Monthly Labour Market Fact Sheet — July 2020

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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This fact sheet summarises key highlights from the latest labour market information, including changes since the start of the COVID-19 Alert Levels. It focusses on the latest changes and data, to complement MBIE's *Labour Market Statistics Snapshot*[1], which is produced every quarter and uses the traditional Labour Market official statistics. For more detail about sectors and regions, see fact sheets available at MBIE's *Sector Report Series*[2].

The *Monthly Labour Market Fact Sheet* will next be updated on 6 August 2020.

Overview

Headline statistics

Measures	Jun-19	Sep-19	Dec-19	Mar-20
Employment	2,636,000	2,641,000	2,643,000	2,661,000
— Wages or Salaried	2,297,000	2,314,000	2,332,000	2,320,000
— Self-employed	303,000	296,000	308,000	323,000
Employment Rate	67.5%	67.5%	67.3%	67.5%
Underutilisation	315,000	295,000	284,000	299,000
— Unemployment	109,000	114,000	111,000	116,000
— Underemployment	109,000	93,000	89,000	91,000
— Not in the Labour Force Jobseekers	97,000	88,000	84,000	92,000
Underutilisation Rate	11.1%	10.4%	10.0%	10.4%
Unemployment Rate	4.0%	4.1%	4.0%	4.2%
Not in the Labour Force	1,159,000	1,158,000	1,173,000	1,167,000
Youth Not in Employment, Education or Training (NEET)	68,000	70,000	76,000	91,000
NEET Rate	10.4%	10.7%	11.7%	14.0%
Average Hours Worked	38.56	38.60	38.68	38.66

Labour Market Statistics, Stats NZ (Data to March 2020, next release on 05/08/2020)

The recent story

The labour market was robust in the March 2020 quarter, with high levels of employment and labour force participation, falling underutilisation and with the unemployment rate close to a historically low level.

On 23 March 2020, New Zealand moved to Alert Level 3, with Alert Level 4 following on 25 March. Economic activity was restricted, with most businesses required to temporarily suspend operations. During April, the number of people receiving Jobseeker Support Work Ready benefits increased markedly and filled jobs fell by 35,300 — a record 1.6 per cent decrease. In addition, the number of advertised job vacancies fell by close to 75 per cent.

As New Zealand moved back down through the alert levels in May, easing restrictions, the outlook has improved. The number of benefit recipients has stabilized and the number of filled jobs rebounded from April by 0.8 per cent in May. Both primary and goods-producing industries have returned to March job levels, although a gain in service industries is still short of the losses suffered throughout February, March and April.

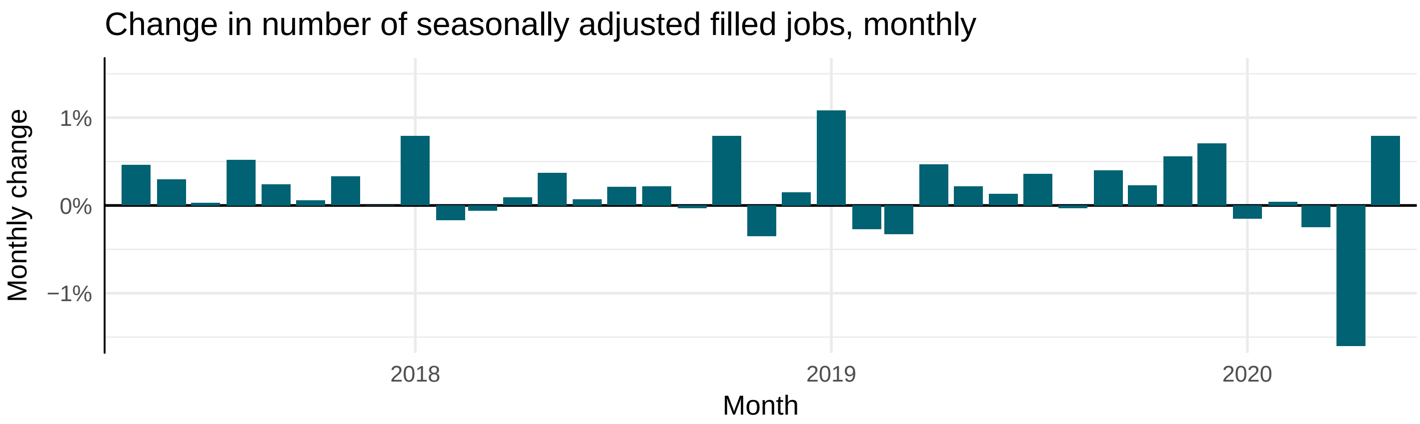
The COVID-19 Wage Subsidy was introduced to assist businesses to pay their staff, allowing businesses to claim $585.80 per week per full time employee ($350 per part time employee) for up to 12 weeks (and a further 8 weeks with the Extended Wage Subsidy). If a business claimed the subsidy for an employee, they were required to protect that job whilst the subsidy was in effect. As at 28 June, the Wage Subsidy and Extended Wage Subsidy has covered 1.7 million jobs (including 230,000 sole traders).

