those aged 15 years and over, in full and part-time paid employment. The indicator reflects the skill set of people who live in an area rather than where they work. Many people, particularly in the Auckland Region, may work in a different local authority area to that in which they live.

What did we find ?

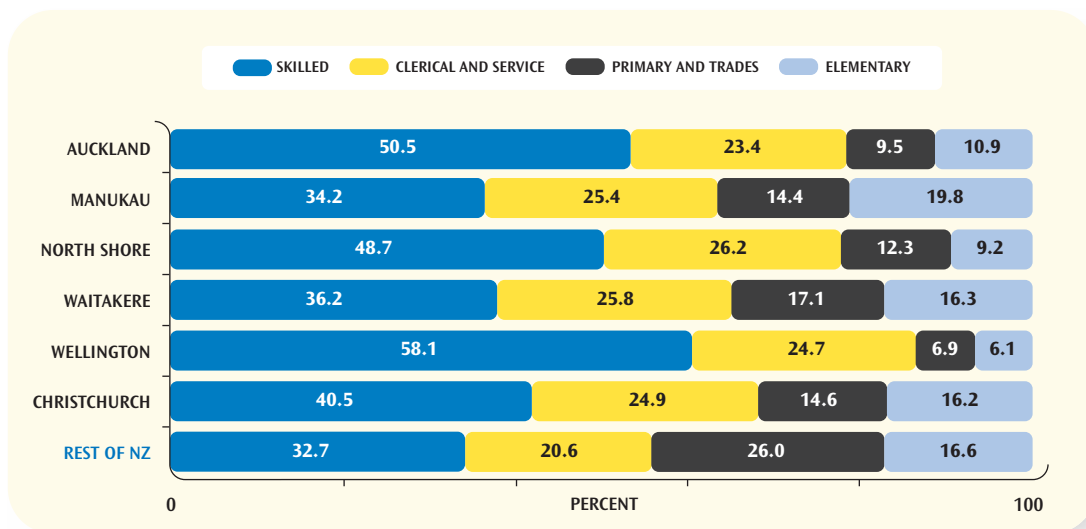
- Residents of the six largest cities are involved in a wide range of occupations.
- The large cities have a higher proportion of their labour forces working in skilled technical and professional occupations than the rest of New Zealand. Wellington City has the highest proportion of technical and professional workers, with 58.1% of full time employees falling into these categories, compared with 50.5% in Auckland, 48.7% in the North Shore, and 40.5% in Christchurch in 1996.

113 Auckland Regional Council. 1999. Auckland Region: Business and Economy 1999.

114 This indicator uses data from the 1996 Census. Categories are clustered as follows: **Elementary** - elementary, plant and machine operators and assemblers; **Primary and trades** - trades workers and agriculture and fisheries workers; **Clerical and service** - service and sales workers and clerks; **Skilled** - technicians, associate professionals, professionals, legislators, administrators and managers.

- Just over a third of the labour force of Waitakere (36.2%) and Manukau (34.2%) are in the technical and professional category. Similarly, 32.7% of the labour force in the rest of New Zealand are in this category.
- In the rest of New Zealand, 42.5% of the full time employed labour force is in elementary occupations, primary sector or trades. Only about one-fifth of the labour forces of Auckland and North Shore in 1996 were in these areas, and just 13.1% of Wellington. In Manukau, Waitakere and Christchurch these areas account for around a third of the labour force. Manukau had the highest proportion of those in elementary occupations at 19.8%, reflecting Manukau's manufacturing base and lower qualification levels in its population. Waitakere and Christchurch also have relatively higher levels of people with no qualifications. Those in part-time employment across the six cities and the rest of New Zealand are more likely to be working in the clerical and service sectors.

PERCENTAGE OF LABOUR FORCE EMPLOYED WITHIN OCCUPATIONAL CATEGORIES (FULL-TIME EMPLOYEES), BY CITY (1996)



Data Source: Statistics New Zealand

The Manukau and Waitakere economies in particular have been affected by the removal of tariffs, which has had a strong impact on the manufacturing sector. There is evidence that some manufacturers have increased productivity, with some growth in manufacturing sales. However, this is being achieved with less labour.¹¹⁵ This may mean that the labour force in Manukau and Waitakere Cities is more vulnerable to job losses as manufacturing declines and demand for low and semi-skilled workers decreases.

Higher skill and status occupations are usually more highly paid, and have greater long-term earning potential, than lower skill occupations. Wellington and Auckland Cities have a greater proportion of people in skilled occupations and also have a greater proportion of high-income earners.

Occupation, as an indicator of socio-economic status, also links to health. The Ministry of Health reports that there is “strong evidence that important risk factors for adverse health outcomes (such as smoking) show an occupational class gradient, with the highest exposure among those of the more disadvantaged (lower) occupational classes.”¹¹⁶

When the local skill base does not match employer needs, this may boost the number of people working outside their local area. It is estimated that around 40% of North Shore City residents commute to work outside their area, and in Waitakere around 60% of the workforce commutes to work outside Waitakere each day.¹¹⁷ Fewer Auckland City residents commute across the region, with over 70% working within the city.¹¹⁸ In the Auckland Region cross-city and cross-region commuting tends to be mostly by motor vehicle which contributes to greater traffic congestion, and pollution (refer page 91).

115 Manukau City Council. May 2000. State of Manukau Economic Environment. Report to Council

116 Ministry of Health. May 2000. Social Inequalities in Health: New Zealand 1999

117 Regional Growth Forum. 1998. Employment Location in the Auckland Region.

118 Auckland City Council data.