

UNEMPLOYMENT RATES

Introduction

In the quarter ending September 2009, the seasonally adjusted unemployment rate rose to 6.5%, the seventh consecutive quarterly rise [1]. During this period, unemployment rates were higher for Māori and Pacific people, young people (particularly those 15-19 years) and those without formal qualifications [2]. Such increases are of concern for New Zealand children and young people two reasons:

Firstly, research suggests that children in families where their parents are unemployed have higher rates of psychosomatic symptoms, chronic illnesses and low wellbeing, and that while the magnitude of these associations is reduced once other potentially mediating factors are taken into account (e.g. parents former occupation, sole parent status, and migrant status), the associations do not disappear completely [3]. Further, research suggests that these negative effects may be mediated via the impact unemployment has on parents mental health, with the mental distress associated with decreased social status, disruption of roles, loss of self esteem and increased financial strain, all impacting negatively on parent's emotional state [3]. This in turn may lead to non-supportive marital interactions, compromised parenting, and children's internalising (e.g. withdrawal, anxiety, depression) and externalising (e.g. aggressive or delinquent behaviour, substance abuse) behaviour [4].

Secondly, for young people research suggests that unemployment leads to a range of negative psychological outcomes including depression, anxiety and low self esteem, which are in turn associated with adverse outcomes such as heavy tobacco, alcohol and drug use; and higher mortality from suicide and accidents [5]. While social support may reduce the psychological distress associated with unemployment, the type of support provided is important (e.g. while positive support from family and friends decreases psychological distress amongst unemployed youth, parental advice may at times increase distress, as it may be perceived as pressure to find a job [5]). On a more positive note, research also suggests that this psychological distress decreases once young people find permanent employment, or return to further education [5].

This indicator uses information from Statistics New Zealand's Quarterly Household Labour Force Surveys, to review unemployment rates during the past two decades.

Data Source and Methods

Definition

Unemployment Rate: The number of unemployed people expressed as a percentage of the labour force.

Data Source

Statistics New Zealand's Household Labour Force Survey (n≈15,000 households). Quarterly Since March 1986 and available on Statistics New Zealand's website www.stats.govt.nz

Indicator Category: Proxy B

Notes on Interpretation

Unemployed refers to all people in the working-age population who during the reference week were without a paid job, were available for work and [6]:

- (a) had actively sought work in the past four weeks ending with the reference week, or
- (b) had a new job to start within four weeks

Note 1: A person whose only job search method in the previous four weeks has been to look at job advertisements in the newspapers is not considered to be actively seeking work.

Note 2: Seasonal adjustment makes data for adjacent quarters more comparable by smoothing out the effects of any regular seasonal events. This ensures the underlying movements in 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 previously published quarters may change slightly [6].

