

EMPLOYMENT STRATEGY: PROGRESS TO DATE

JULY 2001 - DECEMBER 2002



Minister's Foreword

The Government's Employment Strategy is designed to help create the right conditions for employment and maximise employment opportunities. It ensures there is effective government co-ordination of, and accountability for, a specific set of goals, activities and results. This publication is the second in a series of reports, and looks at the progress made against the Employment Strategy over the past eighteen months from July 2001 to December 2002.

Since the Employment Strategy was first established in 2000, the Government has introduced a number of initiatives which have contributed significantly to the achievement of its employment priorities. The Government has pursued an economic policy that promotes sustainable and balanced economic development. There has been strong economic growth, job numbers are up, the unemployment rate is at an historic low, and the labour force participation rate is high.

There are still, however, a number of challenges in the labour market. New Zealand has low unemployment, which makes it more difficult for employers to find labour. In these tight labour market conditions we need to assist more people into employment, so that the skill needs of firms are met. The Government launched a \$131 million Making Work Pay package of initiatives to help people move off welfare and into work. This package targets sole parents, long-term beneficiaries with dependent children, low-income parents already in the workforce, and those contemplating taking up seasonal work opportunities. Its main purpose is to make employment a more viable option for people.

To develop a highly-skilled and flexible workforce, we have worked on enhancing the quality of the education system. The Tertiary Education Commission was established in 2003 to fund tertiary providers, and to oversee the Tertiary Education Strategy, which aims to better align tertiary education and research with strategic priorities such as "developing the skills New Zealanders need for a knowledge society".

There have been improvements in New Zealanders' qualification levels, but we still need to focus on young people who leave school without qualifications and are at risk of unemployment. The Government has reaffirmed its commitment to improve youth transitions from school-to-work. We have set ourselves the goal that "by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options, which will lead to long-term economic independence and well-being".

With a tight labour market, we must focus on initiatives that help industries find the people they need. One of the keys to matching people with job opportunities is to give them access to high-quality information about the labour market. The Skills Action Plan aims to help New Zealanders improve their ability to find the industries, regions and employers that require their skills, and to help employers find the right employees. It also aims to help people make effective education and training decisions to meet labour market needs.

We have made considerable progress in the past two years. However, we need to make sure that the Government's Employment Strategy remains relevant and continues to meet New Zealand's future needs. This year, the Government has amended its Strategy to reflect a greater focus on sustainable employment. The focus is not just on any job, but on a job that will improve the economic independence of job-seekers. We would like people to have the opportunity to move into employment, spend less time unemployed and move into higher-quality jobs.

The Government also wants to encourage innovation and growth. New Zealand's competitive advantage in the future will depend on the ability of a wide range of people to participate in the workforce. We know that some groups in the labour market face particular barriers. In addition to Māori and Pacific peoples, we have included a new goal in the Strategy for youth, mature workers, women and people with disabilities.

The New Zealand economy is going well. The challenge is to ensure that, over the medium term, the trends reported in this publication continue. I welcome your comments on this publication and any of the issues discussed in it.



Hon Steve Maharey
Minister of Social Services and Employment



Employment Strategy Goals

Between 2000 and November 2002 the Employment Strategy contained six major goals:

- Goal 1:** Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation
- Goal 2:** Promoting an 'employment-rich' economy by removing barriers to employment growth
- Goal 3:** Developing a flexible, highly-skilled workforce
- Goal 4:** Developing strong communities
- Goal 5:** Improving participation in employment for Māori and Pacific peoples
- Goal 6:** Improving participation in employment for people with disabilities and other groups at risk of long-term and persistent unemployment.

The need for an Employment Strategy

For most people, employment is fundamental to achieving a higher standard of living. It encourages greater participation in local communities and contributes to a personal sense of well-being. A labour market that is functioning well is essential for sustained economic growth, and achieving the Government's goal of returning New Zealand's per capita income to the top half of the OECD rankings. The Employment Strategy aims to help create the right conditions for employment and to maximise employment opportunities.

Creating the right conditions for business growth and high productivity leads to greater job opportunities and higher wages for workers. If we can increase the participation of people currently under-represented in the labour market, then not only will our economy benefit, but our communities will also.

People who experience ongoing disadvantage in the New Zealand 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, and the Strategy is taking positive steps to meet their labour market needs.

What is the Employment Strategy?

The Government developed an Employment Strategy in 2000 which set out its employment priorities. The main aims of the Strategy are to:

- minimise disadvantage in the labour market
- maximise the number of jobs and the level of earnings for all.

