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Household Labour Force Survey: June 2009 quarter

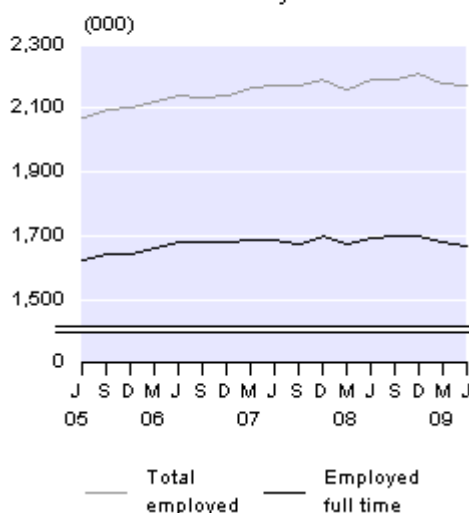
Highlights

- The seasonally adjusted unemployment rate increased to 6.0 percent.
- Seasonally adjusted unemployment increased by 24,000 to 138,000.
- Seasonally adjusted employment decreased by 10,000 to 2,169,000.

Seasonally adjusted	June 2009 quarter	Quarterly change	Annual change
Unemployment rate	6.0%	+1.0	+2.0
Unemployed	138,000	+20.6%	+52.6%
Employed	2,169,000	-0.4%	-0.9%
Not in the labour force	1,065,000	+0.2%	+1.4%
Labour force participation rate	68.4%	+0.1	-0.1%

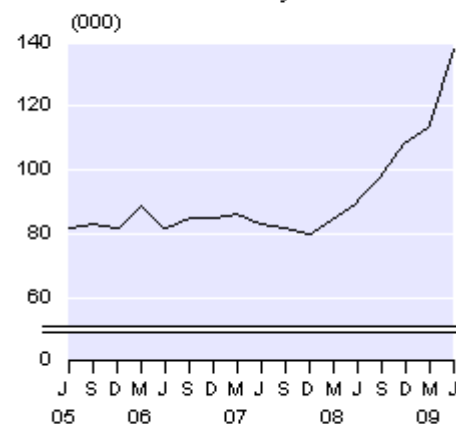
Employment

Seasonally adjusted
Quarterly



Unemployment

Seasonally adjusted
Quarterly



Geoff Bascand
Government Statistician

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Commentary

Labour market overview – seasonally adjusted

The June 2009 quarter Household Labour Force Survey (HLFS) showed continuing adjustment in the labour market. As seen over the past six quarters, unemployment and the unemployment rate continued to rise, with the number of unemployed at a 10-year high. Employment continued to decline this quarter.

Unemployment increased by 24,000 (20.6 percent) during the June 2009 quarter, to reach 138,000, the highest level since the June 1999 quarter. This increase was largely driven by female unemployment, which rose by 15,000. During the quarter, the unemployment rate increased by 1.0 percentage point, to reach 6.0 percent, the highest level since the September 2000 quarter.

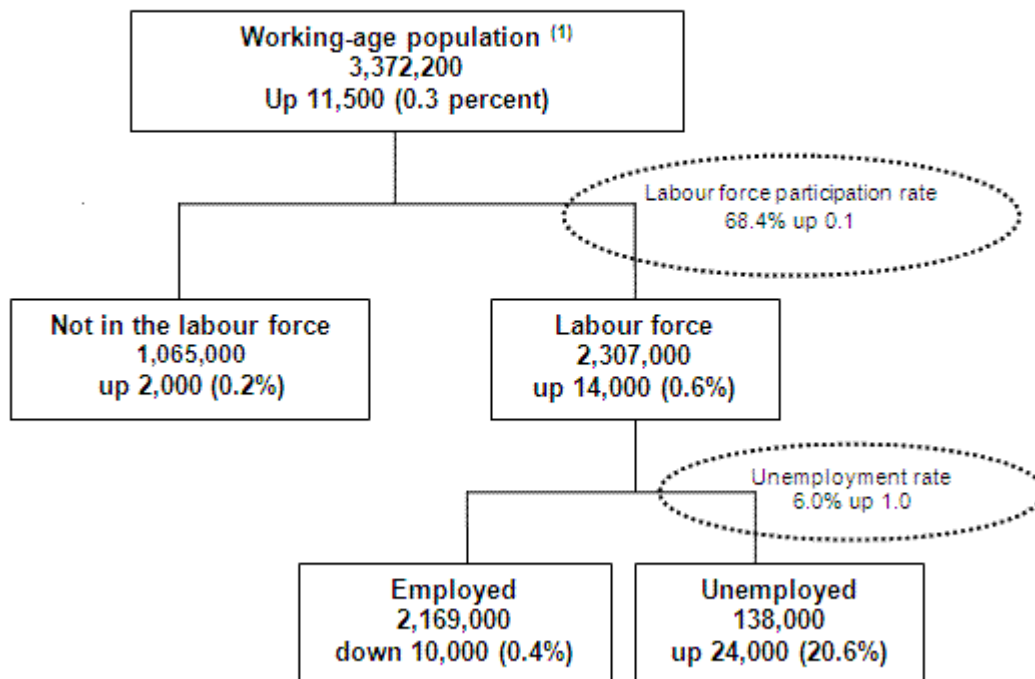
Employment decreased by 10,000 (0.4 percent) during the June 2009 quarter. This was driven entirely by female full-time employment, which fell by 16,000. Male employment increased during the quarter, which comprised a decrease in full-time employment and an increase in part-time employment.

