

Quarterly update on benefit use and key results of Household Labour Force Survey (HLFS) – September 2020

HLFS results for the September 2020 quarter show the early stages of the New Zealand labour market's response to the effects of COVID-19.

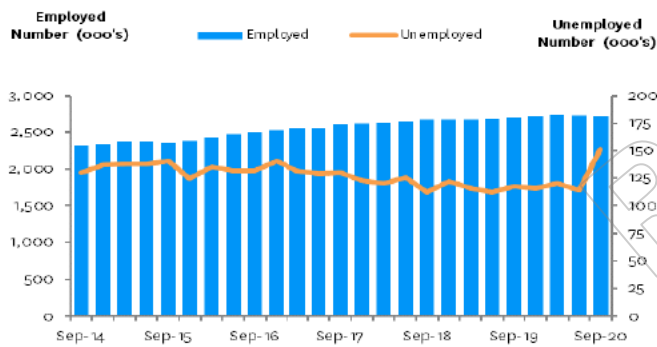
- The survey results show the average of data collected throughout the September 2020 quarter, from 1 July to 30 September. This period covers the resurgence of COVID-19 in the Auckland region as well as the phasing out of the Wage Subsidy Scheme.
- The increase in unemployment in the September 2020 quarter was at the lower end of market expectations. This reflected a larger than expected decrease in employment and a smaller than expected growth in the number of people entering the labour force.
- The official unemployment rate increased to 5.3 percent of the labour force in the September 2020 quarter from 4.0 percent in the June 2020 quarter. The June 2020 employment rate was reduced by lockdown restrictions, which meant people were not defined as unemployed because they could not actively seek work. Instead, these people were categorised by Statistics New Zealand as “not in the labour force”.

Over the September 2020 quarter, New Zealand's labour market became softer. Compared with June 2020 quarter results¹:

- The number employed decreased by 22,000 people (0.8 percent), with the number of women employed decreasing by 14,000 (1.1 percent). This is the largest quarterly decrease in numbers employed since the March 2009 quarter.
- The number unemployed increased by 37,000 people (32.5 percent), with the number of unemployed women increasing by 18,000 (30.0 percent). This is the largest quarterly increase in the number unemployed since the survey began in 1986.
- The number of hours worked increased by 9.4 percent, to rebound to just below March 2020 quarter levels. This may reflect an increase in economic activity as restrictions end.
- The underutilisation rate increased from 12.0 percent to 13.2 percent, largely reflecting the rise in the number of people unemployed noted above. Other underutilised groups include:
 - underemployed people (part-time workers who are seeking more hours) increased by 8,000 (6.3 percent) to 135,000; and
 - jobseekers who are not “actively seeking work” decreased by 6,300 (6.7 percent) to 88,400.

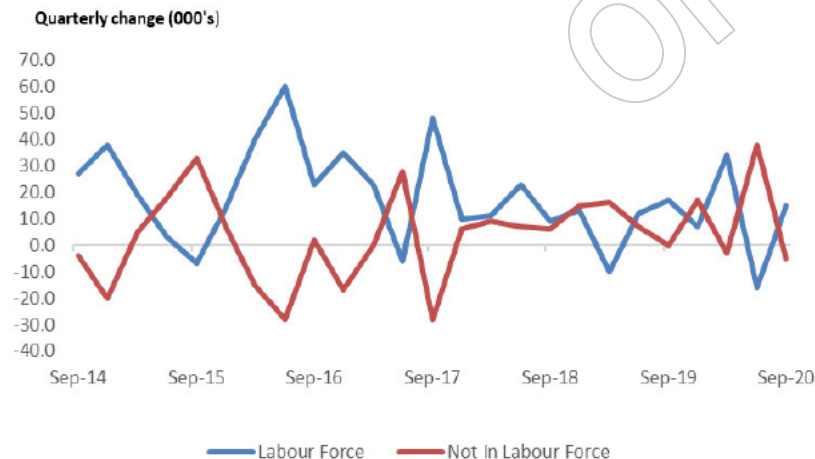
How the labour market has fared over recent years

Figure 1: Numbers of people employed remain historically high, while numbers of people unemployed are similar to the levels experienced after the Global Financial Crisis



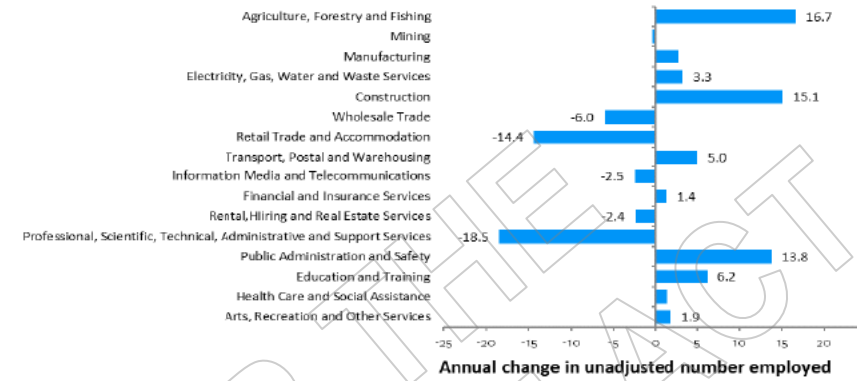
Numbers of people employed have returned to September 2019 levels (see Figure 1), while numbers of people unemployed are at their highest level since March 2012.