The Government aims, through the Strategy, to develop policies and programmes that create employment opportunities, build people's capacity, and match jobs and skills. A labour market which functions well matches people's skills to the right job opportunities. Effective matching occurs when job opportunities and working conditions (including wages, hours of work, flexibility) meet the needs, aspirations and preferences of current and potential workers, as well as relevant employers.

Progress to date

This report is the second in a series of stocktakes that survey progress made with the Employment Strategy¹. The time period covered here is the past 18 months, between July 2001 and December 2002².

In the year to September 2002, the economy grew strongly at an annual average rate of 3.9%, and employment levels rose for both males and females. Seasonally-adjusted unemployment fell from 5.4% in the December 2001 quarter to 4.9% in the December 2002 quarter, although the percentage of people participating in the labour market fell slightly over this period to 66.3%.

The proportion of the working-age population with school and post-school qualifications rose and the proportion with no qualifications fell. However, skill and labour shortages continued. This suggests that the level of skills and flexibility of the workforce need to improve further. Other trends of note over the past year were:

- The employment situation in many regions improved, most strongly in areas with more primary-based industries
- Employment levels rose and unemployment rates fell for Māori and Pacific peoples
- The number of long-term unemployed fell and people with disabilities have shown increased employment levels
- However, a number of groups, including Māori, Pacific peoples and people with disabilities, continue to be less likely to be employed and more likely to earn less.

The Government is introducing some changes to the Employment Strategy to ensure it is responsive to current

labour market issues. These changes reflect emerging government priorities – they include a greater focus on sustainable employment, quality of employment and increasing productivity. Employment sustainability means people achieving economic independence throughout their working lives, and includes the following three key aspects:

- People being able to move into employment
- People spending longer periods of time in employment, and having shorter unemployment transition periods between jobs
- People having the opportunity to move into higher-quality jobs – jobs with wages and salaries that are stable or increase over time.

The Government has also introduced another goal to reflect the needs of key groups in the labour market, including women, youth and mature workers.

Please turn to page 15 for a more detailed discussion of the recent changes to the Employment Strategy.

¹The stocktake 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.

²Some of the information falls outside the reporting period of July 2001 to December 2002. This is for a number of reasons. Some data were not published at the time of reporting, e.g. the December 2002 Gross Domestic Product (GDP) results. Some are not updated regularly, e.g. The 2001 New Zealand Disability Survey. Therefore, the publication contains the most recent information that is available. Also, some economic trends are best understood within a longer-term context and so fall outside this reporting period. Figures are not seasonally adjusted unless otherwise stated.

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



The New Zealand economy grew by 3.9% in the year to September 2002, almost double the 2.1% growth in the year to September 2001. Over this period, employment growth remained strong and the number of people who were unemployed stayed relatively low.

Currently, the New Zealand labour market is relatively stable, providing the right foundations for growth to occur. Drivers of growth, such as the strength of the world economy, the efficiency of our institutions, the pace of innovation and productivity growth, are more likely to flourish under stable macroeconomic conditions.

New Zealand's macroeconomic environment stayed positive over the year to September 2002. Economic growth³ in the June and September quarters reached 1.7% and 1.0% respectively, at a time when most developed countries (except Australia) were experiencing slow growth. In addition, the Government has continued its policy of careful fiscal management.

Labour market conditions are expected to be fairly steady. Consistent labour force growth means that the unemployment rate is predicted to remain between the current rate of 4.9% and 5.5% over 2003 and early 2004⁴. Annual inflation is expected to fall towards the mid-point of the 1-3% target range over the next year⁵. A high level of job advertisements in newspapers and employment intentions among firms suggest that job prospects are currently good. However, economic growth is predicted to decline from the strong rates of the past year, and thus employment growth is expected to fall to a moderate 1.5-2.0% per annum.

Potentially, there is a risk that the growing number of people in the labour force (due to net immigration) in New Zealand will exceed the growing number of jobs, increasing unemployment, particularly in the short-term. However, this is unlikely to eventuate, as the overall positive outlook for the economy is expected to translate into positive labour market conditions and employment growth.

There are also some significant risks in the global economy that may affect New Zealand's labour market performance in the coming year. The US economy could experience a renewed downturn. Weak business conditions may continue in the US with ongoing declines in consumer spending; there are risks too if house price rises are reversed, or if the decline

in share values hits spending harder than expected. Also, a military operation in Iraq is now possible, and a prolonged conflict would likely lead to higher oil prices and low confidence here and abroad.

