

**New Zealand's Labour Market:
An industry viewpoint to support the
Job Summit, 27 February 2009**

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Purpose

1. This report provides information on New Zealand's labour market, which supplements other briefing information made available to ministers for the Job Summit – the Prime Minister's Summit on Employment, 27 February 2009.
2. This report contains information on the labour market from an industry point-of-view. The first section focuses on high-level changes and dynamics in New Zealand's labour market, while the second section looks more closely at the labour market outcomes for individuals within industries and the demographic profile of industries.

Summary

3. Linked Employer-Employee Data (LEED) provides detailed information on the labour market dynamics of different industries.
4. The period between the 2002 and 2007 March years saw strong job growth across most industries. In total, 257,000 more jobs were added to the New Zealand economy in this period, which represents an increase of 51,000 jobs per year on average.
5. Around 200,000 jobs ceased each year as some firms shrank and other firms closed (referred to in LEED as job destruction), however this was more than offset by firms that expanded and new firms that opened up (job creation).
6. The manufacturing industry remains important, with 12.8 percent of all filled jobs New Zealand-wide in the 2007 March year. However, most job growth between the 2002 and 2007 March years was in the service and construction industries. Of the service industries, the professional, scientific and technical services industry had particularly strong job growth.
7. Between the 2002 and 2007 March years, growth in the annual wage bill in the agriculture, forestry and fishing; manufacturing; and information media and telecommunications industries was significantly higher than their level of job growth. This suggests that these industries may have increased their share of higher-value-added jobs, a key driver of productivity growth.
8. There has been a small shift away from self-employment to wage and salary earners over the 2002 to 2007 period. This was largest in the agriculture, forestry and fishing industry, where the share of self-employment fell by 9 percentage points.

Analysis

New Zealand's Labour Market by Industry

9. According to LEED, during the March 2007 year, there were 1.8 million wage and salary jobs held, on average, each quarter.¹
10. This compares with a quarterly average of 2.13 million people employed² in the labour force in the 2007 March year, according to the Household Labour Force Survey (HLFS). The HLFS reported a rise in employment to 2.15 million in the 2008 March year.
11. LEED is based on Inland Revenue's Employer Monthly Schedules. This provides a rich source of detailed labour market statistics. However, the timeliness of the information is affected by the time taken to file tax data. More recent, but less detailed, statistics are available from the HLFS, the Quarterly Employment Survey and the Labour Cost Index.
12. Table 1 summarises the industry breakdown of filled jobs in New Zealand. It shows that in the five-year period between 2002 and 2007, the number of filled jobs in New Zealand grew by 257,000 (16.9 percent).
13. Industries that expanded during this period include the construction industry, which has declined over the past 12 months, and the professional, scientific and technical services industry, which comprises a range of professions including law, accountancy, and consultancy professionals, as well as engineers and scientific researchers.
14. Despite this growth, the industry composition of the New Zealand labour force has remained relatively stable over this time.
15. The manufacturing industry remains a key employer with 12.8 percent of all filled jobs. But job growth in this industry has been slower than in most other industries, and consequently the proportion of filled jobs has fallen from 14.6 percent in 2002.
16. The wholesale, retail, and accommodation and food service industries remain important service sector industries, contributing 22.7 percent of all filled jobs in New Zealand. The education and health industries contribute 18.8 percent of all filled jobs.
17. While in combination, the manufacturing; retail trade; wholesale trade; accommodation and food services; education and training; and health

¹ Self-employment figures are available on an annual basis, but do not show the level of self employment at any particular point-in-time.

² This includes the self-employed. Of the 2.13 million people employed, 1.75 were wage and salary earners, which lines up with the 1.8 million jobs shown in the LEED.

care and social assistance industries contribute over 50 percent (965,000) of filled jobs, growth in these industries is driven by quite different factors. The manufacturing (and agricultural) industry is influenced by international and export demand, while domestic factors (including housing market and personal wealth and income) tend to drive retail, and accommodation and food service growth. Employment in education and health industries relies primarily on government spending.

