

Unemployment

What this is about...

Paid employment is the main factor determining income. Income affects ability to purchase goods and services and can therefore affect housing quality, health, education, and nutrition. Employment provides social contact and is also related to other aspects of wellbeing, and can affect the ability of people to participate in and have a sense of belonging to their community.

The official measure of unemployment in New Zealand defines the unemployed as:

- all persons in the working-age population who are without a paid job and are available for work, and
- who have actively sought work in the past four weeks, or
- who are starting a new job within four weeks.¹²⁴

This indicator presents data on both the unemployment rate by regions, and the registered unemployed.

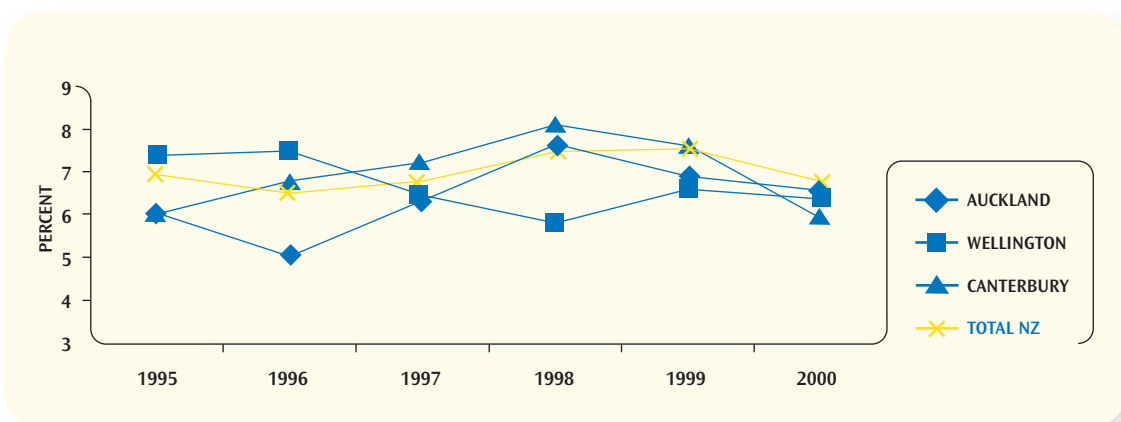
What did we find ?

UNEMPLOYMENT RATE

The unemployment rate is the number of unemployed people expressed as a percentage of the labour force.

- From 1996 to 1999, unemployment rates rose for New Zealand as a whole, from 6.9% to 7.5%. However, in March 2000 the rate had dropped back to 6.7%, reflecting a stronger economy and increasing employment levels. Throughout the period the Auckland Region has had lower unemployment than New Zealand as a whole, possibly due to its large and reasonably diverse economy.
- In comparison unemployment rates in Wellington Region stayed lower from 1997 to 2000, while rates increased in Canterbury in the late 1990s as the economy slowed, before dropping in 2000.¹²⁵
- Unemployment rates respond to changes in the economy. The New Zealand economy slowed in the wake of the Asian economic crisis but subsequently strengthened. The stronger economy is reflected in decreases in the unemployment rate. However, this is not evenly spread. For example, while Manukau's economy grew in 1999, the estimated unemployment rate for Manukau fell more slowly and remained above the regional rate.¹²⁶ This is related to the nature of the labour force in Manukau, with a greater proportion of low skilled and low qualified workers, and a younger population.

UNEMPLOYMENT RATE, BY REGION (1995 TO 2000 - MARCH QUARTER)



Data Source: Statistics New Zealand

124 Official unemployment is measured by Statistic New Zealand through the quarterly Household Labour Force Survey.

125 Levels of joblessness, which in addition to the officially unemployed includes those without jobs but not actively seeking work or not currently available for work, will be higher than the official unemployment rate. At a national level the officially unemployed made up 61% of the jobless in June 2000.

126 Manukau City Council. May & November 2000. Report on social conditions.

REGISTERED UNEMPLOYED

Registered unemployment is a count kept by the Department of Work and Income of those seeking work. While the count of registered unemployment is sensitive to administrative and policy changes, such as the widening of work test requirements, it provides an alternative way of looking at jobseekers.¹²⁷ The number of registered jobseekers has risen sharply across the six cities and New Zealand as a whole from 1998 to 2000. This is in large part due to administrative changes, which have extended work-test requirements to a wider range and greater number of beneficiaries than previously.

Registered unemployment tends to have large proportions in younger age groups. This pattern is relatively consistent across the six cities and in the rest of New Zealand. In March 2000 the proportion of registered jobseekers under the age of 25 was highest in Wellington (33% or 2625 people) and Christchurch Cities (32% or 6514 people).

In the last three years the pattern of duration has shifted, with an increase in the proportion of long-term unemployed (on the register for more than six months). While it is probable that some at least of this increase is due to the changes in policy that have extended work test requirements, it is often harder for the long-term unemployed to move back into employment.¹²⁸ Increasingly, qualifications and skills are a prerequisite for employment, particularly secure, long-term and reasonably paid work. There is also evidence that people who are unemployed for a time are at greater risk of becoming unemployed again within the next two years.¹²⁹

As the economy fluctuates and changes shape, some groups are likely to be more vulnerable to unemployment, particularly the unskilled, those without qualifications, and those working in areas where employment is declining. To counter this training and education to increase levels of skills relevant in the economy is needed. Continuing to raise education levels among young people is also important.

Paid employment is the main way to earn income, and income is an important factor in having access to a good quality of life. Access to good quality housing is primarily dependent on income. Income is also a factor both in maintaining a healthy lifestyle and in accessing health services. Research shows that unemployment has adverse effects on mental health and is associated with higher smoking rates.¹³⁰ Employment can also provide social contact with others which also contributes to psychological wellbeing and a sense of belonging.

There are clear patterns between unemployment rates and ethnicity, with higher proportions of Maori and Pacific Islands people being unemployed than other ethnic groups. For example, in March 1999 the rate of unemployment for Maori in the Auckland Region was 14.6%, as compared with a general rate of 6.9%. Registered unemployment figures show a similar pattern, with Maori and Pacific Islands people over-represented among registered jobseekers. This pattern of ethnic representation among statistics of disadvantage is repeated in other areas such as income levels, health and housing.

127 Historically this has tended to track in the same direction as the official unemployment rate, but through 1999 they have diverged, in large part reflecting policy and administrative changes.

128 Some of the increase in registered unemployment (both of numbers and duration) is due to changes in the work-testing requirements particularly for the Domestic Purposes Benefit. This means that more beneficiaries than previously are work-tested and therefore registered as unemployed.

129 Acheson, cited in Ministry of Health. 2000. *Social Inequalities in Health: New Zealand 1999*

130 Ministry of Health. 2000. *Social Inequalities in Health: New Zealand 1999*