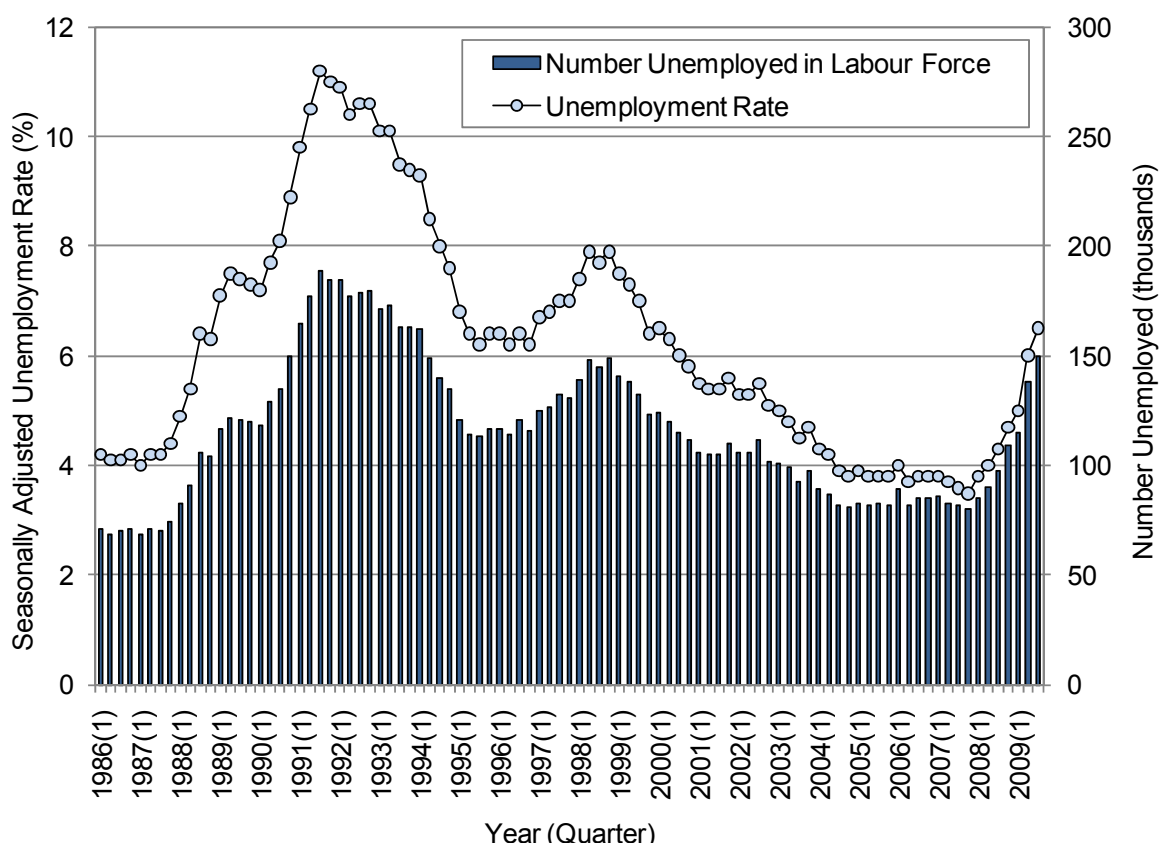


New Zealand Distribution and Trends

Seasonally Adjusted Unemployment Rates

In the quarter ending September 2009, the seasonally adjusted unemployment rate rose to 6.5%, the seventh consecutive quarterly rise (**Figure 1**). Seasonally adjusted unemployment numbers also increased by 12,000 (9.0%), to 150,000, the highest since March 1994. This increase was largely driven by male unemployment, which rose by 9,000. In contrast, employment continued to decline, with seasonally adjusted employment numbers falling by 17,000 (0.8%). This fall was largely driven by male-full time employment, which fell by 14,000 (1.3%). In contrast, female employment increased during the quarter [1].

Figure 1. Seasonally Adjusted Unemployment Rates, New Zealand 1986 (Quarter 1)-2009 (Quarter 3)



Source: Statistics New Zealand Household Labour Force Survey

Unemployment Rates by Age

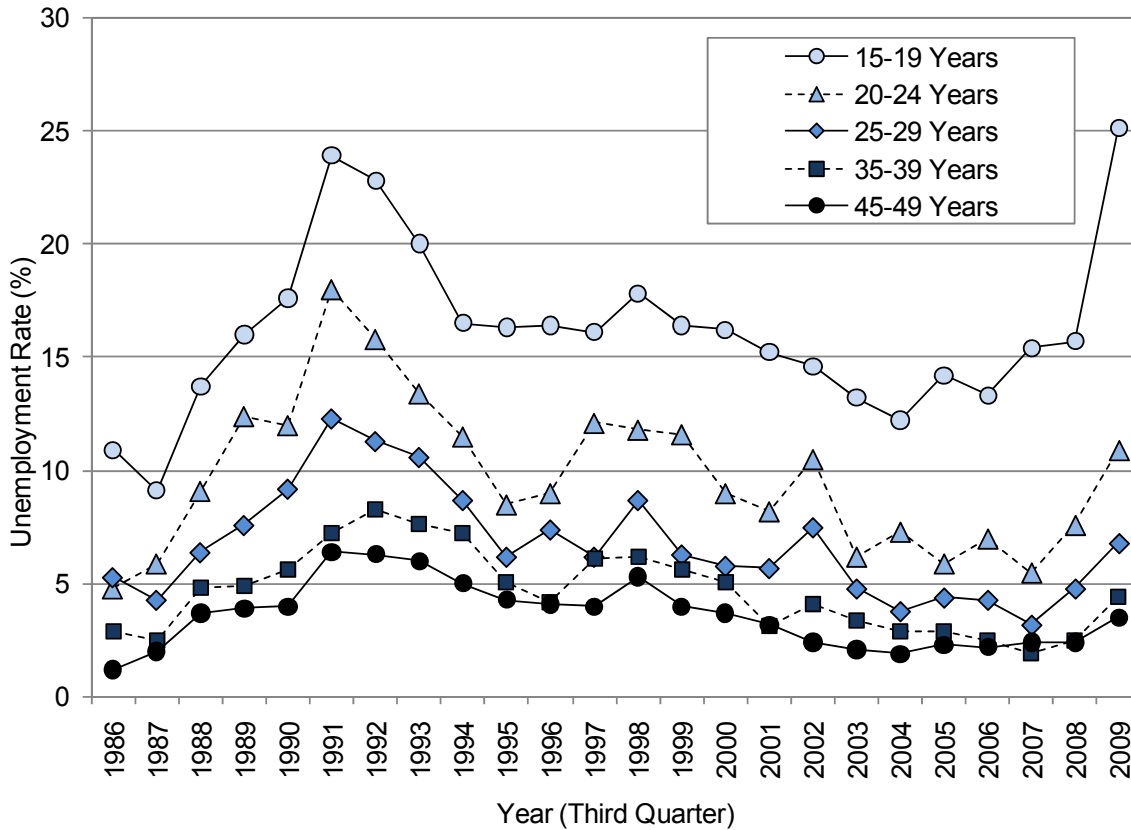
In New Zealand during the third quarters of 1986-2009, unemployment rates were consistently higher for younger people (i.e. those 15-19 years > 20-24 years > 25-29 years > 35-39 years and 45-49 years). During the quarter ending September 2009, unemployment rates were 25.1% for those aged 15-19 years, and 10.9% for those aged 20-24 years (**Figure 2**).

