

FEMALE LABOUR MARKET OUTCOMES - MARCH 2007

Background

- 1 This report on female labour market outcomes in New Zealand is an annual update which focuses on changes for females in the labour market in the past five years, with a focus on the last year, and gives an indication of near term prospects. Data are sourced from the quarterly Household Labour Force Survey (HLFS) from Statistics New Zealand and are averaged across a year to reduce sample errors and seasonality for all breakdowns such as age, region and ethnicity. Terms are defined in Appendix I. This report is for your information.

Key Indicators

- 2 General labour market conditions in New Zealand are favourable for female workers. Robust economic growth and increased flexibility in the labour market over the last five years have seen an increase in females in work, fewer unemployed females and fewer females outside the labour force; while average wages for females have risen in real terms. Key data can be found in Table 1.
- 3 Female employment growth in the last two quarters of 2006 declined slightly but remained relatively high for the year. In the December 2006, quarter there were 968,000 employed females compared to 1,147,000 employed males. Employment growth for the year ending December 2006 was 1.1% for females compared to 1.6% for males. In the five years to December 2006, female employment grew by 12.7% or 2.4% per year which is slightly less than male employment growth of 12.8% or 2.4% per year.
- 4 The female labour force participation rate decreased from 61.0% in December 2005 to 60.7% in December 2006. This decrease in participation rate is due to decreases in female employment in the September and December 2006 quarters. The decrease over the last year is a change from increases in the female participation rate over the last five years, particularly for females aged 30-34 and over 50. Since the December 2001 quarter the female participation rate has increased from 59.0% to 60.7%. The female participation rate is still considerably below the male participation rate of 75.6% for the December 2006 quarter. However, female participation has increased more rapidly than male participation so the gap was smaller in mid 2006 than at any time since the HLFS began in 1986.
- 5 The unemployment rate for females decreased slightly over the last year from 4.2% in December 2005 to 3.9% in December 2006. Over the last five years the unemployment rate for females has fallen by 1.5 percentage points, which is less than the 1.8 percentage points the male unemployment rate has fallen over the same period. As a result females are overrepresented amongst the unemployed, making up 45.9% of the labour force but 48.9% of all unemployed people. This may be due to the strength of the labour market. Over the last 20 years during times of low unemployment the female rate was generally higher than the male rate while at times of high unemployment the male rate was generally higher. This pattern may be driven by males being overrepresented in industries that are more sensitive to external economic conditions, such as construction and manufacturing.
- 6 Females are less likely than males to be receiving the Unemployment Benefit. In the December 2006 quarter there were 13,700 female unemployment beneficiaries, just over half of the 25,400 male beneficiaries. However, females make up more than 60% of all working age beneficiaries, almost solely due to the much larger proportion of female Domestic Purpose Beneficiaries. The number of unemployment beneficiaries has dropped remarkably over the last five years for both males and

females. The number of females receiving the Unemployment Benefit dropped by 26.0% in the last year and 69.3% in the last five years which is similar to decreases of 23.7% and 71.6% for males over the same time periods.

- 7 In general labour market disparities between females and males have decreased in the last five years. Females have benefited from the strong employment growth in recent years with increases in the employment and participation rates for females outstripping corresponding rates for males. While disparities have reduced they do still exist with female participation remaining lower than males and the unemployment rate exceeding the male rate.