The unadjusted series shows that underemployment increased on an annual basis. This increase was larger for males than for females.

The total number of actual hours worked per week decreased by 1.9 percent during the quarter. On an annual basis, actual hours worked per week has fallen by 3.5 percent.

The working-age population continued to grow during the June 2009 quarter, partly due to a net gain in permanent and long-term migration.

The Labour Market June 2009 Quarter
Seasonally adjusted figures
 Quarterly Change



(1) The working-age population is not seasonally adjusted

Employment – seasonally adjusted

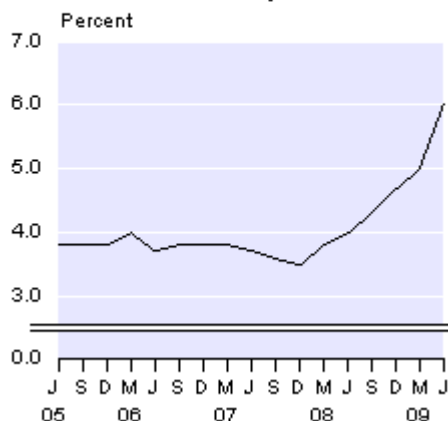
Employment decreased by 10,000 (0.4 percent) to 2,169,000 during the June 2009 quarter. Since the June 2008 quarter, employment has decreased by 20,000 (0.9 percent).

In the June 2009 quarter, full-time employment decreased by 18,000 (1.1 percent), while part-time employment increased by 7,000 (1.3 percent).

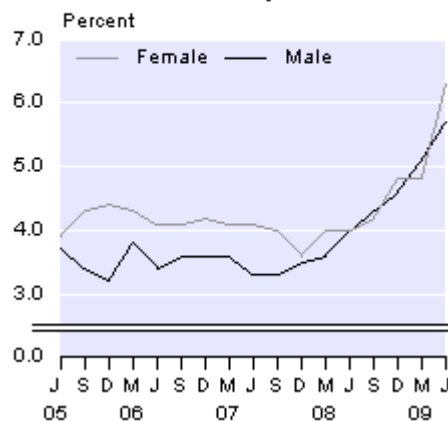
Male employment increased by 2,000 (0.2 percent) to 1,159,000 during the June 2009 quarter. There was an increase in male part-time employment, which at 147,000 is the highest level since the survey began. On an annual basis, male employment decreased by 7,000 (0.6 percent), which comprised a 16,000 (1.6 percent) decrease in male full-time employment, offset by a rise of 9,000 (6.6 percent) in male part-time employment.

Female employment decreased by 12,000 (1.2 percent) to 1,011,000 during the June 2009 quarter. The decrease was driven by a 16,000 decrease in female full-time employment. Female part-time employment increased by 1,000 (0.3 percent). On an annual basis, employment for females decreased by 13,000 (1.2 percent), with full-time and part-time female employment decreasing by 10,000 (1.4 percent) and 2,000 (0.7 percent), respectively.

Unemployment Rate Seasonally adjusted Quarterly



Unemployment Rate by Sex Seasonally adjusted Quarterly



Working-age population – unadjusted

The working-age population (WAP) grew by 11,500 (0.3 percent) during the June 2009 quarter, and by 41,900 (1.3 percent) during the year. The increase in WAP was partly due to a 1,400 net gain in permanent and long-term migration during the June 2009 quarter.