Unemployment Rates by Age and Gender

In New Zealand during the third quarters of 1986-2009, there were no consistent gender differences in unemployment rates amongst young people aged 15-24 years. During the quarter ending September 2009, unemployment rates for those aged 15-19 years were 25.3% for females and 25.0% for males, while for those aged 20-24 years, rates were 8.8% for females and 12.7% for males (**Figure 3**).

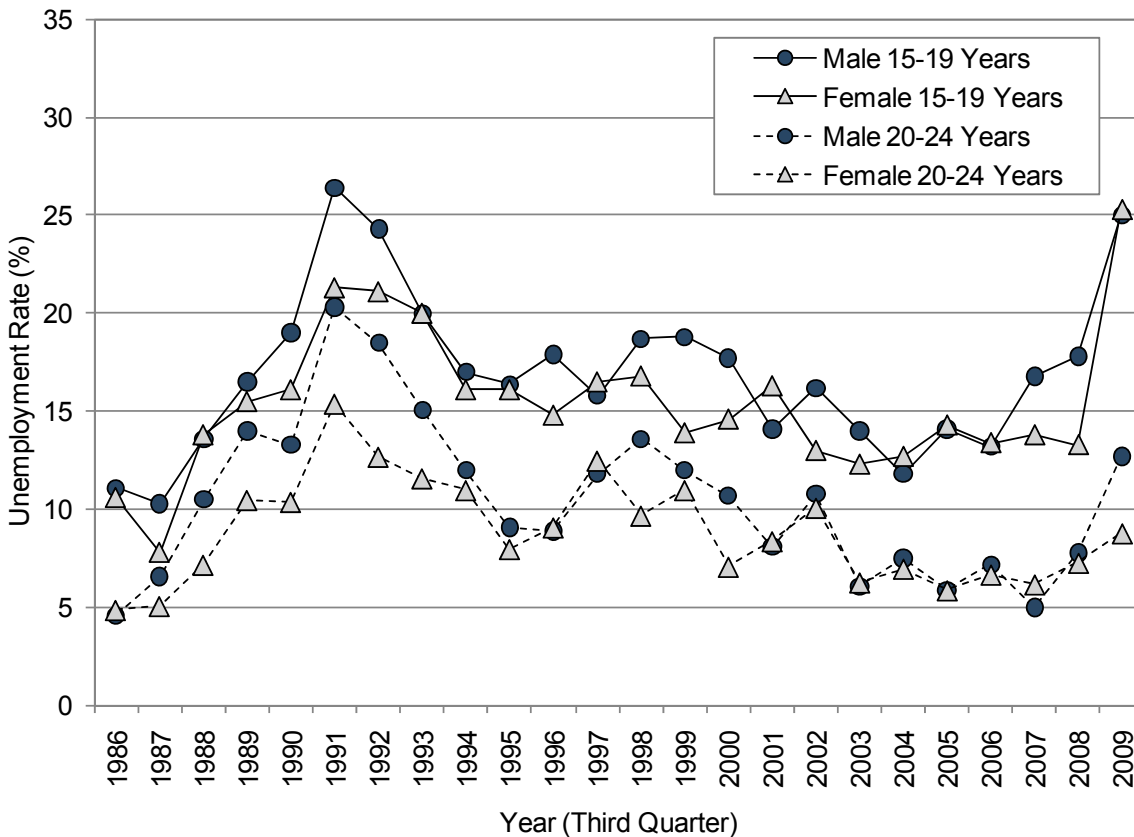


Figure 2. Unemployment Rates by Age (Selected Age Groups), New Zealand Third Quarters 1986-2009