As the support offered by the subsidy concludes, pressure on jobs may increase. Early research findings suggest that businesses are already looking to increase investment and training in digital technology to enable remote working and improve business outcomes.

[1] https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/labour-market-statistics-snapshot/
[2] https://www.mbie.govt.nz/business-and-employment/economic-development/sector-reports-series/

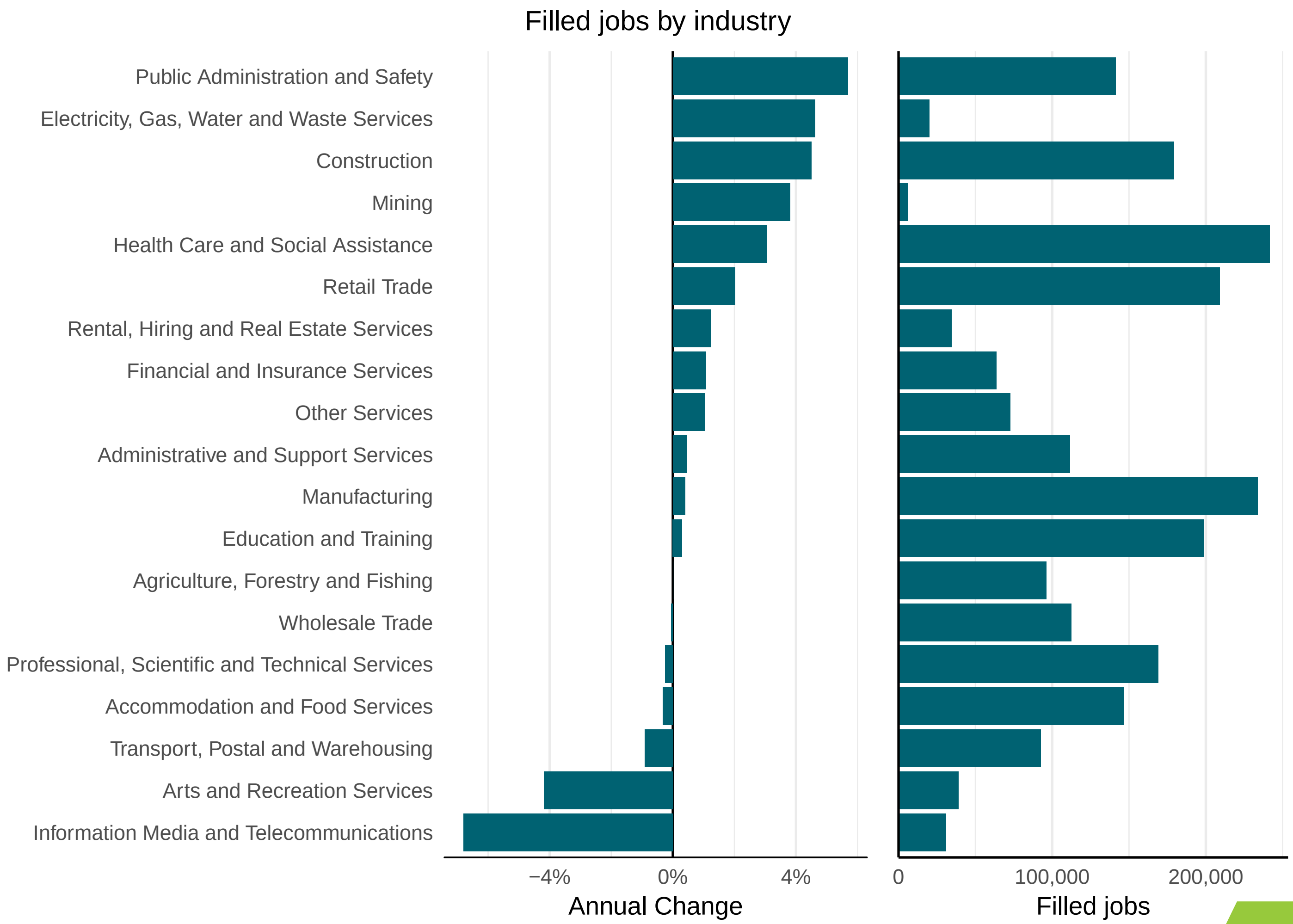
Filled jobs

The next update of the official unemployment rate will be available in early August, for the June 2020 quarter. Stats NZ's Monthly Employment Indicators (MEIs) are a useful interim measure, counting filled jobs using employer payroll filing tax data, although this method is unable to count the self-employed. The MEIs report that job