Currently, New Zealand is maintaining a stable macroeconomic environment. However, to sustain growth in the longer term, we need to encourage greater productivity and innovation in the New Zealand economy. One of the ways that the Government is trying to lift New Zealand's economic performance is through the Growth and Innovation Framework (GIF). The Framework's key objective is to return New Zealand's per capita income to the top half of the OECD rankings and maintain that standing. GIF identifies two key aspects to building a high-growth economy:

- Strengthening the foundations of the economy
- Encouraging greater innovation.

The 'foundations' of the economy include: a stable macroeconomic framework; an open and competitive microeconomy; a modern, highly-skilled and cohesive workforce; and a globally-connected economy. Greater innovation will come through attracting and retaining people with exceptional skills and talents, and increasing New Zealand's global connections.

³Figures are from GDP statistics, September 2002 quarter, SNZ.

⁴Figures are seasonally adjusted. Projections are based on The Labour Market Outlook – December 2002, Department of Labour.

⁵Inflation targets are set as part of the Policy Targets Agreement (PTA). The PTA is an agreement between the Treasurer and the Governor of the Reserve Bank of New Zealand on the Government's goals for inflation. The PTA was revised in September 2002 and the lower band of the inflation target was raised to 1.0%. The overall goals of the PTA are "to keep future Consumer Price Index inflation outcomes between 1.0% and 3.0% on average over the medium term".

Goal 2: Promoting an 'employment-rich' economy by removing barriers to employment growth



Strong economic growth over the year to December 2002 saw the number of people in employment rise by 44,000, from 1,842,000 to 1,886,000 people. This rate of growth of 2.4% is the same as the annual average employment growth of the past decade⁶.

Over the past year, the labour force participation rate fell slightly from 66.4% to 66.3% in the December 2002 quarter, with small decreases in both male and female participation⁷. The rate of labour force participation remains very high.

There was a net migration gain of 38,198 people for the year ended December 2002, an historically high positive net inflow. Among those migrants who specify an occupation, there was a net gain of prime working-age migrants in all occupational groupings⁸ for the year ended March 2002 (the largest gains being in the professional and technical group: 2,689 people).

After rising from 5.2% in the June 2002 quarter to 5.4% in the September 2002 quarter, the unemployment rate fell to a 15-year low of 4.9% in the December 2002 quarter⁹.

The number of jobless people fell by 11,000 over the year to December 2002 to 172,600¹⁰. In addition, the number of underemployed (those working part-time but who would prefer to work more hours) decreased a little over the year to December 2002, from 113,600 to 113,000¹¹.

The year to December 2002 saw a 12.1% decline in job-seekers registered with the Ministry of Social Development (MSD)¹². Over this period, MSD assisted 52,922 people into stable employment¹³.

Job-seekers often face barriers to employment such as skill levels and disabilities. Strategies to address such barriers are discussed in particular under goals five and six.

The low levels of unemployment currently being experienced in New Zealand mean that it is more difficult for employers to find labour, resulting in a 'tight' labour market. Achieving good matches between people and jobs is an area of increasing focus for the Government.

The Skills Action Plan includes initiatives to provide more readily accessible information on the labour market – the aim is to help people make better-informed decisions about work and their training and education options. The information is aimed at a wide range of audiences, for example school-leavers, employers and careers advisers. Skills Action Plan initiatives launched in 2002 included:

- The electronic labour market portal www.worksite.govt.nz
- A six-monthly publication on labour market trends and demand for skills called *workINSIGHT*
- Development of a survey of employer vacancies and a feasibility study for gathering better information on employment and other outcomes for people with tertiary qualifications.

Regional economic development has an important role to play in driving New Zealand's national economic growth. In the

past year, the Regional Partnerships Programme set up a regional network, funded 26 regional groups throughout New Zealand, and approved funding of \$2 million each for four major regional initiatives. Regional Partnerships included: the Waikato Technology Park; the Rotorua Centre for Excellence in Wood Processing and Training; the Marlborough Research Centre for Viticulture; and a 'Centre of Innovation' in Hawke's Bay. Work is underway in a number of the regions to find possible major regional initiatives for 2002/2003.

⁶ Figures are from the HLFS, December 2002 quarter, SNZ.

⁷ Figures are from the HLFS, December 2002 quarter, SNZ.

⁸ Figures are from arrival and departure cards collected by SNZ. Approximately 44% of prime working-age (25-59) permanent and long-term (PLT) migrants did not specify an occupation. SNZ not only includes those who do not specify an occupation in the unspecified category; the category also includes those who specify that they are not in the labour force, for example students. For those migrants who do specify an occupation, occupational categories were classified according to Reich (1992), *The Work of Nations*, New York: Simon and Shuster.