Table 1: Female labour market outcomes, December 2001 and 2006

	2001 (‘000)	2006 (‘000)	2001-2006 change (‘000)	2001-2006 change (%)	2001 – 2006 Male change (%)
Labour force status					
Employed	859.0	968.0	109.0	12.7	12.8
Unemployed	49.0	40.0	-9.0	-18.4	-25.9
Labour force	908.0	1008.0	100.0	11.1	10.7
Not in the labour force	630.0	653.0	23.0	3.7	4.1
Working-age population	1538.0	1661.0	123.0	8.0	9.0
Proportional measures					
Employment rate (%)	55.9	58.3	-	2.4 ^a	2.4
Labour force participation rate (%)	59.0	60.7	-	1.7 ^a	1.2
Unemployment rate (%)	5.4	3.9	-	-1.5 ^a	-1.8
Industry employment					
Primary	56.2	51.4	-4.8	-8.5	-6.1
Manufacturing (incl utilities)	84.4	74	-10.4	-12.3	-6.0
Construction	13.7	24.1	10.4	75.9	61.8
Trade & accommodation	208.2	244.6	36.4	17.5	11.0
Other services	102.9	124.5	21.6	21.0	7.1
Personal services	399.9	456.9	57.0	14.3	21.2
Skill employment					
High-skilled occupations	237.3	289.9	52.6	22.2	21.6
Skilled occupations	143.8	150.8	7.0	4.9	19.2
Semi-skilled occupations	442.1	484.2	42.1	9.5	4.4
Low-skilled occupations	43.2	49.3	6.1	14.1	-0.1
Wage growth (average hourly rate, \$)	2001	2006	2001-2006 change	2001-2006 Annual average change	
June Years	(\$/h)	(\$/h)	(\$/h)	(%)	
Females	14.95	18.55	3.60	24.1	
Males	17.78	21.46	3.68	20.7	

Source: Household Labour Force Survey and Income Survey, Statistics New Zealand.

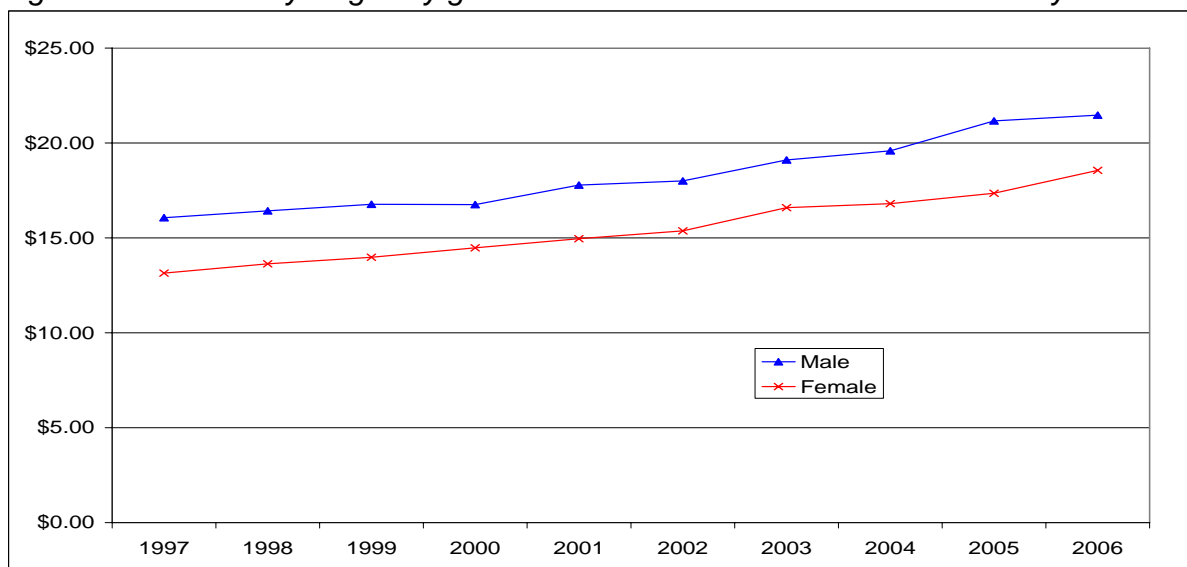
Notes: Figures may not sum to total due to rounding.