Labour force participation – seasonally adjusted

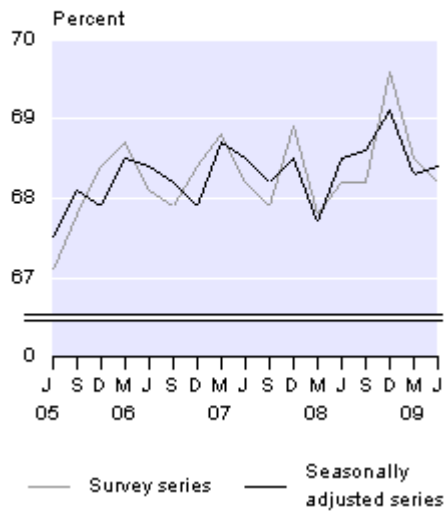
The labour force participation rate rose by 0.1 percentage points during the quarter, to reach 68.4 percent. The male labour force participation rate rose to 75.2 percent (up 0.4 percentage points), while the female labour force participation rate dipped to 62.1 percent, from 62.2 percent in the previous quarter. Despite this decrease, the female labour force participation rate in the latest quarter is still the fourth highest since the survey began.

Since the June 2008 quarter, the labour force participation rate has fallen by 0.1 percentage points. Female participation has remained constant, while the male labour force participation rate has fallen by 0.1 percentage points during the year.

The total labour force increased by 14,000 (0.6 percent) during the June 2009 quarter, to 2,307,000. This increase was mainly driven by a rise of 10,000 (0.8 percent) in the male labour force. The number of females in the labour force rose by 4,000 (0.3 percent).

Annually, the total labour force increased by 28,000 (1.2 percent), with the number of males increasing by 15,000 (1.3 percent) and the number of females increasing by 13,000 (1.2 percent) since the June 2008 quarter. Half of this annual increase occurred during the June 2009 quarter.

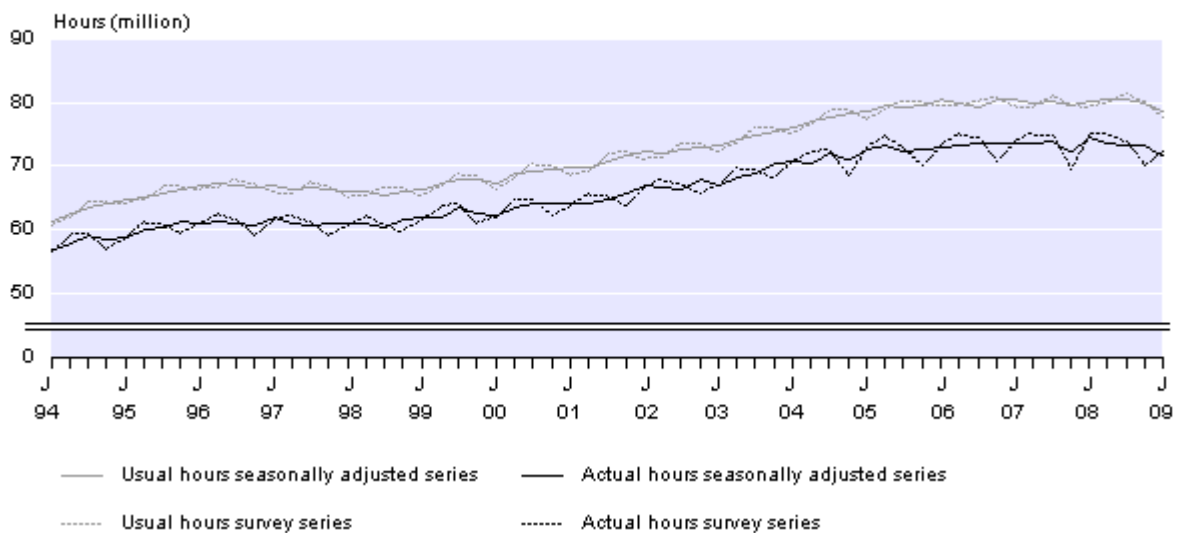
Labour Force Participation Rate Quarterly



Total hours worked – seasonally adjusted

During the June 2009 quarter, actual and usual hours worked per week decreased by 1,367,000 (1.9 percent) and 1,321,000 (1.7 percent), respectively. On an annual basis, actual and usual hours worked per week decreased by 3.5 percent and 1.9 percent, respectively.

Total Hours Worked Each Week Quarterly



Underemployment – unadjusted

The number of underemployed people (employed people who work part-time and would prefer to work more hours) may serve as a measure of underutilised labour in the economy. Of the 514,100 people employed part-time in the June 2009 quarter, 22.2 percent (114,300) preferred to work more hours. This compared with 21.2 percent in the March 2009 quarter and 16.5 percent in the June 2008 quarter.