⁹ Figures are seasonally adjusted and are from the HLFS, December 2002 quarter, SNZ. ¹⁰ 'Joblessness' refers to those people who are out of work, and either actively seeking or available for work.

¹¹ Figures are from the HLFS, December 2002 quarter, SNZ.

¹² MSD's Register of Job-Seekers includes clients on work-tested benefits, clients from non-work-tested benefits (voluntary), and individuals that are not on benefit.

¹³ Stable employment is currently the main employment outcome measure used by MSD in their Purchase Agreement. '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.



Goal 3: Developing a flexible, highly-skilled workforce

Over the past five years, the proportion of working-age people¹⁴ with school and post-school qualifications has risen from 35.2% to 37.5%, whereas the number of people with no qualifications has declined from 30.0% to 26.6% (see Figure 1).

The unemployment rate is highest amongst those with no qualifications, at 7.8% in the December 2002 quarter, although it has fallen from 8.5% in the December 2001 quarter. This compares with the unemployment rate for those with school and post-school qualifications of 3.0% in the December 2002 quarter, down from 3.2% a year earlier.

As at 31 December 2002, 46.0% of those people registered with MSD had no formal qualifications, whereas only 10.0% had more than three School Certificate passes. These figures are similar to those found twelve months earlier.

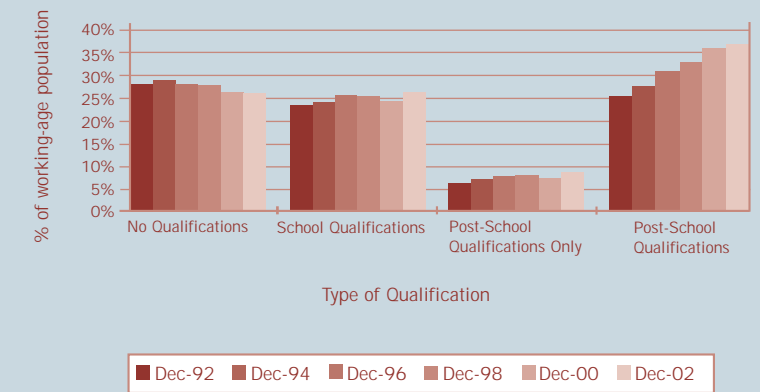
A net 39% of firms found it more difficult to find skilled staff in the December 2002 quarter. Similarly, a net 18% of firms found it more difficult to find unskilled staff than in the previous quarter¹⁵. Continuing skill and labour shortages suggest that the level of skills and flexibility in the workforce will need to improve further.

¹⁴Working-age' refers to people who are residents in the non-institutional civilian population of New Zealand aged 15 years and over.

¹⁵ Figures are from the Quarterly Survey of Business Opinion (QSBO), December 2002 quarter, New Zealand Institute of Economic Research (NZIER).



Figure 1: Qualifications composition of working-age population



Despite pleasing increases in the number of people gaining qualifications, it is estimated that at any point in time 10–17% of young people aged 15-19 are not taking part in formal education, training or work. The Government has confirmed a goal with the Mayors Taskforce for Jobs that “by 2007, all 15-19 year olds will be engaged in appropriate education, training, work or other options, which will lead to long-term economic independence and well-being”¹⁶. Under the Youth Transitions work programme, the Government is working to improve transitions for at-risk youth into education, training, work or other activities. The work programme consists of three main strands:

- Improving understanding of youth school-to-work transitions to help people make better choices and educational investments
- Making measurable progress in the identified priority areas, including raising skills and qualifications, and improving sustainable employment outcomes
- Achieving better co-ordination of services for young people at risk, and better alignment of services, institutions, agencies and policy frameworks.

To reduce one of the key barriers to people gaining ongoing employment, the Government has recently renewed its efforts to raise adult literacy levels. In 2001, the Government introduced an Adult Literacy Strategy to build capability in the provision of adult literacy training. Current adult literacy provision caters for approximately 25,000 adult learners. However, it is estimated that nearly 100,000 people employed in New Zealand have very poor literacy¹⁷ – many providers report long waiting lists for their programmes. An additional \$2 million per annum is to be invested to further build provider capability. This increased capability will

expand provision of literacy services to adult learners in the workplace, to families through whanāu and family literacy, and to refugees and migrants.