a - percentage point change rather than percentage change

Wages

- 8 Information about wages is collected annually in the New Zealand Income Survey, a supplement to the HLFS. In June 2006 the average (mean) hourly wage for females increased by \$1.20 from \$17.35 to \$18.55, a 6.9% increase. This increase was much higher than the increase of \$0.30 or 1.4% for males. Over the five years to June 2006 increases for males and females were much more similar. The average hourly wage for females increased by \$3.60 or 24.1% while the average hourly wage for males increased by \$3.68 or 20.7% from June 2001 to June 2006.
- 9 Although average female wages have been increasing faster than average male wages there is still a pay gap between female and male wages. The difference in average wages in dollar terms was \$2.91 in June 2006 compared to \$2.83 in June 2001. However, in percentage terms the gap is narrowing. In June 2006 the average female wage was 86.4% of the male wage compared to 84.1% in June 2001. The gender wage gap has been decreasing in percentage terms since the National Income Survey began in 1997 but can be volatile year to year.
- 10 Some of the difference in male and female wages is due to females being over represented in certain types of jobs, demographic factors such as age, and the prevalence of part time work for females. However, there is some evidence that even after controlling for these differences a pay gap remains between female and male wages. For example the *NZ Uni Grad Report* found that 48.8% of female bachelor's degree graduates that had started working were earning \$35,000 or less six months after graduating compared to only 33.3% of males.

Figure 1: Mean hourly wages by gender from the New Zealand Income Survey

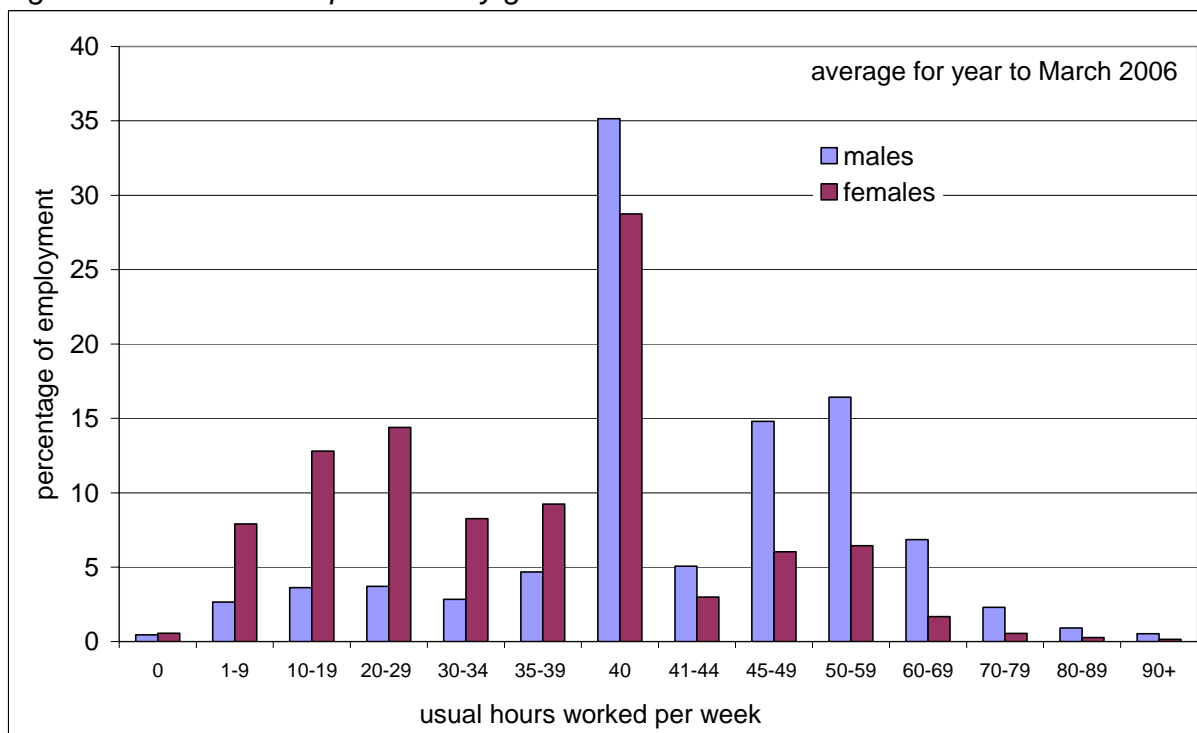


Hours of Work

- 11 The percentage of women that are employed part-time has remained relatively stable for the five years to December 2006 with 36.7% of employed women working part-time in December 2001 and 34.8% in December 2006. The percentage of women employed part-time has been stable since the HLFS began in 1986. Over the last 20 years the percentage of women employed part-time has only ranged from 32.1% to 38.3%. In contrast, part-time employment by males became much more common in the late 1980s and 1990s although it has also remained relatively stable over the last five years decreasing slightly from 10.8% to 10.4%.