Source: Statistics New Zealand Household Labour Force Survey

Figure 3. Unemployment Rates by Age and Gender in New Zealand Young People 15-24 Years, Third Quarter 1986-2009



Source: Statistics New Zealand Household Labour Force Survey



Unemployment Rates by Ethnicity

In New Zealand during 2007(Q4)-2009(Q3), unemployment rates were consistently higher for Māori and Pacific > Asian > European people. While unemployment rates increased for all ethnic groups between 2008(Q3) and 2009(Q3), in absolute terms, increases were greatest for Māori and Pacific people. Thus by 2009(Q3), unemployment rates were 13.2% for Pacific, 13.0% for Māori, 8.4% for Asian and 5.0% for European people (Figure 4).

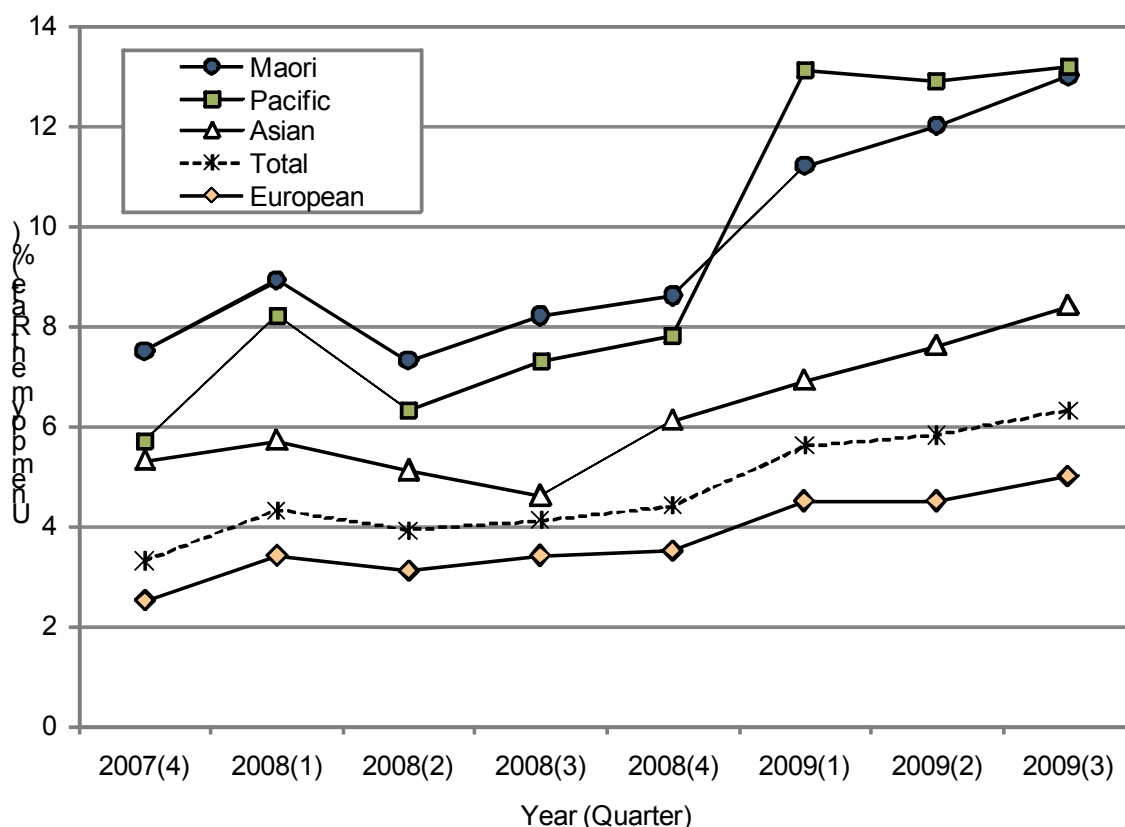
Unemployment Rates by Qualification

In New Zealand during the years ending September 1987-2009, unemployment rates were higher for those with no qualifications > school qualifications, or post school but no school qualifications > both post school and school qualifications. In the year ending September 2009, unemployment rates were 9.2% for those with no qualifications, 6.7% for those with a school qualification, 5.6% for those with post school but no school qualifications and 3.6% for those with both post school and school qualifications (Figure 5).

