

Embargoed until 10:45 am – 05 February 2009

Household Labour Force Survey: December 2008 quarter - Revised 20 March 2009 – See attached Erratum

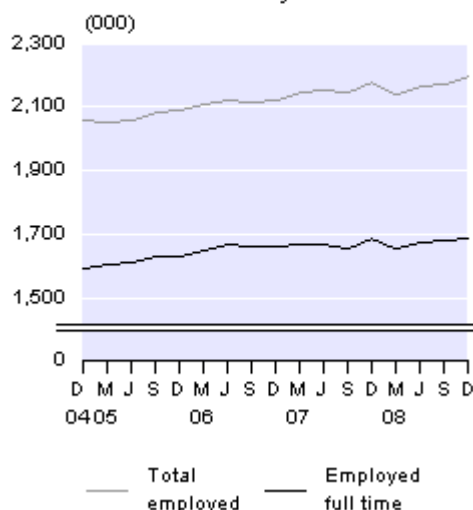
Highlights

- Seasonally adjusted employment increased by 21,000 to 2,191,000.
- The seasonally adjusted unemployment rate increased to 4.6 percent.
- The seasonally adjusted labour force participation rate increased to 69.3 percent.
- Seasonally adjusted total actual hours worked per week fell by 0.5 percent.

	December 2008 quarter	Quarterly change	Annual change
Unemployment rate	4.6%	+0.4	+1.2
Unemployed	105,000	+10.8%	+36.8%
Employed	2,191,000	+0.9%	+0.9%
Not in the labour force	1,015,000	-1.8%	-1.0%
Labour force participation rate	69.3%	+0.6	+0.6

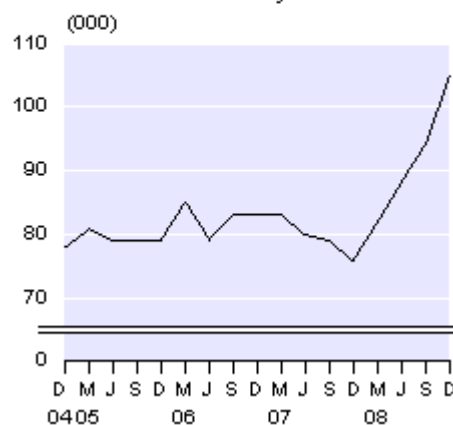
Employment

Seasonally adjusted
Quarterly



Unemployment

Seasonally adjusted
Quarterly



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Commentary

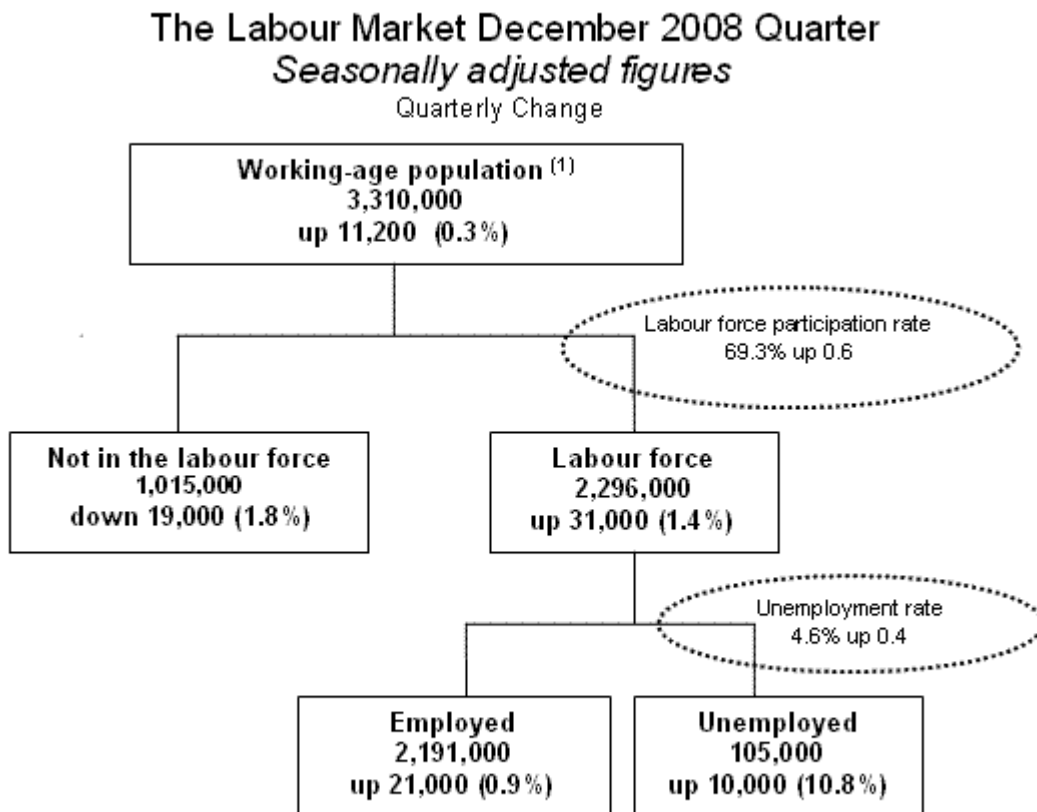
Labour market overview – seasonally adjusted