Figure 2 Changes in numbers not in the labour force and in the labour force have returned to their historic pattern of fluctuation



Growth over the June 2020 quarter in numbers not in the labour force was reversed in the September 2020 quarter, as people returned to the labour force (see Figure 2).

Figure 3: Slightly increased employment over the last year has impacted on some industries only



Numbers of people employed increased comparing the September 2019 quarter and September 2020 quarter. However, this change varied between industries (see Figure 3).

Figure 4: Increased employment over the last year was concentrated among skilled occupations

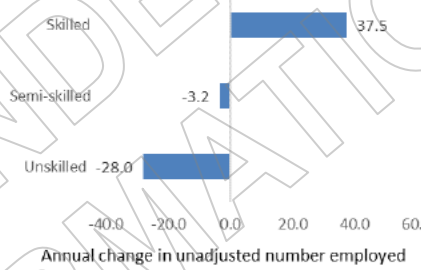


Figure 5: The increase in the unemployed drove the increase in underutilised labour over the last two quarters

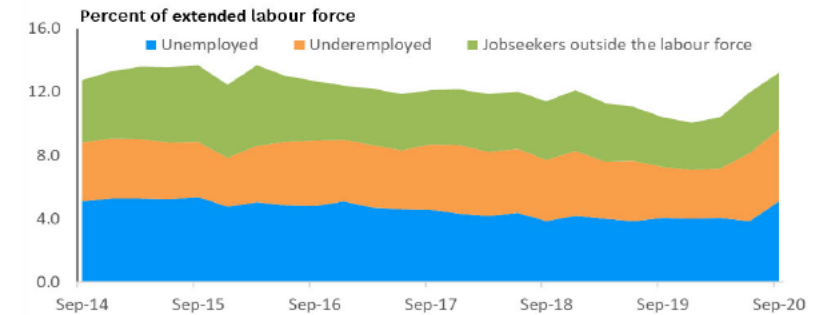
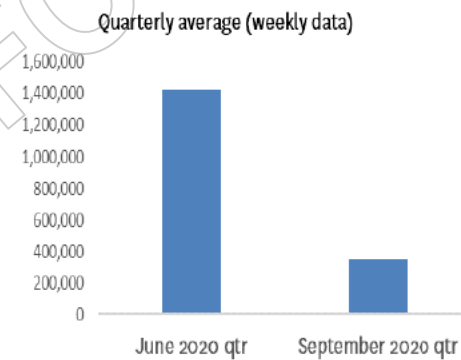
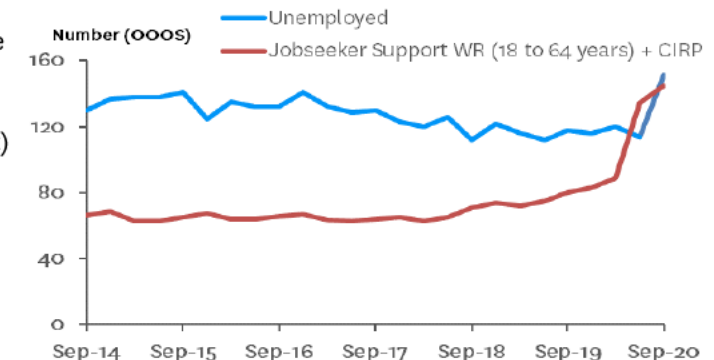


Figure 6: The reduction in jobs covered by the Wage Subsidy Scheme has had little effect on unemployment so far



The number of jobs covered by the Wage Subsidy Scheme decreased by 1.07 million (75.2 percent) (see Figure 3). This compares with an increase of 37,000 (32.5 percent) in the number of unemployed people.

Figure 7: Recent growth in Jobseeker Support WR and CIRP has kept up with the rate of recent job loss



The loss of employment since March 2020 was more evident in some groups than in others

Unadjusted employment decreased by 1.6 percent over the June 2020 and September 2020 quarters, but this decrease in numbers employed was more apparent among:

- women (for whom employment decreased by 1.9 percent over the same period)
- 15 to 24 year olds (down 10.6 percent)
- those identifying as Pacific people (down 4.1 percent) and as Maori (down 3.1 percent)
- those in Otago (down 5.7 percent), Southland (down 4.1 percent), Tasman/Nelson/Marlborough/West Coast (down 3.4 percent), and Auckland (down 2.9 percent) regional council areas
- those employed in the following industries: Information Media and Telecommunications (down 12.2 percent), Professional, Scientific, Technical, Administrative and Support Services (down 8.1 percent), Retail Trade and Accommodation (down 7.0 percent), and Transport, Postal and Warehousing (down 5.3 percent).

New Zealand's economy remains weak as a result of COVID-19, which may raise future unemployment numbers

While economic activity has been better than expected since the June quarter, it remains weak reflecting the impact of COVID-19. However, it may not be until 2021 or 2022 that we see the full impact of this weakness reflected in the HLFS results.

NOTE

¹ Figures quoted are seasonally adjusted unless otherwise stated, and may not sum over time periods due to rounding to the nearest 1,000 people.