Duration of Unemployment

In New Zealand during the years ending September 1987-2009, duration of unemployment varied markedly, and in a manner consistent with prevailing unemployment rates. Thus the highest proportion of people unemployed for 53+ weeks occurred during the early / mid 1990s, when unemployment rates were at their peak, while the highest proportion unemployed for only 1-4 weeks occurred in the mid-2000s, when unemployment rates were at their lowest (Figure 6).

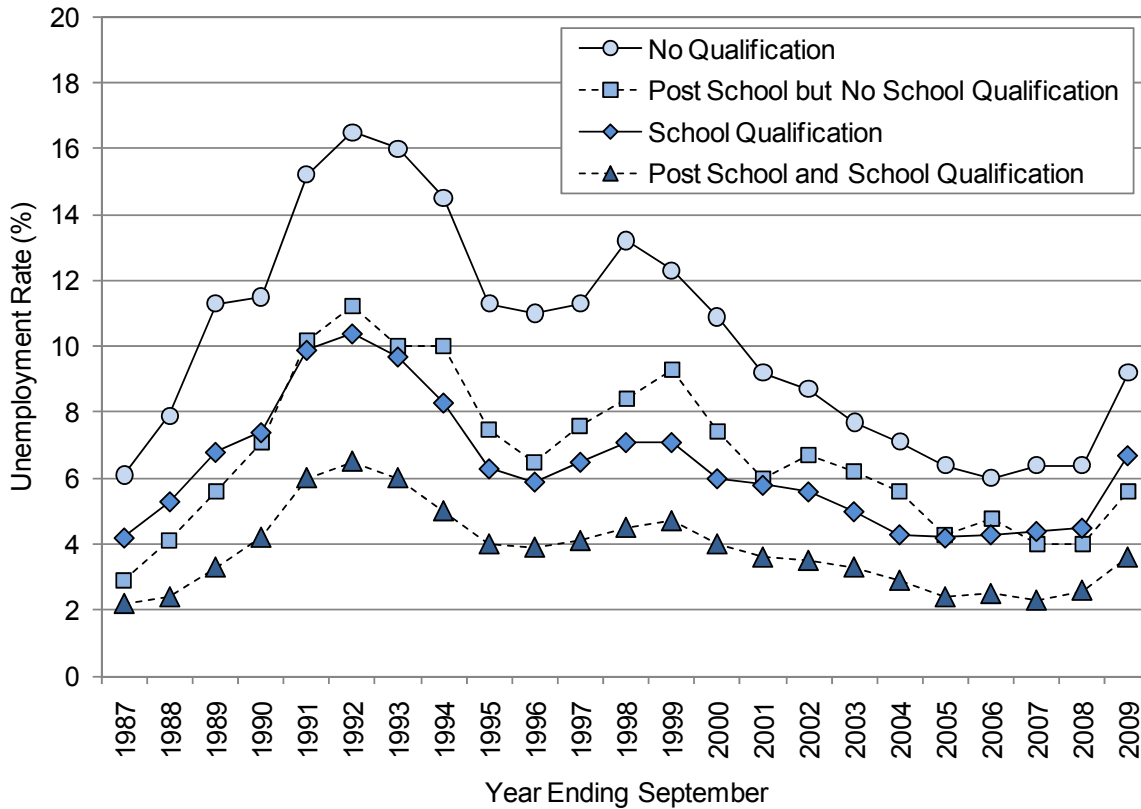
Figure 4. Unemployment Rates by Total Response Ethnicity, New Zealand 2007 (Quarter 4) - 2009 (Quarter 3)



Source: Statistics New Zealand Household Labour Force Survey. Note: Ethnicity is Total Response