- 12 The percentage of female workers that are underemployed has also decreased in the last five years. Underemployment measures the percentage of people who are currently employed part time and would like to work more hours. In the year ending December 2006 14.5% of female part time workers would have liked to work more hours, a decrease from 15.4% in the year ending December 2005 and 23.7% in the year ending December 2001. The prevalence of underemployment for females is less than for males; this may be due to females being more likely to be involved in childcare responsibilities. In the year ending December 2006 the male underemployment rate was 22.6%, just over 8 percentage points higher than the female rate. The male and female underemployment rates have followed a similar trend over the last five years.
- 13 Females on average work fewer hours than males. In the December 2006 quarter females worked an average of 32.2 hours per week while males worked an average of 42.3. This is partially driven by a larger percentage of females working part time but is also due to more males working very long hours. In the year to March 2006 27.0% of males worked more than 50 hours per week compared to only 9.1% of females. The percentage of people working more than 50 hours per week has decreased for both genders over the last five years while at the same time the percentage of both genders working very few hours has also decreased.

Figure 2: Hours worked per week by gender



- 14 Women that are not in the labour force are far more likely to be looking after children than their male counterparts. Of females not in the labour force in December 2006 26.6% were looking after children compared to only 6.3% of males. If we exclude those that are looking after children, the reasons for not being in the labour force are much more similar for males and females. Males are more likely than females to be studying while females are more likely to be retired.

Industries and occupations

- 15 The composition of female employment by occupation is different from that of males. In the year ending December 2006 the top five female occupations were

clerks (21.5%), service and sales workers (21.0%), professionals (18.6%), technicians and associate professionals (13.7%) and legislators, administrators and managers (11.0%). In contrast the top five male occupations over the same period were trade workers (17.8%), legislators, administrators and managers (14.3%), professionals (14.1%), plant and machine operators (13.1%) and technicians and associate professionals (10.9%).

- 16 Females are slightly more likely than males to be employed in high skilled occupations (28.9% compared to 27.8%) and slightly less likely to be employed in low skilled occupations (4.8% compared to 6.5%). However, the majority of females work in semi skilled occupations (50.8%) which leads to a lower skill level occupational profile for females overall. In addition, 45% of new employment for females over the last five years has been in semi or low skilled jobs while only 12% of new employment for males has been in semi or low skilled jobs.
- 17 Further breakdowns of growth in employment by industry reveals that female employment has decreased its share in a few industries that have shown an increasing share in overall employment over the 2001-2006 period, such as Finance & Insurance, Property & Business Services, and Education. However, female workers became more prominent in the relatively high growth industries Construction and Accommodation, Cafes, and Restaurants and decreased their share in manufacturing, the industry with the fastest rates of decline.
- 18 Females are more likely than males to be employees rather than employers. In December 2006 87.3% of females were employees compared to 77.9% of males. Females are considerably less likely than males to be self employed, 7.9% of females compared to 14.2% of males, or employers, 3.4% of females compared to 7.2% of males. This pattern has remained largely unchanged since HLFS began in 1986.

Ethnic Differences

- 19 Labour market outcomes for females vary considerably by ethnic group. In December 2006 European women have the highest participation rate (62.8%) in December 2006 followed by Maori (60.4%), Other¹ (56.6%), and Pacific Peoples (55.2%). The pattern is slightly different for unemployment. European women had the lowest unemployment rate for December 2006 at 2.9% followed by Pacific Peoples (6.5%), Other (6.8%) and Maori (8.7%). Detailed outcomes are shown in Table 2 below.

Table 2: Labour market outcomes by gender and ethnicity, years to December 2001 and 2006

	Female % 2001	Female % 2006	2001–2006 Female change	Male % 2001	Male % 2006	2001–2006 Male change
European						
Labour force participation rate	60.4	62.8	2.4	75.3	76.7	1.4
Unemployment rate	3.9	2.9	-1.0	3.9	2.6	-1.3
Maori						
Labour force participation rate	55.6	60.4	4.8	73.7	74.8	1.1

¹ The "Other" ethnic group includes all those who do not identify as European, Maori, or Pacific Peoples.