numbers fell by a record 35,300 (1.6 per cent) in April 2020, the largest monthly change in percentage terms since the filled jobs series began in 1999. However, in May 2020 the number of filled jobs increased by 17,000 to 2.20 million (up 0.8 per cent).



Monthly Economic Indicator - Filled Job Series, Stats NZ (Data to May 2020, next release on 30/07/2020)

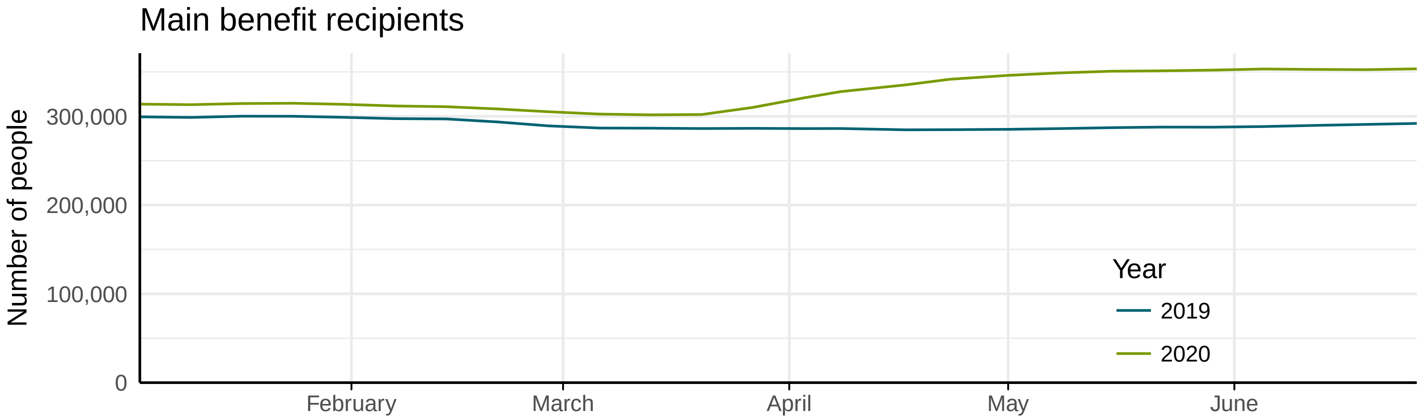
New Zealand's filled jobs follow a seasonal pattern. For example employment in the primary industries can vary by up to 20 per cent over the year, increasing from September to February, then reducing from March. Consequently, monthly changes in the number of jobs are not always a meaningful indicator of economic health. Over the year to May 2020, total filled jobs grew by 1.2 per cent, with increases in all five of the largest industries.