The Government established the Tertiary Education Commission (TEC) as part of its educational initiatives. TEC is responsible for allocating government funds for all post-compulsory education and training. TEC will also oversee the implementation of the Tertiary Education Strategy 2002-2007; a key component of the Strategy is to develop the skills and knowledge that New Zealanders need for a knowledge society. The Tertiary Education Strategy aims to better align tertiary education and research; it identifies six strategic challenges for the tertiary system over the next five years. These strategic challenges are:

- Strengthen System Capability and Quality
- Contribute to the Achievement of Māori Development Aspirations
- Raise Foundation Skills so that all People can Participate in our Knowledge Society
- Develop the Skills New Zealanders need for our Knowledge Society
- Educate for Pacific Peoples' Development and Success
- Strengthen Research, Knowledge Creation and Uptake in our Knowledge Society.

¹⁶The Mayors Taskforce for Jobs involves a total of 51 Mayors, representing two-thirds of New Zealand's local authorities. The Mayors have agreed to work with Government to provide opportunities for policy input by local communities, and to ensure that innovative and flexible decisions are made at the local level. They will promote close co-operation between local economic and employment development organisations to minimise duplication and build on successful structures.

¹⁷Information from the International Adult Literacy Survey, New Zealand Results, 1996



Goal 4: Developing strong communities¹⁸

Rural regions continued to have the highest percentage gains in employment. Job growth in the year to December 2002 was the strongest in the more primary industry-based areas, including Taranaki (up 5.9%), Southland (5.2%) and Manawatu-Wanganui (up 4.7%)¹⁹.

Of the main urban centres, only Canterbury had a strong rise in employment (up 4.2%). Auckland experienced a small rise in employment in the year to December 2002 (up 0.7%), while Wellington employment rose by 2.2%.

Six of the main regions had a fall in their unemployment rate between the year to December 2001 and the year to December 2002, including Gisborne-Hawke's Bay (down 1.3%), Bay of Plenty (down 0.7%) and Waikato (down 0.6%). Conversely, the unemployment rate rose sharply in Northland and Wellington²⁰.



Goal 5: Improving participation in employment for Māori and Pacific peoples

GOAL: 5

Those who are disadvantaged in accessing job opportunities tend to live in particular regions and communities that experience adverse labour market conditions. The Community Employment Group (CEG) works to build capacity in communities that face concentrated disadvantage. CEG has a nationwide network of around 70 mobile fieldworkers. They are drawn from remote and disadvantaged communities and have comprehensive community networks. Their range of tasks includes: providing advice on community project planning; building skills and knowledge of project participants; and providing grants assistance and monitoring projects within communities. One of CEG's initiatives, Community Employment Organisations (CEOs), has successfully helped to set up 56 community-based enterprises, providing services in areas as diverse as recycling, tourism and silviculture. In November 2002, just over \$2.5 million in grant funding was allocated to CEOs, \$1 million of which has been spent on job subsidies for the 212 former beneficiaries now employed with them. A further 528 unsubsidised jobs have been created by community enterprises.

In delivering employment services to job-seekers, Work and Income has adopted a regional flexibility approach. Each of the 13 Work and Income regions works to understand the unique labour market needs of their various communities. Annually each region develops a set of flexible strategies to respond to local conditions and reflect government priorities in services for youth, Māori, Pacific peoples, mature job-seekers, people with disabilities and long-term unemployed.

¹⁸ Labour market information on regional employment and unemployment provides a limited proxy for 'strong communities'. As more appropriate and detailed data about communities becomes available, it will be used in future monitoring reports.

¹⁹ In analysing regional, ethnicity and industry statistical results, it is important to bear in mind that sample sizes for some of these sub-groups are small, often leading to large but statistically-insignificant movements in labour market indicators. For this reason, the data should be considered in a longer-term context, and the analysis is therefore primarily based on annual movements.

²⁰ Figures are from the HLFS, December 2002 quarter, SNZ.

Annual job growth remains strong among Māori and Pacific peoples. Māori employment was 7.6% higher and Pacific peoples' employment was 11.3% higher in the December 2002 quarter compared to a year earlier.

The labour force participation rate for Māori increased to 66.3% in the year to December 2002 from 63.9% in the year to December 2001, while the rate for Pacific peoples rose to 62.4% in the year to December 2002 from 60.9% in the previous year²¹.

The average unemployment rate for Māori fell to 11.3% in the year to December 2002 from 12.3% in the year to December 2001. The average unemployment rate for Pacific peoples fell to 9.2% in the year to December 2002 from 9.6% in the previous year.

In the twelve months to December 2002, there have been declines of 7.4% Māori and 12.6% Pacific peoples registered as job-seekers with MSD (58,043 and 15,642 registered as at 31 December 2002). Over this period, the number of Māori job-seekers who went into stable employment rose by 19.0% (from 1,192 to 1,418 at 31 December 2002). Similarly, Pacific job-seekers showed a 22.6% increase (from 452 to 554 at 31 December 2002).