The December 2008 quarter Household Labour Force Survey (HLFS) showed a continuation of the rises in unemployment and the unemployment rate, as seen over the past four quarters. Employment and labour force participation have also continued to rise.

Unemployment increased by 10,000 (10.8 percent) to reach 105,000 over the December 2008 quarter. The last time the number of people unemployed was greater than 100,000 was in the September 2002 quarter. Over the quarter, the number of people unemployed increased at a greater rate than the number of people in the labour force, resulting in an increase in the unemployment rate of 0.4 percentage points, to 4.6 percent.

Employment increased over the December 2008 quarter by 21,000 (0.9 percent), mainly due to an increase of 13,000 in male part-time employment.

The working-age population recorded stronger growth over the December 2008 quarter than any of the previous three quarters, due to positive net permanent and long-term migration. However, the labour force grew at a greater rate, resulting in an increase in the labour force participation rate of 0.6 percentage points to 69.3 percent.



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

Employment – seasonally adjusted

Employment increased by 21,000 (0.9 percent), to reach 2,191,000 over the December 2008 quarter. This is the highest level of employment recorded since the survey began. In annual terms, employment also increased by 0.9 percent.

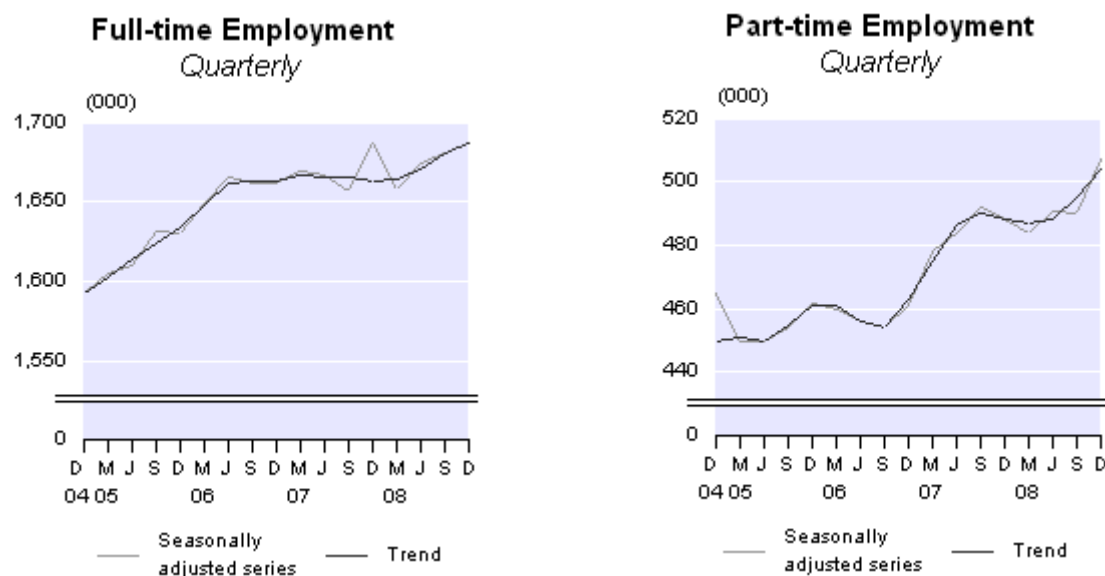
Over the December 2008 quarter both full-time and part-time employment increased. Most of the growth came from part-time employment, which grew by 17,000 (3.5 percent), while full-time employment increased by 6,000 (0.3 percent).