In the June 2009 quarter, 28.7 percent of males working part-time preferred to work more hours compared with 19.5 percent of females.

Duration of unemployment – unadjusted

On an annual basis, short-term unemployment (those unemployed for 26 weeks or less) increased by 32,500 (50.3 percent), to 97,100. During the same period, the number of long-term unemployed (those unemployed for longer than 26 weeks) more than doubled, reaching 22,100. Of the total number of unemployed people in the June 2009 quarter, 72.7 percent had been so for less than 26 weeks, while 16.5 percent had been unemployed for longer than 26 weeks.

Duration of unemployment (unadjusted)		
	June 2008 quarter (000)	June 2009 quarter (000)
Short-term unemployment 26 weeks or less	64.6	97.1
Long-term unemployment		
Over 26 weeks, but not over one year	7.9	14.9
Over one year, but not over two years	1.4	4.9
Over two years	S	2.3
Total long-term unemployment	10.3	22.1
Not specified	12.6	14.4
Total unemployment	87.5	133.5

Symbol: S suppressed (please refer to the technical notes of this release for more information).

Participation in formal study – unadjusted

During the June 2009 quarter, 312,300 were participating in formal study, a 12.0 percent increase from the same quarter in 2008. Unemployed people were the most likely to be involved in formal study in the June 2009 quarter, with 12.3 percent participating. Of all employed people, 8.3 percent participated in formal study while 10.9 percent of people who were not in the labour force participated in formal study.

Ethnic group statistics – unadjusted

Ethnicity series are now published using the single/combo output method of classification. With this method, people are counted just once according to the ethnic group or combination of ethnic groups they have reported. Please refer to the technical notes of this release for more information.

In annual terms, unadjusted unemployment rates increased significantly for the European only, Māori only, Pacific peoples only, Asian only, 'other ethnicity' only, European/Māori and the 'two or more groups not elsewhere included' ethnic groups.

Single/combination unemployment rate (unadjusted) by ethnic group		
	June 2008 quarter (percent)	June 2009 quarter (percent)
European only	2.8	4.0
Māori only	8.1	12.6
Pacific peoples only	6.7	12.8
Asian only	5.1	7.8
MELAA only	15.7	14.9
'Other ethnicity' only	7.2	3.1
European/Māori	6.7	10.3
Two or more groups not elsewhere included	4.3	10.8

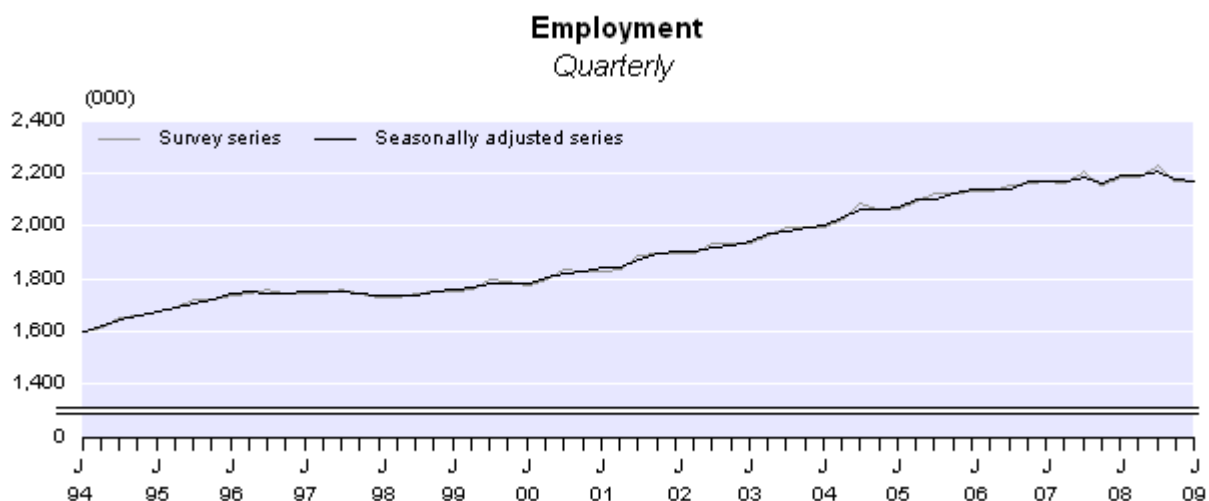
Note: MELAA = Middle Eastern/Latin American/African

Symbol: S suppressed (please refer to the technical notes of this release for more information).

