

CHiLD POVERTY ACTION GROUP

The December 2010 Household Labour Force Survey: Comment

Child Poverty Action Group

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"Well obviously there's just not as many jobs out there for people that want them."¹

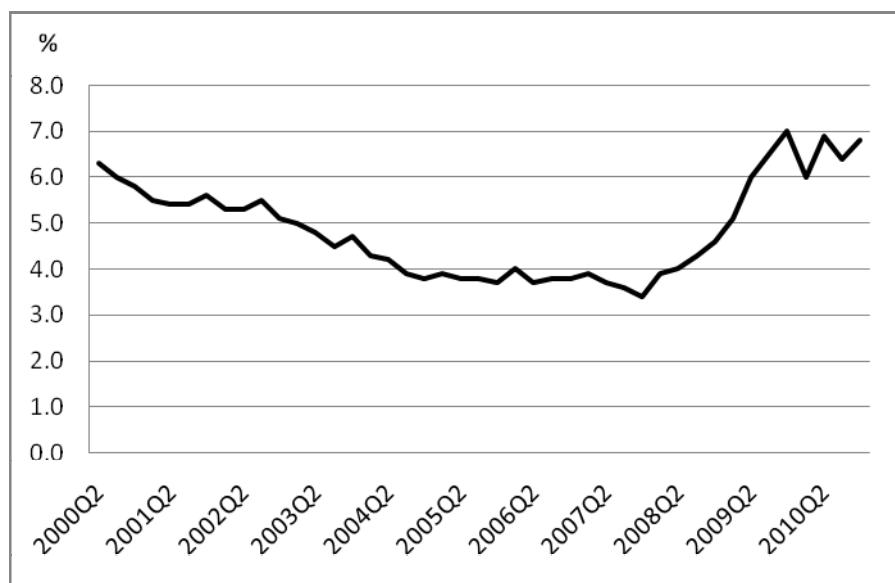
The December 2010 Household Labour Force Survey² does not make for happy reading, coming as it does on top of a raft of less than buoyant economic data and the loss of hundreds of jobs in the short time prior to Christmas 2010.

¹ Paula Bennett, 3 February 2011. <http://www.3news.co.nz/Bennett-Not-enough-jobs-to-go-around/tabid/421/articleID/197044/Default.aspx>

² http://www.stats.govt.nz/browse_for_stats/work_income_and_spending/employment_and_unemployment/HouseholdLabourForceSurvey_MRDec10qtr.aspx

The headline unemployment rate rose from 6.4% in September 2010 to 6.8%, an additional 7,000 people out of work in just three months. This continues the trend of the highest unemployment rates since the very early 2000s (Figure 1). At the same time the number of people employed, fell by 11,000. The labour force participation rate fell from 68.3 to 67.9, with 17,000 people withdrawing from the labour force. In other words, the unemployment rate would look much worse had labour force participation rates held steady. Interestingly, the two groups that recorded a reduction in labour force participation rates were Maori and MELAA³ (ie migrants).

Figure 1: Headline unemployment, March 2000-December 2010



Source: RBNZ

The broad measure unemployment rate, which counts those available for but not actively seeking work and those who work part time but would like to work full time (underemployed), is 14.5%. This is slightly down on the December 2009 figure, of 15.5% and roughly the same as June 2010. The fall in broad measure unemployment is largely due to a fall in the number of underemployed workers. The number of underemployed workers, in turn, has fallen by almost the same amount as the absolute increase in unemployment over the last quarter.

And there's the rub. In its June 2010 comment CPAG noted a trend of employers not hiring but making the staff they had work harder. This latest survey suggests this is still happening. The number of people working full time actually rose slightly, by 5,000, but the number of

³ Middle Eastern/Latin American/African

people working part time fell by 14,000, or 2.8% in the last quarter. This suggests that employers are laying off part time staff, with full timers picking up the extra work. This also helps explain the fall in the number of underemployed: there are simply fewer people working part time. These people are not just underemployed, they are probably unemployed.

The reduction in part time work impacts on some groups more than others. 15-19 year old unemployment increased from 23.3% to 25.5% or 6,000 in the last quarter, but unemployment among 20-24 year olds fell from 11.8% to 11.2%. Pasifika unemployment remained static, but Maori unemployment fell from 16.2% to 15.5%. The number of Maori unemployed remained the same (this also happened with the 20-24 year olds), but a small increase in the number of full time workers and an additional 3,000 who withdrew from the labour force reduced the overall unemployment rate. Among the big losers have been sole parent households, the percentage of whom are in work is now at the lowest level for several years, falling 1.7 percentage points to 48.3% in the last quarter alone. For sole parents the proportion with no employment (recall that in the HLFs 'employment' means working one hour or more per week) stands at 52%, up from its December 2007 low of 39%.

Unemployment is also affecting employment patterns within families. The percent of families with both partners employed has drifted down, and the proportion of couples with two or more children with only one partner working increased by 2.4% in the last quarter alone. For couples with dependent children, the proportion with no employment now averages 5%.

Job losses across sectors also vary. Most sectors have remained relatively flat, although manufacturing employment improved by almost 12,000 in the December quarter. The biggest loser has been education, which hemorrhaged 15,000 jobs in the December quarter.

Education is an important source of part-time work, especially for sole parent beneficiaries with children aged six and over who are now expected to work 15 hours per week. As the Minister of Social Development succinctly notes in her quote at the beginning of this comment, there are clearly more people looking for work than there are jobs available. All of which begs two critical questions: what instructions is the Minister issuing to her department with respect to how beneficiaries are to be treated when there are no suitable jobs, and more broadly, what strategy, apart from blaming beneficiaries for unemployment, does the government have to create decently paid, worthwhile jobs that enable families to live with dignity?

As the election looms, it is hoped the answer to these questions becomes clearer.