Unemployment rate	12.7	8.7	-4.0	11.9	7.3	-4.6
Pacific Peoples						
Labour force participation rate	51.3	55.2	3.9	71.2	69.7	-1.4
Unemployment rate	8.1	6.5	-1.6	10.8	6.3	-4.5
Other						
Labour force participation rate	48.5	56.6	8.1	64.3	71.5	7.2
Unemployment rate	8.3	6.8	-1.6	9.1	5.8	-3.3

- 20 Disparities between females of different ethnic groups have generally declined over the last five years. The participation rates for females that identify as Maori, Pacific Peoples, and Other ethnicities have all increased faster than for European females. Over the same period unemployment rates fell faster for Maori, Pacific Peoples and Other ethnicities females than for European females.

Qualifications

- 21 Qualification levels for females in the working age population are generally lower than men. In December 2006 27.3% of females in the working age population had no qualifications compared to 24.9% of males. At the other end of the spectrum 45.8% of females had some form of post-school qualification compared to 51.0% of males.
- 22 The disparity between male and female qualification levels has been reducing over the last 20 years and is likely to continue to decrease further as young females are becoming more highly skilled than their male counterparts. In 2005 21,000 females completed a degree or higher qualification compared to only 13,000 males. This gap between the numbers of females and males completing degrees has existed since the late 1980s and been increasing ever since, leading to a decline in the gender gap.
- 23 Qualification levels have a notable impact on participation and unemployment rates for both genders but the effects are different for males and females (see Table 3). In the year ending December 2006 participation rates were 31.4 percentage points higher for women with post school qualifications compared to those with no qualifications while for males the difference was only 24.2 percentage points. Five years ago these differences were even more pronounced.
- 24 The effect of qualification levels on unemployment rates is the opposite. There is a 2.7 percentage point difference between unemployment rates for females with no qualifications and those with post school qualifications in December 2006 compared to a 3.2 percentage point difference for males. This is a much more equal situation than in December 2001 when the percentage point difference between no qualifications and post school qualifications was 3.8 for females and 5.4 for males.

Table 3: Labour market outcomes by gender and qualifications, years to December 2001 and 2006

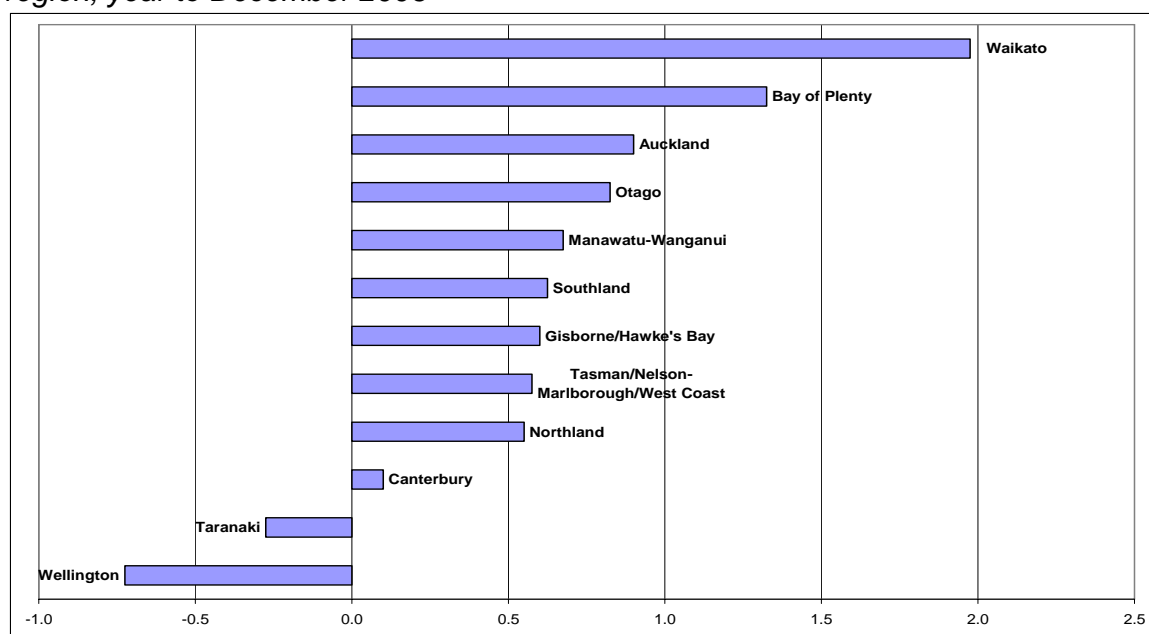
	Female % 2001	Female % 2006	2001-2006 Female change	Male % 2001	Male % 2006	2001-2006 Male change
Labour force participation rate						
No Qualifications	39.1	41.7	2.6	59.8	60.0	0.2
School Qualifications	57.2	62.3	5.1	70.8	73.8	3.0