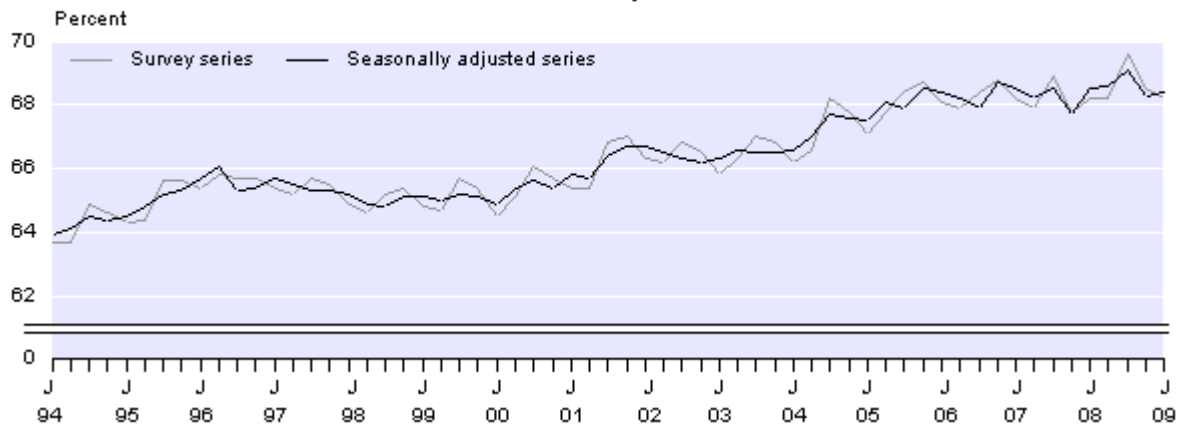
The unemployment rate for all people who identified with the Māori ethnic group (including those who identified with other groups as well) was 12.0 percent for the June 2009 quarter. This is known as the total response Māori unemployment rate. There has been an increase of 4.7 percentage points since the June 2008 quarter, when the total response Māori unemployment rate was 7.3 percent.

Longer time series

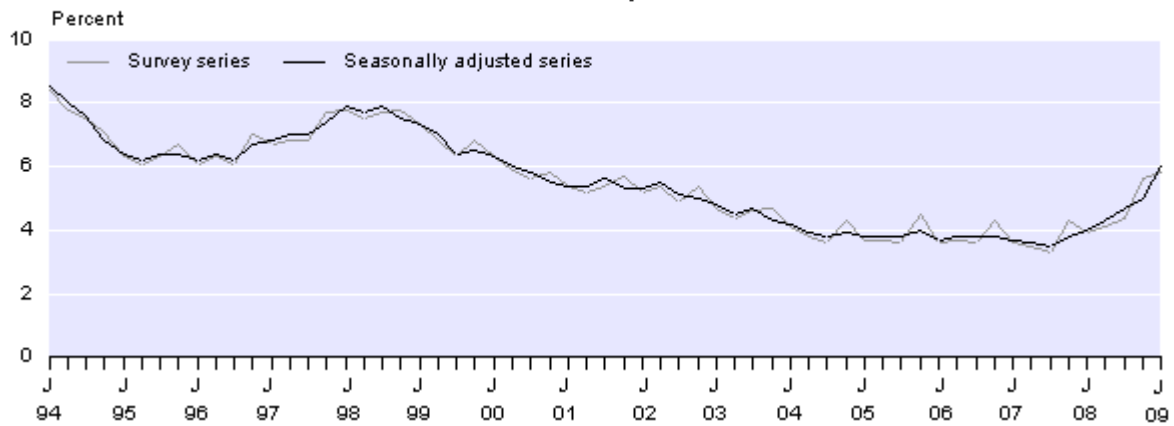
The following graphs show the HLFS series for the number of employed, the labour force participation rate, and the unemployment rate over a 15-year period. A complete time series from March 1986 onwards is available on request.



Labour Force Participation Rate Quarterly



Unemployment Rate Quarterly



For technical information contact:
Lourdes Vivo or Sharon Snelgrove
Wellington 04 931 4600
Email: info@stats.govt.nz.

Next release ...

Household Labour Force Survey: September 2009 quarter will be released on 5 November 2009.

Technical notes

Background to the survey

The Household Labour Force Survey (HLFS) commenced in October 1985, and the first results published were for the March 1986 quarter. The survey provides a regular, timely and comprehensive portrayal of New Zealand's labour force. Each quarter, a range of statistics relating to employment, unemployment, and people not in the labour force is published.