Monthly Economic Indicator - Filled Job Series, Stats NZ (Data to May 2020, next release on 30/07/2020)

Benefit Recipients

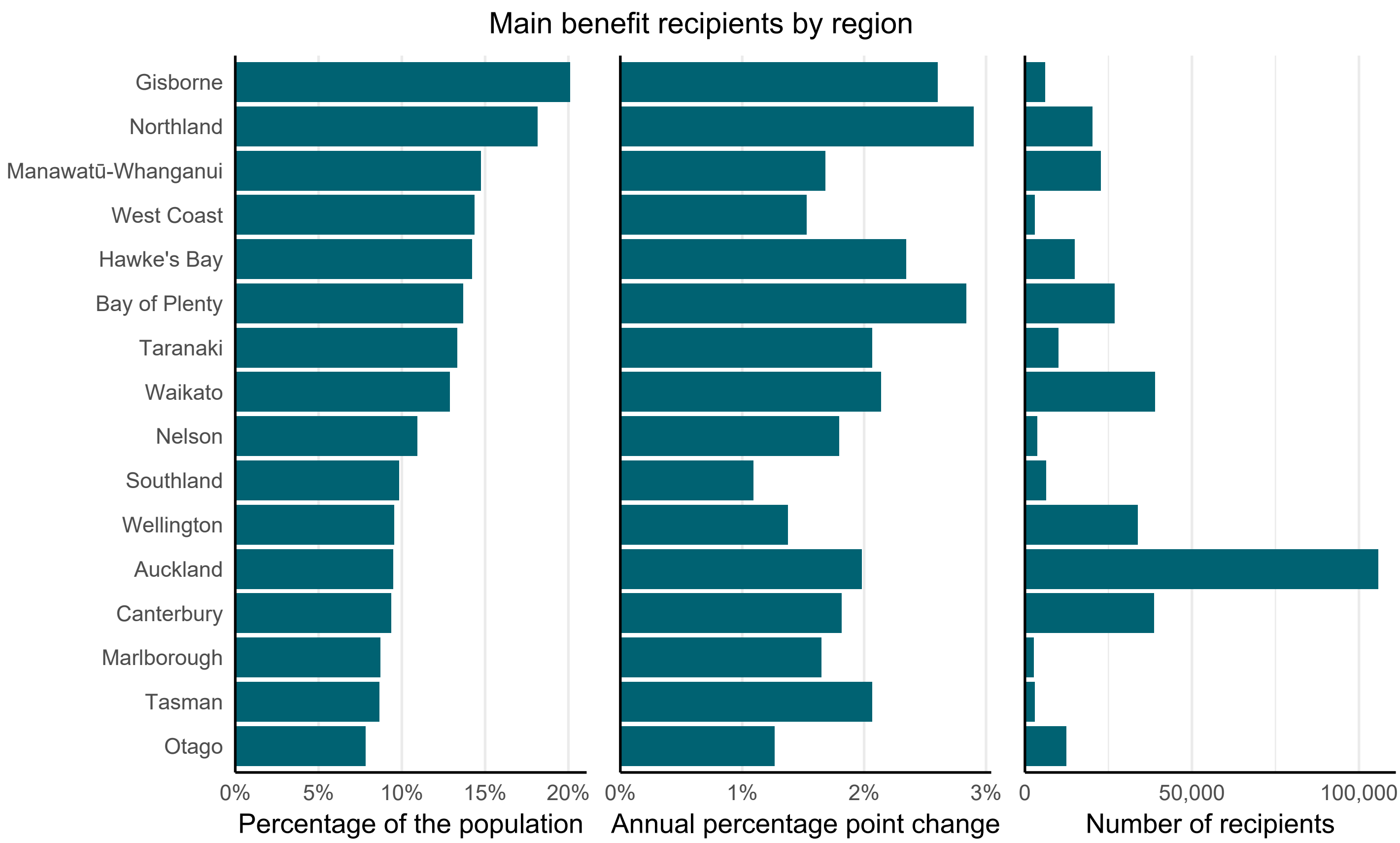
On 26 June 2020, there were 353,440 people receiving main benefit, an increase of 61,470 since the same week last year. Over the same period, the number of people receiving Jobseeker Support Work Ready benefits has risen 48,640 to 125,965 (up 65 per cent) since the same week last year, accounting for the majority of the net increase. The number of recipients increased rapidly from late March and throughout April, but has stabilized since May. A further 10,580 people were receiving the COVID-19 Income Relief Payment, which is not included in the Main Benefit total.