Male employment increased by 12,000 (1.1 percent), to reach 1,169,000 over the December 2008 quarter, the highest level of male employment recorded since the survey began. This was entirely driven by an increase of 13,000 in male part-time employment, while male full-time employment remained flat. In annual terms, male employment increased by 0.7 percent, with male part-time employment rising by 11,000 (7.7 percent) and male full-time employment falling by 3,000 (0.3 percent).

The December 2008 quarter also recorded the highest level of female employment since the survey began, with female employment increasing by 8,000 (0.8 percent) to reach 1,022,000. Both female full-time and part-time employment grew over the quarter, increasing by 0.8 percent and 1.3 percent, respectively. Annually, female employment increased by 1.2 percent, with female full-time employment growing moderately by 3,000 (0.4 percent) and female part-time employment increasing by 9,000 (2.5 percent).

In the survey (unadjusted) series, employment growth has been concentrated in service-based industries, particularly education, and transport, storage and communications, while the number of people employed has fallen in the agriculture, construction and manufacturing industries.

In the past year, there were significant annual increases in employment in the Bay of Plenty and Otago regions. Employment also increased significantly on an annual basis for those aged 65 and over, and decreased significantly for those aged 15–19 years.



Unemployment – seasonally adjusted

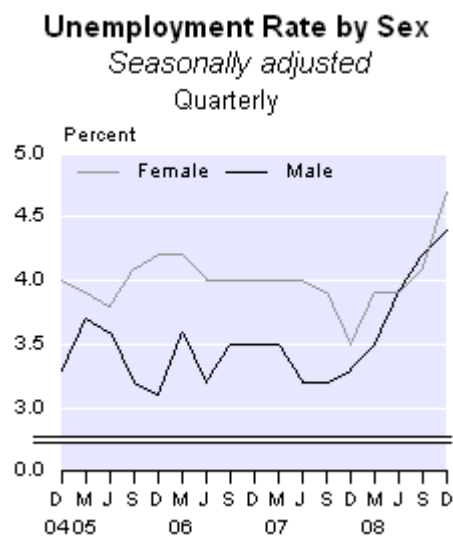
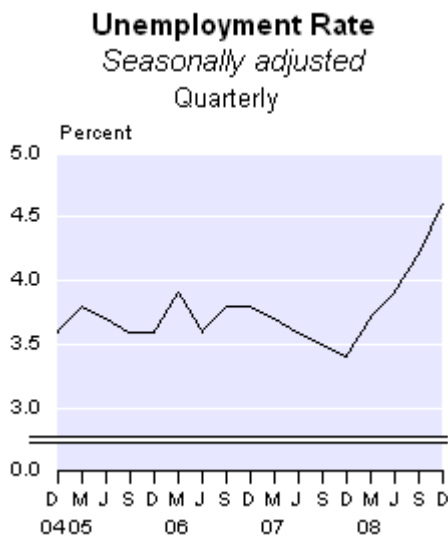
The number of people unemployed increased by 10,000 (10.8 percent), to reach 105,000 over the December 2008 quarter. The number of unemployed males increased by 3,000, to 54,000, while the number of unemployed females increased by 7,000, to 50,000, over the quarter.

Annually, unemployment increased by 28,000 (36.8 percent). Male and female unemployment both increased by 14,000.

The unemployment rate increased by 0.4 percentage points over the December 2008 quarter, to reach 4.6 percent. In annual terms, the unemployment rate increased by 1.2 percentage points.

Over the December 2008 quarter, the female unemployment rate increased by 0.6 percentage points to 4.7 percent, while the male unemployment rate increased by 0.2 percentage points to 4.4 percent.

In annual terms, the female unemployment rate increased by 1.2 percentage points, while the male unemployment rate increased by 1.1 percentage points.



Working-age population – unadjusted

The working-age population grew by 11,200 (0.3 percent) over the December 2008 quarter, and 36,300 (1.1 percent) over the year, to reach 3,310,000. Part of the increase was due to a 2,800 net gain from permanent and long-term migration.