In this release

These statistics are averages for the three-month period and do not apply to any specific point in time. Data sourced from the seasonally adjusted series and trend series are identified as such in the table or section headings. All other data, whether in the commentary or in tables, are sourced from the original survey series and are unadjusted.

The HLFS estimates for the March 1986 quarter to the December 2008 quarter were reweighted using population estimates from the 2006 Census and the introduction of Māori benchmarks. These figures were published on 20 April 2009 (see *Household Labour Force Survey Population Rebase: December 2008 quarter*). From the March 2009 quarter onwards, the HLFS estimates will continue to use population estimates based on the 2006 Census and Māori benchmarks.

Figures presented in this release are rounded. Because each table contains rounded figures, there may be some small inconsistencies between the totals and individual cells. Unrounded figures have been used in the calculation of unemployment rates and labour force participation rates.

Cells with estimates of less than 1,000 have been suppressed and appear as 'S' in the tables. These estimates are subject to sampling errors too great for most practical purposes.

Seasonal adjustment

Seasonal adjustment aims to eliminate the impact of regular seasonal events on the time series. In the case of the labour market, there are cyclical events that occur at around the same time each year that affect labour supply and demand. For example, in summer time there is a large pool of student labour that is both available for, and actively seeking, work. There is also an increased demand for labour in the retail sector and in many primary production industries.

Seasonal adjustment makes data for adjacent quarters more comparable by smoothing out the effect on the time series of any regular seasonal events. This ensures that the underlying movements in the time series are more visible. Each quarter, the seasonal adjustment process is applied to the latest and all previous quarters. This means that seasonally adjusted estimates for any of the previously published quarters may change slightly.

Each series is adjusted separately. For this reason, the sum of the seasonally adjusted estimates for employment, unemployment and people not in the labour force will usually not add up to the working-age population estimates.

All seasonally adjusted and trend series are produced using the X-12-ARIMA Version 0.2.10 package developed by the US Bureau of the Census.

Trend series

For any series, the survey estimate can be broken down into three components: trend, seasonal and irregular. Trend series have had both the seasonal and irregular components removed, and reveal the underlying direction of movement in a series. Revisions to the trend series can be particularly large, especially if any estimates were considered to be outliers, but turn out to be part of the underlying trend. Typically, only the last two or three estimates will be subject to substantial revisions.

Survey scope

The target population for the HLFS is the civilian, usually resident, non-institutionalised population aged 15 years and over. This means that the statistics in this release do not cover long-term residents of homes for older people; hospitals and psychiatric institutions; inmates of penal institutions; members of the permanent armed forces; members of the non-New Zealand armed forces; overseas diplomats; overseas visitors who expect to be resident in New Zealand for less than 12 months; and those aged under 15 years.

Reliability of survey estimates

The HLFS sample contains about 15,000 private households and about 30,000 individuals each quarter. Households are sampled on a statistically representative basis from rural and urban areas throughout New Zealand, and information is obtained for each member of the household.

Each quarter, one-eighth of the households in the sample are rotated out and replaced by a new set of households. Therefore, the overlap between two adjacent quarters can be as high as seven-eighths. This overlap improves the reliability of quarterly estimates of change.

Two types of error are possible in estimates based on a sample survey: sampling error and non-sampling error.

Sampling error can be measured, and quantifies the variability that occurs by chance because a sample rather than an entire population is surveyed. A non-sampling error is very difficult to measure, and if present can lead to biased estimates. Statistics New Zealand endeavours to minimise the impact of these errors through the application of best survey practices and monitoring of known indicators (eg non-response).

Sampling errors are calculated for each cell in the published tables and for estimates of change between adjacent quarters. For example, the estimated total number of people employed in the June 2009 quarter is 2,166,100 before seasonal adjustment. This estimate is subject to a sampling error of plus or minus 21,700, or 1.0 percent (measured at the 95 percent confidence level). This means that there is a 95 percent chance that the true number of employed people lies between 2,144,400 and 2,187,800.

Smaller estimates, such as the number of people unemployed, are subject to larger relative sampling errors than larger estimates. For example, the estimated total number of people unemployed in the June 2009 quarter is 133,500 before seasonal adjustment. This estimate is subject to a sampling error of plus or minus 8,900 or 6.6 percent (measured at the 95 percent confidence level). This means that there is a 95 percent chance that the true number of unemployed people lies between 124,600 and 142,400.