Table 1: Labour Market Dynamics by Industry
Annual averages, March 2002 and March 2007 years

Industry	Filled jobs				Annual job creation 2007 (000)	Annual job destruction 2007 (000)
	2002 (000)	2007 (000)	5-year change (000)	2007 industry share (%)		
Agriculture, forestry and fishing	79.3	81.4	2.1	4.6	19.5	18.9
Mining	3.3	4.5	1.2	0.3	0.8	0.6
Manufacturing	221.9	228.0	6.0	12.8	21.6	25.8
Electricity, gas, water and waste services	8.3	9.7	1.3	0.5	1.7	1.3
Construction	73.5	115.6	42.2	6.5	22.1	15.1
Wholesale trade	89.2	100.8	11.6	5.7	14.4	12.6
Retail trade	159.5	186.1	26.6	10.5	26.8	22.1
Accommodation and food	94.7	116.5	21.8	6.6	20.8	17.0
Transport, postal and warehousing	70.1	78.6	8.5	4.4	10.4	10.6
Information media and telecommunications	36.3	37.4	1.0	2.1	5.2	4.2
Financial and insurance	38.6	47.8	9.2	2.7	8.5	6.3
Rental, hiring and real estate services	21.1	27.6	6.4	1.6	6.4	5.2
Professional, scientific, and technical services	106.5	137.1	30.6	7.7	20.7	16.3
Administrative and support	74.9	90.8	15.8	5.1	17.0	14.4
Public administration and safety	71.1	85.9	14.8	4.8	10.0	5.8
Education and training	138.9	158.2	19.3	8.9	15.0	10.7
Health care and social assistance	153.3	175.5	22.2	9.9	17.8	13.7
Arts and recreation services	25.4	32.2	6.8	1.8	4.8	3.5
Other services	52.6	62.8	10.2	3.5	9.5	8.3
Not elsewhere classified	3.3	2.2	-1.1	0.1	0.6	0.8
Total	1,521.7	1,778.4	256.8	100.0	253.7	213.0

Source: Statistics NZ, Linked Employer-Employee Data

18. Looking at more detailed industry breakdowns, table 2 shows that construction-related industries and the service sector feature in the fastest growing industries.

Table 2: Job Growth by Detailed Industry
Annual averages, March 2002 and March 2007 years

Industry ⁽¹⁾		Filled jobs March 2007 year	Growth in filled jobs March 2002–2007 years
10 fastest growing industries			
Cafes, restaurants and takeaway food services	▲	71,558	16,013
Management and other consulting services	▲	44,105	11,640
Employment services	▲	31,325	10,033
Residential building construction	▲	16,635	8,893
Building installation services	▲	26,295	8,378
School education	▲	89,493	8,333
Heavy and civil engineering construction	▲	24,885	7,720
Architectural, engineering and technical services	▲	25,785	7,215
Public order, safety and regulatory services, and defence	▲	44,498	6,285
Tertiary education	▲	41,823	5,888
10 slowest growing industries			
Adult, community and other education	▲	13,105	1,103
Motor vehicle retailing	▲	12,418	830
Furniture, floor coverings and other goods wholesaling	▲	16,848	298
Fruit and tree nut growing	▲	10,403	163
Postal and other transport support services	▲	20,610	125
Other administrative services	▲	25,483	120
Publishing (except music publishing)	▲	11,368	-113
Telecommunications, internet and data processing services	▲	12,930	-118
Grain, sheep and beef cattle farming	▲	16,403	-205
Printing	▲	10,360	-240

1. Excludes industries containing less than 10,000 filled jobs

Source: Statistics NZ, Linked Employer-Employee Data

19. In the five-year period since the 2002 March year, the total annual wage bill increased by 43 percent to \$18 billion. Earnings in the construction; manufacturing; wholesale and retail trade; education and training; and health care and social assistance industries contributed most significantly to this increase in total earnings.
20. Overall, the wage bill grew 2.5 times faster than the number of filled jobs between the 2002 and 2007 March years. This growth in earnings was consistent across most industries. But growth in earnings was significantly higher than job growth in the agriculture, forestry and fishing; manufacturing; and information media and telecommunications industries, which also had by far the lowest job growth over this period. As individuals who were in these industries in both 2002 and 2007 received around the same level of pay increases as people in other industries, this indicates there has been a compositional shift in the types of jobs in these industries. This suggests that these industries may have increased their share of higher-value-added jobs, a key driver of productivity growth.
21. The wage bill grew by less than two times faster than job growth in the construction; administration and support services; and professional, scientific and technical services industries.

Labour market dynamics

22. The underlying dynamics of the labour force are illustrated by the job creation and destruction statistics. These indicate that even when the labour market is expanding strongly – as it did over the 2002–07 period – there is significant job destruction. In 2007, the total number of jobs increased by 41,000. However, there were 213,000 jobs (12 percent of the total number of jobs in the economy) that ceased when firms either shrank or went out of business. This was more than offset by the 254,000 jobs created in new or expanding firms.
23. Table 3 provides further information on labour market dynamics. It shows figures on multiple job holding, job tenure, and turnover rates across industries.