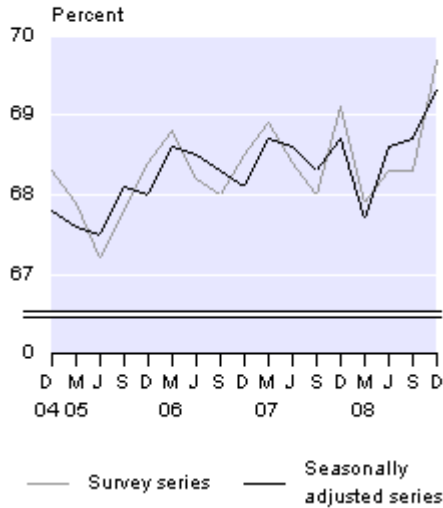
In the year to December 2008, the working-age population decreased significantly in the Auckland region and increased significantly in the Bay of Plenty, Wellington and Otago regions.

Labour force participation – seasonally adjusted

The labour force participation rate for the December 2008 quarter increased by 0.6 percentage points to 69.3 percent. On an annual basis, the labour force participation rate was up by 0.6 percentage points. The total labour force increased by 31,000 (1.4 percent) over the December 2008 quarter, and by 48,000 (2.1 percent) annually, to reach 2,296,000.

The female participation rate increased by 0.6 percentage points to 63.2 percent over the December 2008 quarter. This is the highest female participation rate ever recorded by the survey. The male participation rate also increased over the quarter, up 0.7 percentage points to 75.8 percent. In annual terms, both the female and male participation rates increased, rising 0.9 percentage points and 0.5 percentage points, respectively.

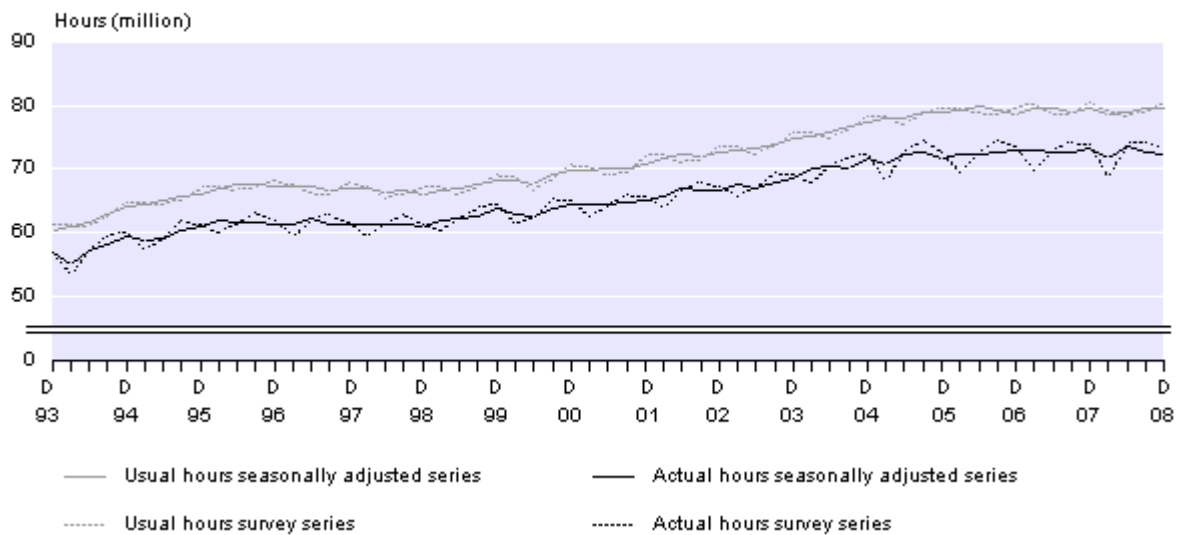
Labour Force Participation Rate Quarterly



Total hours worked – seasonally adjusted

The total number of actual hours worked per week decreased by 0.5 percent over the December 2008 quarter. The number of usual hours worked per week increased over the December 2008 quarter, up 0.2 percent. On an annual basis, the number of actual hours worked decreased by 1.2 percent, while the number of usual hours worked increased, up 0.2 percent.

Total Hours Worked Each Week Quarterly



Jobless – unadjusted

The jobless are defined as those people who are either officially unemployed, available but not actively seeking work, or actively seeking work but not available. In annual terms, the total number of jobless increased by 51,400 (35.2 percent), to reach 197,300. The number of jobless, excluding those officially unemployed, also increased on an annual basis to reach 97,800, up 24,700 (33.9 percent).