Estimates of change are also subject to sampling error. For example, the survey estimate of change in total employment from the March 2009 quarter to the June 2009 quarter is a decrease of 6,900. This estimate is subject to a sampling error of plus or minus 18,500 (at the 95 percent confidence level). Therefore, the true value of the change in surveyed employment from the March 2009 quarter to the June 2009 quarter has a 95 percent chance of lying between -25,400 and 11,600.

A change in an estimate, either from one adjacent quarter to the next, or between quarters a year apart, is said to be statistically significant if it is larger than the associated sampling error. Therefore, the example quoted above represents a significant movement.

In general, the sampling errors associated with sub-national estimates (eg breakdowns by regional council or ethnic group) are larger than those associated with national estimates.

Response rates

The target response rate for the HLFS is 90 percent. The response rate is calculated by determining the number of eligible households who responded to the survey, as a proportion of the estimated number of total eligible households in the sample. The following table shows the HLFS response rates for the last five quarters.

HLFS Response Rates	
Quarter	Response rate (%)
Jun 2008	85.8
Sep 2008	89.0
Dec 2008	88.4
Mar 2009	89.2
Jun 2009	85.4

Definitions of labour force category

The labour force category to which a person is assigned depends on their actual activity during a survey reference week. The following definitions, which conform closely to the international standard definitions specified by the International Labour Organization, are used for the HLFS:

Working-age population: The usually resident, non-institutionalised, civilian population of New Zealand aged 15 years and over.

Labour force: Members of the working-age population who during their survey reference week were classified as 'employed' or 'unemployed'.

Employed: All persons in the working-age population who during the reference week worked for one hour or more for pay or profit in the context of an employee/employer relationship or self-employment; or worked without pay for one hour or more in work which contributed directly to the operation of a farm, business or professional practice owned or operated by a relative; or had a job but were not at work due to: own illness or injury, personal or family responsibilities, bad weather or mechanical breakdown, direct involvement in an industrial dispute, or leave or holiday.

Unemployed: All persons in the working-age population who during the reference week were without a paid job, available for work and had either actively sought work in the past four weeks ending with the reference week, or had a new job to start within the next four weeks.

Not in the labour force: Any person in the working-age population who is neither employed nor unemployed. For example, this residual category includes persons who:

- are retired
- have personal or family responsibilities such as unpaid housework and childcare
- attend educational institutions
- are permanently unable to work due to physical or mental disabilities
- were temporarily unavailable for work in the survey reference week
- are not actively seeking work.

Unemployment rate: The number of unemployed persons expressed as a percentage of the labour force.

Labour force participation rate: The total labour force expressed as a percentage of the working-age population.

This definition of labour force participation includes all those aged 15 years and over in the numerator (the total labour force) and the denominator (the working-age population). This definition is the most appropriate for the New Zealand labour market, as New Zealand does not have a compulsory retirement age, and many workers stay in the labour force beyond the age of 65. Using this definition also means that the measure will reflect changes in labour market demographics, in particular the increasing number of employees working beyond 65 years.

Several alternative definitions of labour force participation rate are in use by other organisations; they differ in regard to age of the working-age population and the inclusion of military personnel. A common definition is to restrict the labour force and working-age population to the 15- to 64-year age group, particularly in countries with a compulsory retirement age. Generally, this definition leads to a higher figure. Using this definition for the New Zealand HLFS in the June 2009 quarter gives a surveyed figure of 77.7 percent.

Industry statistics

Some categories in table 7 are combined ANZSIC (1996) divisions. The category titled wholesale and retail trade, etc is the combined wholesale and retail trade, and accommodation, cafes and restaurants divisions. The transport, storage and communication category is the combined transport and storage division, and the communication services division. Combining the finance and insurance division with the property and business services division has formed the business and financial services category. The other services category includes government administration and defence, cultural and recreational services, and personal and other services. The disaggregation of these combined one-digit ANZSIC categories is available using *Infoshare* on the Statistics NZ website, or by request.

Formal study statistics

To be participating in formal study, an individual must be working towards a qualification that takes three or more months of full-time study to complete. Full-time study is defined as 20 or more hours per week.

Māori benchmarks

Prior to April 2009, the Māori working-age population was not benchmarked to population estimates. This, along with other sample design restrictions, caused a high degree of volatility in Māori statistics of the HLFS. Movements in the working-age population estimates of certain ethnic groups such as Māori may reflect this volatility, rather than a real change in the estimated ethnic demographic.

Including Māori benchmarks in the working-age population mitigates the known undercount of Māori in the HLFS and also results in smoother time series for Māori. However, introducing the Māori population benchmarks does not necessarily translate to improved estimates for non-Māori ethnic groups.