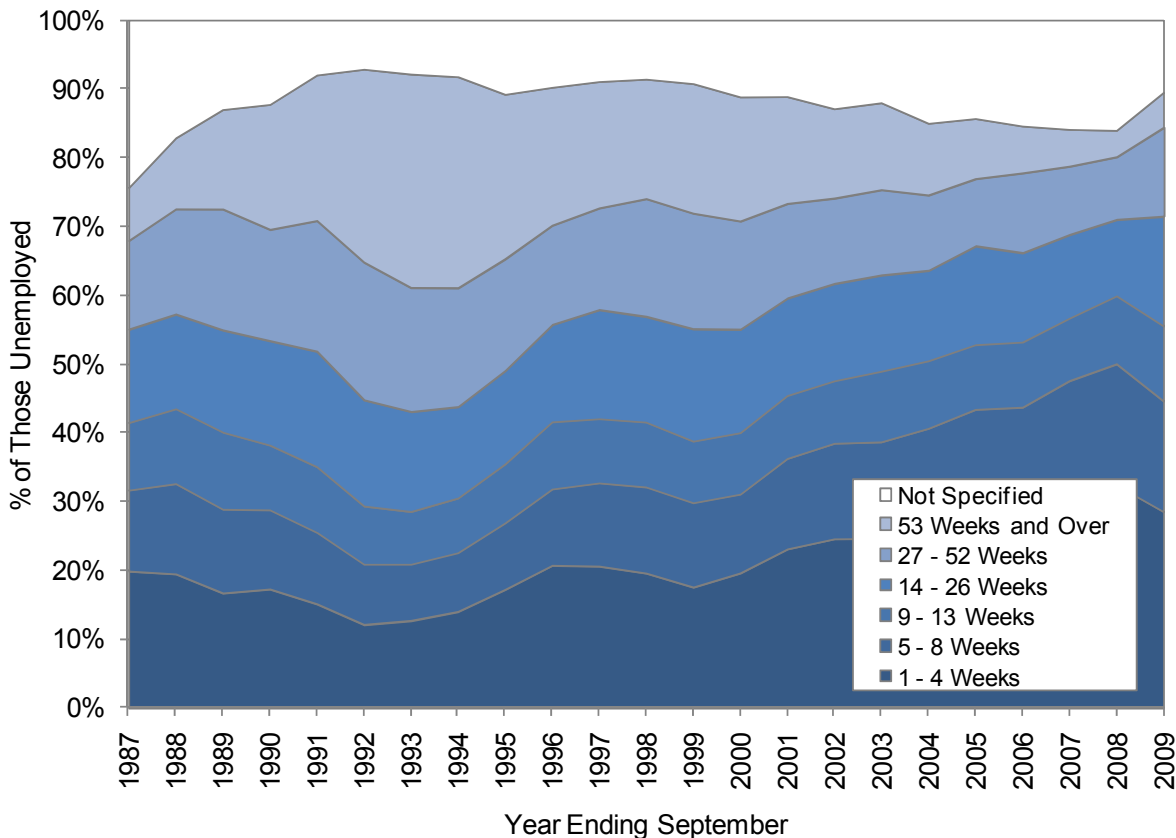


Figure 5. Unemployment Rates by Qualification, New Zealand September 1987-2009



Source: Statistics New Zealand Household Labour Force Survey

Figure 6. Proportion of Those Unemployed by Duration of Unemployment, New Zealand September 1987-2009



Source: Statistics New Zealand Household Labour Force Survey



Summary

In the quarter ending September 2009, the seasonally adjusted unemployment rate rose to 6.5%, its seventh consecutive quarterly rise. Seasonally adjusted unemployment numbers also increased by 12,000 (9.0%), to 150,000, the highest since March 1994. Over the longer term (September 1987-2009), while no marked gender differences were evident, unemployment rates were higher for younger people (15-19 years > 20-24 years > 25-29 years > 35-39 years and 45-49 years) and those with no qualifications. During 2007(Q4)-2009(Q3), unemployment rates were also higher for Māori and Pacific > Asian > European people.

References

1. Statistics New Zealand, *Hot off the Press: Household Labour Force Survey September 2009*. 2009, Statistics New Zealand: Wellington.
2. Statistics New Zealand (2009) *Infoshare*. www.stats.govt.nz/infoshare
3. Pedersen, C. and M. Madsen, *Parents' Labour Market Participation as a Predictor of Children's Health and Wellbeing: A Comparative Study in Five Nordic Countries*. *Journal of Epidemiology and Community Health*, 2002. 56(11): p. 861.
4. Solantaus, T. and J. Leinonen, *Children's Mental Health in Times of Economic Recession: Replication and Extension of the Family Economic Stress Model in Finland*. *Developmental Psychology*, 2004. 40(3): p. 412-429.
5. Bjarnason, T. and T. Sigurdardottir, *Psychological Distress During Unemployment and Beyond: Social Support and Material Deprivation Among Youth in Six Northern European Countries*. *Social Science and Medicine*, 2003. 56: p. 973-985.
6. Statistics New Zealand, *Hot of the Press: Household Labour Force Survey June 2009 Technical Notes*. 2009, Statistics New Zealand: Wellington.