Table 3: Multiple Job Holding, Job Tenure and Worker Turnover Rate
By industry

	Jobs that belong to multiple job holders ⁽¹⁾ , 2007 March year	Jobs with tenure 12 months or less, as at 31 March 2007	Quarterly worker turnover rate, 2007 March year
Industry	Percent		
Agriculture, forestry and fishing	11.7	56.3	31.8
Mining	2.9	41.2	14.4
Manufacturing	5.0	34.0	12.9
Electricity, gas, water and waste services	4.4	42.2	14.4
Construction	4.4	39.2	14.8
Wholesale trade	6.2	35.9	13.1
Retail trade	8.9	46.7	18.1
Accommodation and food services	15.1	62.1	28.1
Transport, postal and warehousing	7.6	37.6	14.9
Information media and telecommunications	7.7	37.7	13.3
Financial and insurance services	4.6	41.9	14.2
Rental, hiring and real estate services	11.0	48.8	19.8
Professional, scientific, and technical services	7.0	36.8	13.7
Administrative and support services	13.7	61.2	32.2
Public administration and safety	5.8	31.5	11.0
Education and training	10.9	36.9	17.3
Health care and social assistance	14.1	35.1	13.1
Arts and recreation services	17.4	47.1	21.6
Other services	10.7	37.5	14.2
Not elsewhere included	15.7	33.6	14.8
Total	9.2	41.6	17.3

1. Includes all multiple job holder but only counts the two main jobs

Source: Statistics NZ, Linked Employer-Employee Data

24. On average, around 9 in every 100 jobs were held by a person who had another job (a multiple job holder). The arts and recreation services industry had the highest proportion of multiple job holdings, while the mining industry had the lowest proportion.
25. Females were twice as likely as males to hold multiple jobs in the 2007 tax year (12.6 percent and 6.4 percent respectively).
26. Job tenure describes the length of time individuals stay in a filled job, and 41.6 percent of all filled jobs had tenure of less than 12 months. The industries with the highest proportion of jobs with tenure of less than 12 months included accommodation and food services; administrative and support services; and agriculture, forestry and fishing, which are typically seasonal in nature. Females were slightly more likely than males to hold jobs with tenure of 12 months or less (43.3 percent and 39.8 percent respectively).
27. The younger the workforce the greater the percentage who had jobs with tenure of 12 months or less in the 2007 March year. This ranged from 74 percent for those aged 15–19 years down to 25 percent for those aged 60–64 years.
28. Worker turnover reflects the movement of workers into and out of jobs. On a quarterly basis, there was a new worker in 17 of every 100 jobs. As was the case with job tenure, worker turnover was highest in those industries that are influenced by seasonal factors.

Labour market outcomes for individuals within industries

29. The construction, and administrative and support services each experienced around a 90 percent increase in the employment of young people (15–19 years) between the 2002 and 2007 March years, compared with 24 percent across all industries.
30. Table 4 shows the level of self-employment. The level of self-employment varied across industries in the 2007 March year. While the majority of industries were made up predominately of wage and salary earners (with more than 75 percent wage and salary earners), the following industries were more evenly split between wage and salary earners and the self-employed: rental, hiring and real estate services (50 percent self-employed), agriculture, forestry and fishing (35 percent self-employed) and construction (33 percent self-employed).
31. There has also been a small general shift towards wage and salary earnings and away from self-employment between the 2002 and 2007 tax years (two percentage points across all industries, but nine percentage points for agriculture, forestry and fisheries). Information media and telecommunications was the only industry that saw a shift towards self-employment (two percentage points).

Table 4: Main Earnings Source⁽¹⁾
Employment by industry
 March 2007 year

Main industry ⁽²⁾	Count of people			
	Wages/ salary	Self- employed	Total	Female proportion (percent)
Agriculture, forestry and fishing	103,434	55,869	159,303	34.8
Mining	5,157	258	5,415	13.2
Manufacturing	249,639	24,597	274,239	29.1
Electricity, gas, water and waste services	10,221	891	11,112	29.6
Construction	123,276	62,040	185,313	14.3
Wholesale trade	105,591	14,979	120,570	36.1
Retail trade	200,052	26,172	226,221	54.6
Accommodation and food services	131,574	15,861	147,438	59.4
Transport, postal and warehousing	81,519	14,346	95,865	29.4
Information media and telecommunications	39,474	7,425	46,902	48.9
Financial and insurance services	51,291	7,401	58,695	58.9
Rental, hiring and real estate services	27,987	27,663	55,647	46.9
Professional, scientific, and technical services	144,315	48,171	192,489	47.8
Administrative and support services	104,157	16,047	120,204	53.0
Public administration and safety	90,312	2,478	92,790	41.3
Education and training	164,223	4,605	168,828	70.1
Health care and social assistance	168,570	13,245	181,815	82.3
Arts and recreation services	32,625	5,994	38,616	46.2
Other services	59,859	17,571	77,430	45.6
Not elsewhere included	1,947	19,914	21,858	50.8
Total	1,895,223	385,524	2,280,744	46.2