Ethnic statistics

In the September 2008 quarter, the HLFS started publishing ethnicity data using the single/combination output method. This created a complete break in the ethnicity series, as the prioritisation of ethnic groups was no longer produced. Using the single/combination ethnicity output, people are counted just once according to the ethnic group or combination of ethnic groups they have reported. This means that the total number of responses equals the total number of people who stated an ethnicity.

In the December 2007 quarter, the HLFS began collecting ethnicity data using the 2005 New Zealand standard classification of ethnicity. The new single/combination ethnicity tables contain five quarters worth of data using the 2005 classification. The 2005 classification of ethnicity enables the HLFS to collect and output more detailed ethnicity data, especially for the Asian ethnic group, which was not previously collected.

Using the total response ethnicity output, people who reported more than one ethnic group are counted once in each group reported. This means that the total number of responses for all ethnic groups can be greater than the total number of people who stated their ethnicities. The table below shows the total response for the December 2008 and March 2009 quarters of the HLFS.

Total Response HLFS Ethnicity Data for Working-age Population⁽¹⁾		
Ethnic group	March 2009 quarter	June 2009 quarter
European	2,560,200	2,558,300
Māori	421,100	422,600
Pacific peoples	186,600	184,700
Asian	333,400	343,200
MELAA ⁽²⁾	27,700	32,500
Other	46,700	52,500

(1) The sum of ethnic groups will not add up to the total working-age population as the total response method of grouping ethnicity data counts each response given by an individual.

(2) MELAA = Middle Eastern/Latin American/African.

To read about the 2005 New Zealand *standard classification of ethnicity* please go to the Statistics NZ website, www.stats.govt.nz.

ANZSIC06 and ANZSCO in the next quarterly release

ANZSIC06 will be the basis of aggregated industry data in the September 2009 HLFS quarterly release and subsequent releases. People employed by industry is included in table 7 of the Hot Off The Press. ANZSIC 2006 (or ANZSIC06) is the latest edition of the Australian and New Zealand Standard Industrial Classification. The release of ANZSIC06 followed a review that involved consultation with government agencies responsible for policy formulation and administration, non-government analysts of industry structure and performance, and industry experts. The changes to ANZSIC ensure the classification is current and relevant, reflecting changes in the structure and composition of industry since the previous edition, and recognises changing user requirements for industry data. ANZSIC06 is to progressively move into Statistics New Zealand collections in the five years from 2006. More information can be found at www.stats.govt.nz.

Also, from the September 2009 quarter, ANZSCO will be the basis of occupation data. ANZSCO is a harmonised classification which has been developed by Statistics New Zealand, the Australian Bureau of Statistics, and the Australian Department of Employment and Workplace Relations, for use in both Australia and New Zealand. Occupation data is currently based on NZSCO99 (the New Zealand Standard Classification of Occupations, 1999). The occupation data is available on [Infoshare](#).

Household statistics

A household's labour force status is derived by looking at the labour force status of members in the household aged between 18 and 64 years. For example, if a couple is living by themselves and one is aged 64 and the other is aged 65, this couple will be assigned to the 'All employed' or 'None employed' category, depending on the labour force status of the 64-year-old. Households that have no members between the ages of 18 and 64 years have been excluded from this analysis.

The household categories incorporate the concept of dependent children rather than just children. A child is a person of any age who usually resides with at least one parent (natural, step, adopted, or foster) and who does not usually reside with a partner or child(ren) of his or her own. Statistics NZ defines a dependent child as a child aged under 18 years and not in full-time employment.

More information

For more information, follow the [*link*](#) from the technical notes of this release on the Statistics NZ website.

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Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [*Excel file viewer*](#) to view, print and export the contents of the file.

1. People employed, unemployed and not in labour force, by sex, seasonally adjusted series
2. People employed, unemployed and not in labour force, by sex, trend series
3. People employed, unemployed and not in labour force, by sex
4. Total people employed, unemployed and not in labour force, by age group
5. Total people employed, unemployed and not in labour force, by ethnic group
6. Total people employed, unemployed and not in labour force, by regional council area
7. People employed, by industry and sex
8. The jobless: those without a job and wanting a job, by sex
9. Total actual hours worked
10. Household composition, by household labour force status
11. Underemployment, by sex
12. People employed, unemployed, not in the labour force and total actual hours worked, seasonally adjusted series
13. Harmonised unemployment rates in OECD countries, latest available
14. Total people employed, unemployed and not in labour force, by sex and formal study status