Underemployment – unadjusted

The number of underemployed people (those employed part-time who would like to work more hours) may serve as one measure of under-utilisation of labour in the economy. There were 509,000 people employed part-time in the survey series in the December 2008 quarter, 19.0 percent of whom (96,600 people) indicated a preference to work more hours. This compares with 16.3 percent for each of the September 2008 and June 2008 quarters.

In the December 2008 quarter, 22.9 percent of males employed part time indicated a preference to work more hours compared with 17.4 percent of females employed part-time.

Duration of unemployment – unadjusted

Short-term unemployment (those unemployed 26 weeks or less) increased to 74,500 in the December 2008 quarter, up from 49,200 in the December 2007 quarter. In annual terms, the number of long-term unemployed (those unemployed for more than 26 weeks) increased to 13,700 in the December 2008 quarter, up from 9,900 in the December 2007 quarter. Of the total number of people unemployed, 13.8 percent were in the long-term unemployment category in the December 2008 quarter, up from 13.5 percent in the December 2007 quarter.

Duration of unemployment (unadjusted)		
	December 2007 quarter (000)	December 2008 quarter (000)
Short-term unemployment 26 weeks or less	49.2	74.5
Long-term unemployment Over 26 weeks, but not over one year	7.1	9.3
Over one year, but not over two years	1.5	3.1
Over two years	1.3	1.3
Total long-term unemployment	9.9	13.7
Not specified	13.8	11.2
Total unemployment	72.8	99.4

Participation in formal study – unadjusted

In the December 2008 quarter, 256,000 people were participating in formal study, a 9.2 percent increase from the same quarter in 2007. Of unemployed people, 10.7 percent were participating in formal study in the December 2008 quarter. This compares with 8.2 percent of those not in the labour force, and 7.4 percent of those who were employed.

Ethnic group statistics – unadjusted

Ethnicity series are now published using the single/combo output method of classification. With the single/combo ethnicity output 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.

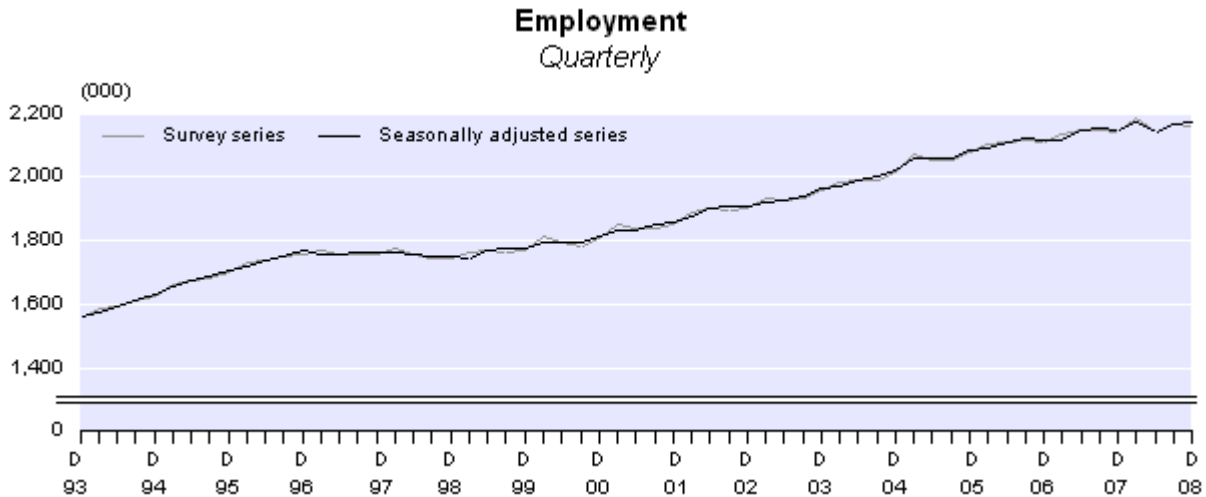
In annual terms, unadjusted unemployment rates increased significantly for Pacific peoples only.