Post School Qualifications	72.1	73.1	1.0	82.8	84.2	1.5
Unemployment rate						
No Qualifications	8.1	6.1	-2.0	9.1	5.6	-3.5
School Qualifications	5.3	4.3	-1.0	5.8	4.4	-1.4
Post School Qualifications	4.3	3.3	-0.9	3.7	2.4	-1.3

Regional Differences

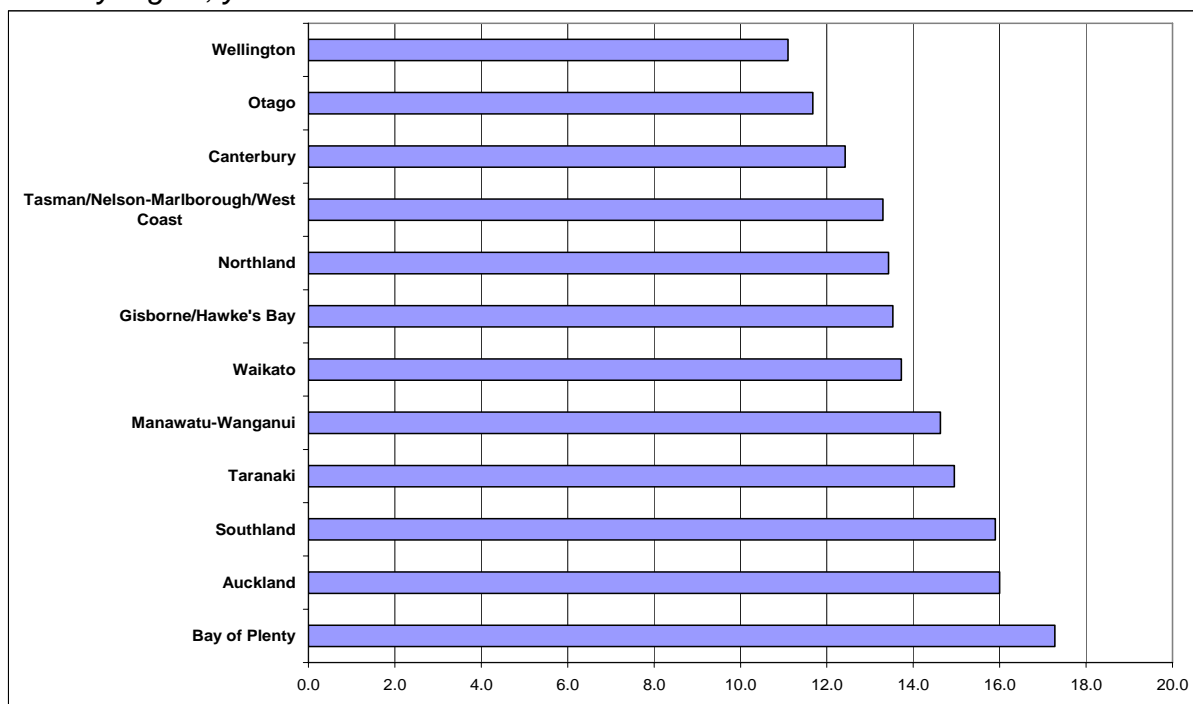
25 The gap between male and female unemployment rates varies across regions. In December 2006 only two regions, Taranaki and Wellington, had a female unemployment rate lower than the male unemployment rate. In the other ten regions female unemployment was higher. In these regions the gap between male and female unemployment rates ranged from 1.98 percentage points in Waikato to 0.10 percentage points in Canterbury.