²¹ Figures are from the HLFS, December 2002 quarter, SNZ.

²² Information from 'Performance of the New Zealand Labour Market', Department of Labour, 2002, (unpublished paper).

²³ Please see our Special Feature on Maori Employment Growth (p. 16) for a more detailed analysis.

More Māori and Pacific people have moved into professional occupational groups over the past couple of years. However, half of the growth in Māori employment, and two-thirds of that for Pacific peoples, remain in clerical and production occupational groups²². This trend is of concern because the employment rates for lower-qualified workers tend to be more vulnerable and sensitive to the overall performance of the economy²³.

Economic success in the future depends on encouraging Māori and Pacific entrepreneurs and improving education and skills for Māori and Pacific peoples. Demographic forecasts for the next 50 years show that while New Zealand's population in general is ageing, the Māori and Pacific population will remain relatively youthful. Consequently, Māori and Pacific peoples represent a significant proportion of the future labour force.

Te Puni Kōkiri's Māori Business Facilitation Service helps Māori to start up their own businesses. Between its launch in September 2001 and the end of June 2002, 2,627 clients registered with the Service (made up of new and existing business clients). As at 30 June 2002, the Service had successfully helped 405 clients.

MSD has been consistently working on assisting Māori and Pacific job-seekers into employment. A key emphasis of the 2002/2003 Work and Income regional plans involves the development of strategies to assist Māori and Pacific peoples into employment, and this will continue to be a focus area. For the current financial year, MSD (through Work and Income) has been consistently ahead of the Performance Targets set by the Government.

Programmes of Action are a pivotal part of the Government's Pacific Capacity-building Strategy. The Programmes of Action reflect what the eight regional Pacific communities identified as their priorities in health, housing, education, employment, economic development and social services, and the specific actions deemed necessary to address these priorities. The Government has already made moves to address some of the issues in the Programmes of Action, such as the recently announced \$3.1 million over four years for a parenting and family support package for Pacific families; \$5 million per year over four years for Pacific provider development; and \$3.6 million over four years for Pacific peoples' organisational development.

Goal 6: Improving participation in employment for people with disabilities and other groups at risk of long-term and persistent unemployment



In the year to December 2002, the number of long-term unemployed (more than 26 weeks) fell by around 1,300 to 25,500 people. These long-term unemployed now make up 30.1% of people without jobs who specify a duration of unemployment, down from 29.6% a year ago²⁴.

The duration of the median unemployment spell reduced from over six months in the early 1990s to around three months in 2001²⁵. However, the probability of people facing long unemployment spells remains high relative to the mid-1980s.

The year to December 2002 saw a decline in the number of people registered at MSD in the longer-term duration bands²⁶ and an increase in the numbers of long-term unemployed gaining stable employment. In particular, the number of people who had been unemployed for more than four years who achieved stable employment rose from 154 to 242 (an increase of 57.1%) to December 2002.

Approximately 20% of the total population²⁷ are limited in their daily activities because of the effects of a long-term physical, cognitive or mental impairment. In 2001, an estimated 44% of adults with disabilities (273,300) were in the labour force. In contrast, 74% of adults without disabilities (over 1.5 million) were in the labour force²⁸. Between 1996 and 2001, there was a 28% rise in the number of people with disabilities who were employed (from 213,800 to 248,200).

Over the period 1996-2001, the number of people with disabilities who were unemployed rose by 30% (from 17,800 to 25,100). This may indicate a growth in the number of people with disabilities seeking employment (and indicating this intention in the survey)²⁹.

While substantial gains have been made in the number of people gaining employment, for some groups paid work is still not a viable option. Removing the barriers job-seekers face when taking up paid work is the key to making sure they stay in employment. The 2002 Making Work Pay package builds on last year's initiatives targeting sole parents, long-term job-seekers with dependent children, low-income parents already in the workforce, and those contemplating taking up seasonal work opportunities. The package includes:

- A new, more active case management system for domestic purposes and widows beneficiaries
- Improvement in the number and quality of Out of School Care and Recreation (OSCAR) providers so that lack of access to childcare is not a barrier for beneficiaries and low-income workers entering and/or remaining in the paid workforce
- A new Pathways payment which will help long-term beneficiaries with children to meet the initial costs of taking on work. Outstanding benefit debt will also be suspended for these beneficiaries for the first three months of their employment
- Introduction of a new single abatement regime from 26 August 2002 for recipients of the domestic purposes and widows benefit.