Single/combo unemployment rate (unadjusted) by ethnic group		
	December 2007 quarter (percent)	December 2008 quarter (percent)
European only	2.2	3.2
Māori only	8.3	9.6
Pacific peoples only	5.2	7.8
Asian only	5.5	6.3
MELAA only	9.7	10.6
'Other ethnicity' only	1.1	4.2
European/Māori	5.5	6.8
Two or more groups not elsewhere included	5.3	6.4

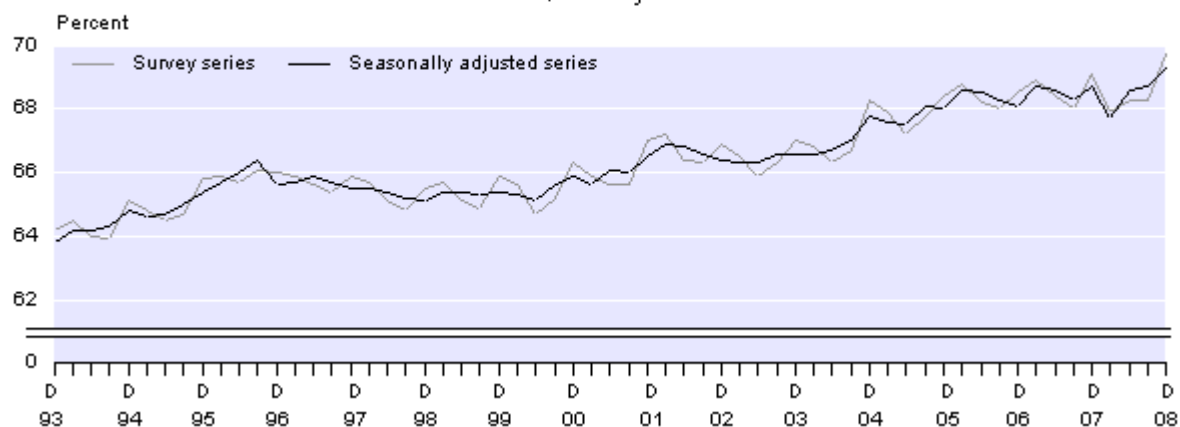
Note: MELAA = Middle Eastern/Latin American/African

Longer time series

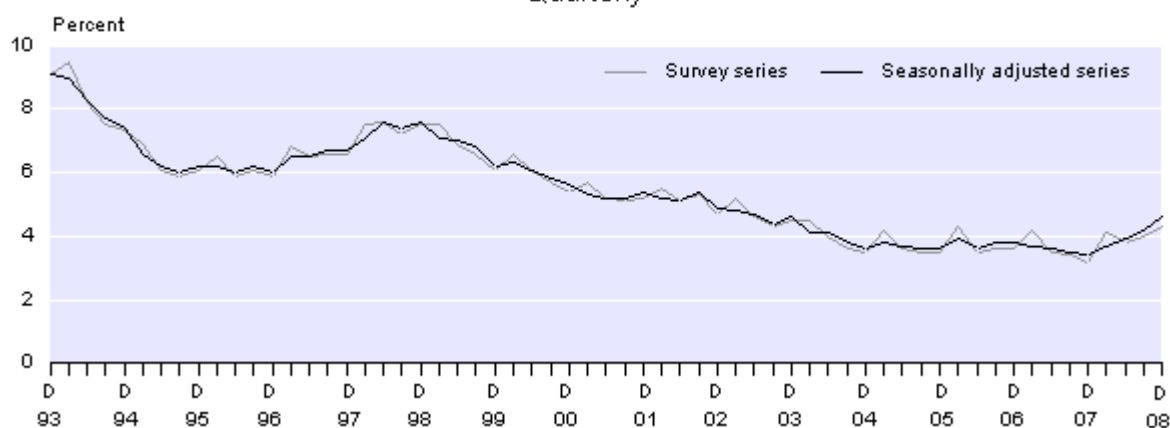
The following graphs show the HLFS series for the number of people employed, the labour force participation rate, and the unemployment rate over a 15-year period. A complete time series from March 1986 onwards is available on request.



Labour Force Participation Rate Quarterly



Unemployment Rate Quarterly



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Next release ...

Household Labour Force Survey Population Rebase: December 2008 quarter. The revised HLFS series will be released on 8 April 2009.

The revision will incorporate population weights derived from the most recent Census of Population and Dwellings (2006), and will include Māori benchmarks. All series will be revised back to March 1986.