Figure 3: Percentage point difference between female and male unemployment rates by region, year to December 2006



26 Participation in the labour force also varies considerably between regions. While participation rates for women were lower than those for men in all regions for the year ending December 2006 some regions had much larger gaps than others. Wellington had the smallest difference between male and female participation rates with an 11.1 percentage point difference in December 2006. Bay of Plenty had the most pronounced difference in participation rates for females and males with gaps of 17.3 percentage points.

Figure 4: Percentage point difference between female and male labour force participation rates by region, year to December 2006

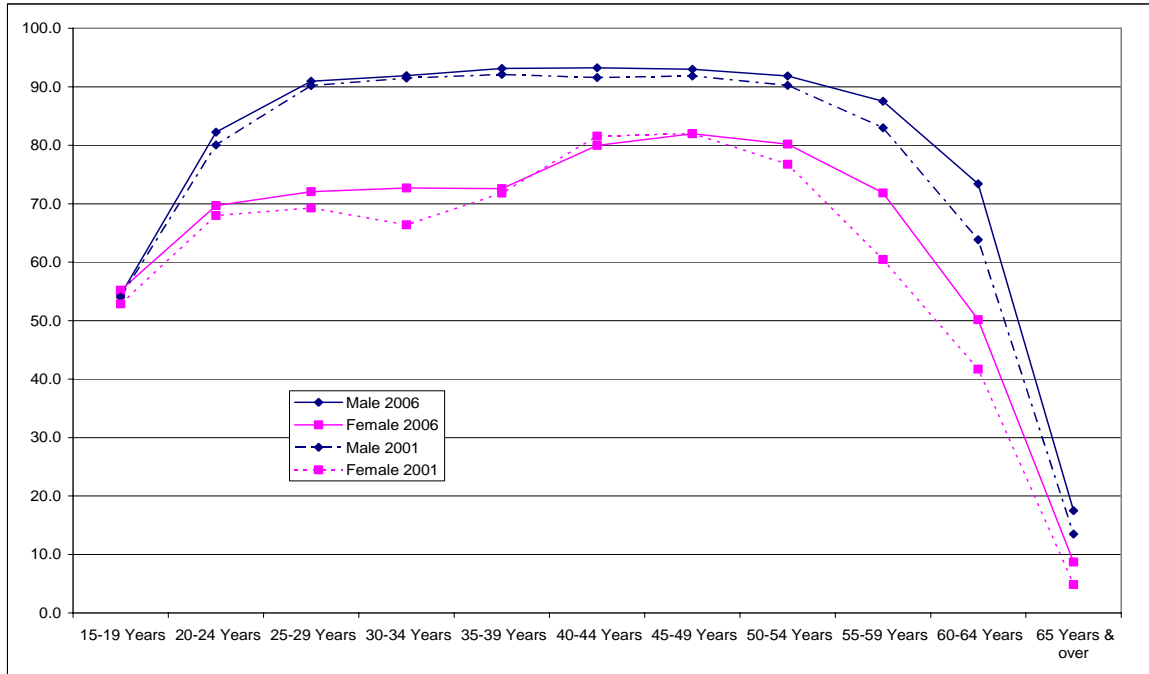


Age Profile

- 27 A major difference between male and female employment is the way that participation changes with age. In December 2006 male participation rose to above 90% in the 25-29 age group and remains relatively constant up to and including the 50-54 age group. The pattern of female participation is markedly different. For the age groups 25-29, 30-34, and 35-39 female participation in December 2006 was about 72 - 73% or 20 percentage points below the male participation rate. The female participation rate rises sharply to just over 80% or 10 percentage points below the male level for the age groups 40-44, 45-49, and 50-54. This is shown in figure 3 below.
- 28 The pattern of lower levels of participation for women in their late 20s and 30s is due to women staying home to look after children. This phenomenon has existed since before the HLFS began in 1986 but the age ranges most affected have changed over time. In the initial years of the HLFS participation rates were considerably lower for women in the 25-29 age group followed by increasing participation in the 30-34 and 35-39 age groups. In recent years relative participation rates have increased for women in the 25-29 age group and decreased for those in the 35-39 age group. This shift is likely to be due to women having children later; 20 years ago, when the HLFS began the median age of mothers giving birth was 26.8, by 2006 the median age had increased to 30.3.
- 29 The participation rates for females of all age groups are higher in December 2006 than five years earlier with the exception of those aged 40 – 44. The participation rate for this age group dropped markedly in the second half of 2006 causing the participation rate for the year to dip to below the rate in December 2001.
- 30 The other considerable change to participation patterns over the last five years has been strong growth for females in all age groups over 50. There are a variety of reasons for this increase. Changes in the 1990's abolished compulsory retirement and raised the age of eligibility for superannuation to 65. This has led to a gradual

increase in the proportion of both males and females that are working. In addition, baby boomers have begun reaching these age groups and their different perceptions and attitudes towards work and gender roles may also be driving the increases in female participation.

Figure 5: Labour Force Participation rates by age and gender, years to December



International Comparisons