A number of recent government initiatives has aimed to reduce barriers for people with disabilities and increase their participation in the labour market. Implementation of Vocational Services strategies agreed by Cabinet in August 2001 has begun. The Vocational Services Review focused on

providing increased opportunities in paid employment for people with disabilities. The proposed changes include a repeal of the Disabled Persons Employment Promotion Act 1960, so that people with disabilities employed in sheltered workshops have the same employment rights and entitlements as everyone else. In May 2001 the Government introduced an additional \$45 million over four years into the vocational services sector to implement the Vocational Services Strategy.

Since mid-2002, MSD has been piloting employABLE, a series of initiatives to help people with disabilities into employment. Four projects are being run by community-based organisations over two years. Work and Income are running a fifth pilot for one year. These projects aim to integrate an employment focus into an existing clinical setting and early indications are that some of the projects using this model are showing high levels of success.

²⁴ Figures are not seasonally adjusted. Figures are from the HLFS, December 2002 quarter, SNZ.

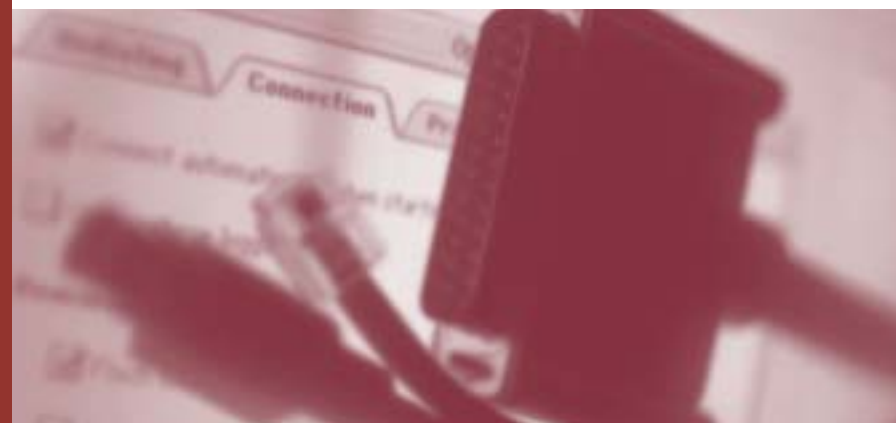
²⁵ Figures are from 'Performance of the New Zealand Labour Market', Department of Labour, 2002, (unpublished paper).

²⁶ 'Long-term unemployed' are defined as those job-seekers registered with MSD for six months or more.

²⁷ Excluding people living in some special types of residential facilities. A total of 743,800 New Zealanders reported some level of disability in 2001, an increase of 41,800 since 1996-1997. However, the overall disability rate of one in five has not changed.

²⁸ This means they were either 'employed' or 'unemployed and actively looking for work'.

²⁹ All figures on people with disabilities come from The 2001 New Zealand Disability Survey, SNZ. 'Unemployed' refers to those people who are not working in a paid job, business, farm or profession at the census date, but have actively looked for either full-time or part-time work in the preceding four weeks and would have started work in the week preceding the census had a job been available.





Changes to the Employment Strategy

The Employment Strategy has now been in place for two years and significant progress has been made in achieving its goals. The Government reviewed the Strategy in late 2002 to ensure that it was still relevant to the needs of the changing New Zealand labour market.

The Government proposed changes to the Strategy to reflect its emerging priorities. These include a greater focus on *sustainable employment, quality of employment*³⁰, and *increasing productivity*. The Government also proposed that an additional goal be included to meet the needs of key groups in the labour market, including women, youth and mature workers.

With its new focus, the Employment Strategy's objectives are to:

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

Eight goals have been established to achieve these 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.

³⁰ 'Sustainable employment' refers to people having the opportunity to move into employment, spend less time unemployed, and move into higher-quality jobs.

SPECIAL FEATURE: MĀORI EMPLOYMENT GROWTH

This feature looks at some key employment issues for Māori, and shows encouraging signs of progress. Māori are frequently perceived as experiencing poorer outcomes in the labour market. However, over the previous four years, Māori employment has grown strongly, particularly in professional occupational groups.

Māori employment – the current picture

Māori employment rates vary across different occupations. Māori account for 9.1% of total employment³¹, but Māori employment tends to be concentrated in certain types of occupational groups as Figure 2 shows³². The first bar and the line across the graph show this 9.1% share. Māori are over-represented in occupational groups above this line, and under-represented in occupational groups below this line.