Household Labour Force Survey: March 2009 quarter will be released on 7 May 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

This release contains seasonally adjusted, trend, and survey statistics for the December 2008 quarter. 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 the 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.

Figures presented in this release are rounded. Because each table contains rounded figures, there may be some small inconsistencies between the totals and the 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 that are too great for most practical purposes.

Seasonal adjustment

Seasonal adjustment aims to eliminate the impact of regular seasonal events on a 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 summertime there is a large pool of student labour that is both available for, and actively seeking, work. There is also 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 U.S. Census Bureau.

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 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 December 2008 quarter is 2,207,200 before seasonal adjustment. This estimate is subject to a sampling error of plus or minus 21,800, 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 2,185,400 and 2,229,000.

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 December 2008 quarter is 99,400 before seasonal adjustment. This estimate is subject to a sampling error of plus or minus 7,600, or 7.6 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 91,800 and 107,000.

Estimates of change are also subject to sampling error. For example, the survey estimate of change in total employment from the September 2008 quarter to the December 2008 quarter is an increase of 44,200. This estimate is subject to a sampling error of plus or minus 18,600 (at the 95 percent confidence level). Therefore, the true value of the change in surveyed employment from the September 2008 quarter to the December 2008 quarter has a 95 percent chance of lying between 25,600 and 62,800.

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 does represent a significant movement.

In general, the sampling errors associated with subnational estimates (eg breakdowns by regional council area or ethnic group) are larger than those associated with national estimates 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. The response rate this quarter is lower than the target but still within acceptable bounds.

HLFS Response Rates	
Quarter	Response rate (%)
Dec 2007	87.8
Mar 2008	85.5
Jun 2008	85.8
Sep 2008	89.0
Dec 2008	88.4

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 December 2008 quarter gives a surveyed figure of 79.1 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.

Ethnic statistics

The ethnic working-age populations, unlike the working-age populations for different sexes and age groups, are not benchmarked to population estimates. This, along with other sample design restrictions, causes a high degree of volatility in the ethnic statistics of the HLFS. Movements in the working-age population estimates of certain ethnic groups may therefore be a reflection of this volatility, rather than a real change in the estimated ethnic demographic.

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 total response for the September 2008 and December 2008 quarters of the Household Labour Force Survey.

Total Response HLFS Ethnicity Data for Working-age Population⁽¹⁾		
Ethnic group	September 2008 quarter	December 2008 quarter
European	2,567,000	2,581,900
Māori	340,200	334,200
Pacific peoples	180,400	179,900
Asian	329,700	333,100
MELAA ⁽²⁾	36,200	28,300
Other	35,000	41,000

(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.

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.

Working-age population estimates available on the web

One week prior to the HLFS release, estimates of the working-age population, by sex and five-year age bands, are available from the Statistics NZ website.

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. Standardised unemployment rates in OECD countries, latest available
14. Total people employed, unemployed and not in labour force, by sex and formal study status

Erratum

A correction has been made to the Media Release and Hot Off The Press for *Household Labour Force Survey: December 2008 quarter*. Overall the trend remains the same.

In the Media Release, the sentence that said "Despite the rise in employment, total actual hours worked per week fell by 1.9 percent over the December 2008 quarter" now says "Despite the rise in employment, total actual hours worked per week fell by 0.5 percent over the December 2008 quarter."

The fourth highlight in the Hot Off The Press that said "Seasonally adjusted total actual hours worked per week fell by 1.9 percent" now says "...fell by 0.5 percent".

In the Commentary, under the paragraph heading "Total hours worked – seasonally adjusted", the sentences that said:

The total number of actual hours worked per week decreased by 1.9 percent over the December 2008 quarter.

On an annual basis, the number of actual hours worked decreased by 2.8 percent, while the number of usual hours worked increased, up 0.2 percent.
now say:

The total number of actual hours worked per week decreased by 0.5 percent over the December 2008 quarter.

On an annual basis, the number of actual hours worked decreased by 1.2 percent, while the number of usual hours worked increased, up 0.2 percent.

The graph "Total hours worked each week, quarterly" and tables 9, "Total actual hours worked" and 12, "People employed, unemployed, not in the labour force and total actual hours worked" have been updated to reflect the new data.

These changes have been made due to the discovery of a technical error that affected the December 2008 quarter. A minor revision has also been made to the September 2008 quarter.

Statistics New Zealand regrets any inconvenience caused by this error.