1. Main earnings source is the one with highest earnings in tax year.

2. Industry of job that had highest earnings in tax year if person has more than one job.

Source: Statistics NZ, Linked Employer-Employee Data

32. In the 2007 March year, the mining and construction industries were dominated by males (87 percent and 86 percent respectively), while health care and education is predominately female (82 percent and 70 percent respectively).
33. Table 5 shows median annual earnings figures for wage and salary earners and the self-employed. In 2007, in around half the industries, the median earnings of the self-employed were higher than the earnings of wage and salary earners. The largest differences were in the health care and social assistance industry, where the self-employed earned \$23,500 more than the wage and salary earners in the 2007 tax year; and the wage and salary earners in the education and training industry, who earned around \$15,200 more.

Table 5: Main Earnings Source⁽¹⁾
Annual earnings by industry
 March 2007 year

Main industry ⁽²⁾	Median annual earnings ⁽³⁾		
	Wages/ salary	Self- employed	Total
Agriculture, forestry and fishing	18,100	24,200	20,020
Mining	54,810	41,730	54,050
Manufacturing	37,300	37,010	37,280
Electricity, gas, water and waste services	43,490	38,260	43,070
Construction	36,410	35,600	36,190
Wholesale trade	38,750	40,750	38,920
Retail trade	19,460	29,580	20,370
Accommodation and food services	11,600	19,260	12,230
Transport, postal and warehousing	38,570	28,960	37,580
Information media and telecommunications	42,620	35,440	41,750
Financial and insurance services	45,940	44,890	45,870
Rental, hiring and real estate services	29,160	36,040	31,660
Professional, scientific, and technical services	41,600	50,000	42,990
Administrative and support services	18,880	23,580	19,470
Public administration and safety	46,450	32,340	46,270
Education and training	37,210	21,960	36,800
Health care and social assistance	31,540	55,080	32,470
Arts and recreation services	24,000	20,600	23,490
Other services	27,770	30,390	28,250
Not elsewhere included	30,900	8,070	9,000
Total	31,610	31,620	31,610

1. Main earnings source is the one with highest earnings in tax year.

2. Industry of job that had highest earnings in tax year if person has more than one job.

3. Based on earnings from all jobs. It is the sum of earnings from wages and salaries, and self-employment if person has both sources. Earnings levels are also affected by the number of people who work part-time or for only part of the year.

Source: Statistics NZ, Linked Employer-Employee Data

34. Males had higher median earnings than females across all industries in the 2007 March year, with the largest difference found in the agriculture, forestry and fishing industry (males earning 61 percent more than females), and in the health care and social assistance industries (54 percent) in 2007. Males earned 3 percent more than females in the administrative and support services, and 23 percent more in the public administration and safety industry.
35. Mining had the biggest percentage increase in median earnings between the 2002 and 2007 March years (29 percent). This was followed by rental, hiring and real estate services (24 percent) and health care and social assistance (24 percent). The only industries that had a decrease in the median annual earnings over the 5 year period were agriculture, forestry and fishing (down 7 percent); and administrative and supportive services (down 3 percent).

Further information from LEED

36. In addition to wage and salary earners and the self-employed, LEED contains information on all tax-payers. Table 6 includes the number of people whose main income source was paid parental leave, ACC payments, student allowances, and income-tested benefits. Between the March 2002 and 2007 years, the proportion who were wage and salary earners went up by five percentage points, while all other groups went down, with the exception of paid parental leave – which was not available in 2002.

Table 6: Main Income Source⁽¹⁾⁽²⁾
March 2007 year

	Count of people						
	Wages/ salary	Self- employed	Paid parental leave	Accident compen sation	Student allowance	Income- tested benefit	New Zealand Super annuation
Total	1,895,223	385,524	3,063	21,933	32,256	317,643	463,182

1. This data is available in LEED annual Table Builder table 1.4 on the Statistics New Zealand website: www.stats.govt.nz.

2. Main earnings source is the one with highest earnings in tax year.

Source: Statistics NZ, Linked Employer-Employee Data

37. The next LEED release, *Linked Employer-Employee Data: December 2007 quarter*, will be released on 23 February 2009, on www.stats.govt.nz.