- 31 Female unemployment rates in most OECD countries are reasonably similar to unemployment rates for males. In 10 of the 30 OECD countries unemployment rates for females are lower than or equal to the male rate. In all but 4 of the remaining countries the female unemployment rate is within 3 percentage points of the male rate. In New Zealand the female unemployment rate is very low by international standards, largely due to the very low unemployment rate in general. The female unemployment rate is 0.6 percentage points higher than the male rate which is the 17th smallest gap out of 30 OECD countries.
- 32 Participation rates for females vary widely across the OECD, ranging from 83.5% in Iceland to 26.5% in Turkey, while male participation rates are much more similar². New Zealand's female participation rate of 70.8% is the 8th highest out of 30 OECD countries. However, the difference between male and female participation rates is higher in New Zealand than in about half of OECD countries. The gap between male and female participation rates in New Zealand was 13.6 percentage points in 2005 or 15th out of 30 OECD countries. The gap is smallest in Finland at 2.9 percentage points followed closely by the other Nordic countries and largest in Mexico (40.0 percentage points) and Turkey (49.7 percentage points).
- 33 The recently released OECD publication *Society at a Glance 2006* also provides some social indicators relevant to female labour market outcomes. New Zealand compares favourably in terms of the gender pay gap with one of the lowest pay

² OECD participation rates are for ages 15-64 rather than 15 and over and so participation rates reported here are higher than the standard participation rates reported in New Zealand.

gaps of any OECD country. In addition, New Zealand has one of the lowest differences in employment between childless women and women with children.

Appendix I: Labour Market Terms and Definitions

The main terms from the Household Labour Force Survey (HLFS) that we use in this report and a chart that shows how they relate to each other are provided below.

Working-age population: the number of usually resident non-institutionalised civilians aged 15 years and over. All labour market figures relate to those aged 15 years and over.

Employment: the number of people in the working-age population who work one hour or more per week.

Full-time/part-time employment: full-time workers usually work 30 hours or more per week and part-time workers usually work less than 30 hours per week.

Unemployment: the number of people in the working-age population who are not in work, but who are available for and actively seeking work.

Labour force: the number of people in the working-age population who are either in work or are available and actively seeking work (that is, employed or unemployed as defined above).

Not in the labour force: the number of people in the working-age population who are not in work and are either not available or not actively seeking work (ie they are not employed and not unemployed). For example, people who are retired, studying, or at home looking after children.

Labour force participation rate: proportion of the working-age population in the labour force.

Unemployment rate: the proportion of the labour force that is unemployed.

Employment rate: the proportion of the working-age population that is employed.

Ethnicity: ethnicity is self-perceived and people can belong to more than one ethnic group. In the HLFS, people with multiple responses to the ethnicity question are assigned to one ethnic group using this prioritisation: Maori; Pacific Peoples; Other ethnic groups; European.

Summary of the Female labour market for December 2006