The occupations shown in Figure 2 can be aggregated into three broad groups: a professional and technical group (all occupational groups between 'Administrators' and 'Other Associated Professionals'); a lower-skill trade and production group (occupations between 'Industrial Plant Operators' and 'Elementary Occupations'); and a third medium-skill group in between these two.

The share of Māori employed in lower-skill trade and production groups (the groups shown on the right hand side of the graph) is higher than the 9.1% average Māori share of employment, showing that Māori are over-represented in these lower-skill groups. The share of Māori employed in professional and technical groups (the groups shown on the left-hand side of the graph) is lower than the average Māori share of employment, except in the 'Teaching Professionals' occupational group. This shows that Māori are under-represented in these occupational groups.

Māori employment growth by occupation

Although Figure 2 shows that Māori are over-represented at the lower-skill end of the labour market, the situation has improved. Over the past four years, Māori employment has grown strongly, particularly in professional and technical occupational groups. Between March 1998 and March 2002 employment rose by 6% for the total working-age population, while Māori employment grew by 19%³³.

This strong growth in Māori employment was spread across a number of occupational groups. The three occupational groups with the strongest growth for Māori were 'Agriculture and Fishery Workers', 'Administrators and Managers', and 'Professionals'.

Māori employment grew very strongly in professional and technical occupational groups, over 50%. However, the growth in these occupational groups for Māori was not as great as for non-Māori (88% of non-Māori employment growth was in professional and technical occupational groups).

Māori employment growth by income

Māori employment growth was strong in the top half of income earners. Between June 1997 and June 2001, the real median weekly income³⁴ of Māori in employment grew by \$17 from \$469 to \$486 per week³⁵. More than half of the Māori employment growth for this period was in the group of people earning between \$500 to \$799 per week (i.e. above the median earnings level). This suggests that a significant proportion of Māori job growth was in the higher than average income bracket. However, Māori are still earning lower incomes on average than non-Māori. In 2001, 62% of Māori were earning less than the Pākehā median wage of \$571 per week.

Conclusion

Overall, between 1998 and 2002, Māori employment growth was stronger in professional and technical occupations, and in occupations with above-average wages. However, this may partly be because growth in these occupations was strong for all groups. There is still progress to be made. Māori are still over-represented in lower-skill occupational groups relative to non-Māori, and under-represented in professional and technical occupational groups.

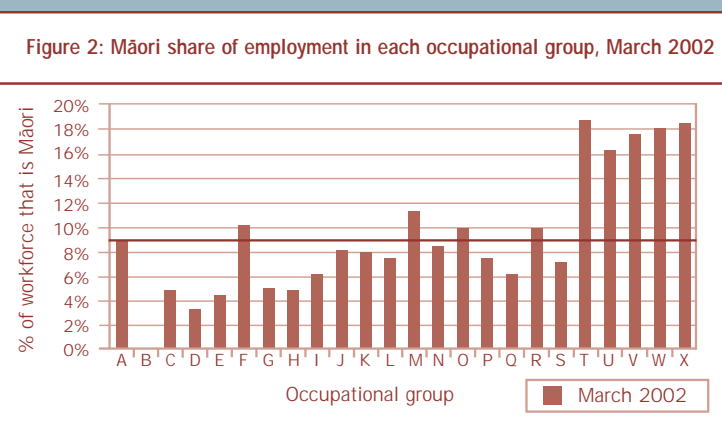
³¹ Compared to a 10.2% share of the working-age population.

³² Figures are from HLFS, March 2002 quarter, SNZ.

³³ HLFS, SNZ.

³⁴ All figures are from the Household Labour Force Survey: Income Supplement. Real income growth refers to growth in income that is not just due to inflation over the time period. The figures stated here are adjusted into 2001 dollars to account for inflation in the consumer price index between 1997 and 2001.

³⁵ By comparison, the median weekly wage for non-Māori grew by \$28, from \$543 to \$571 over the same time period.



- A. Total all occupations
- B. Administrators
- C. Managers
- D. Physics/Engineering Professionals
- E. Health Professionals
- F. Teaching Professionals
- G. Other Professionals
- H. Physics/Engineering Assoc Profs
- I. Health Assoc Profs
- J. Other Assoc Profs
- K. Office Clerks
- L. Customer Service Clerks
- M. Personal Services Workers
- N. Salespersons
- O. Ag and Fish Workers
- P. Building Trades
- Q. Metal and Machinery Trades
- R. Precision Trades
- S. Other Trades
- T. Industrial Plant Operators
- U. Machine Operators/Assemblers
- V. Drivers/Mobile Machinery
- W. Building Workers
- X. Labourers/Elementary occupations



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