Working-age main benefits, MSD (Data to 26/06/2020, released every Friday)

Benefits are primarily a measure of how many people require income support rather than unemployment, but since 2008 the number of Jobseeker Support recipients has aligned closely with the number of unemployed individuals. We are measuring all main Working Age Benefits[3] here to cover additional circumstances in which someone could need additional income — as a better proxy for the underutilisation rate, which is a more useful measure of "slack" in the labour market than unemployment alone.

MSD and MBIE are continuing to investigate the relationship between benefits and underutilisation in the labour market. By region, the percentage of the population receiving benefits has a similar distribution to regional unemployment rates, while the regional growth in benefit recipients is more tied to the main industries present in the region.

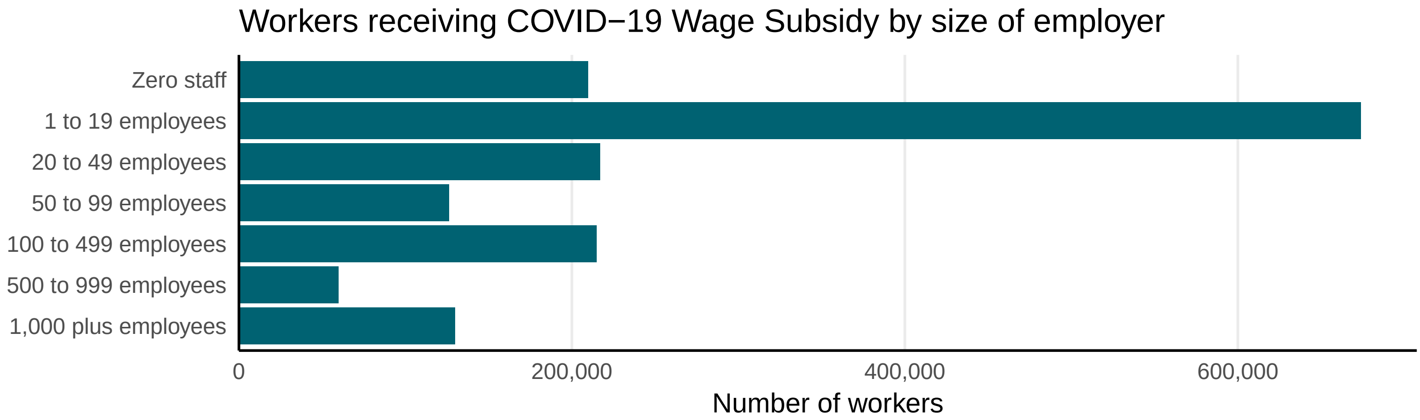


Working-age main benefits, MSD (Data to 26/06/2020, released every Friday)

[3] https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/benefit-fact-sheets/bfs-t1-stats-information.docx

Wage Subsidy

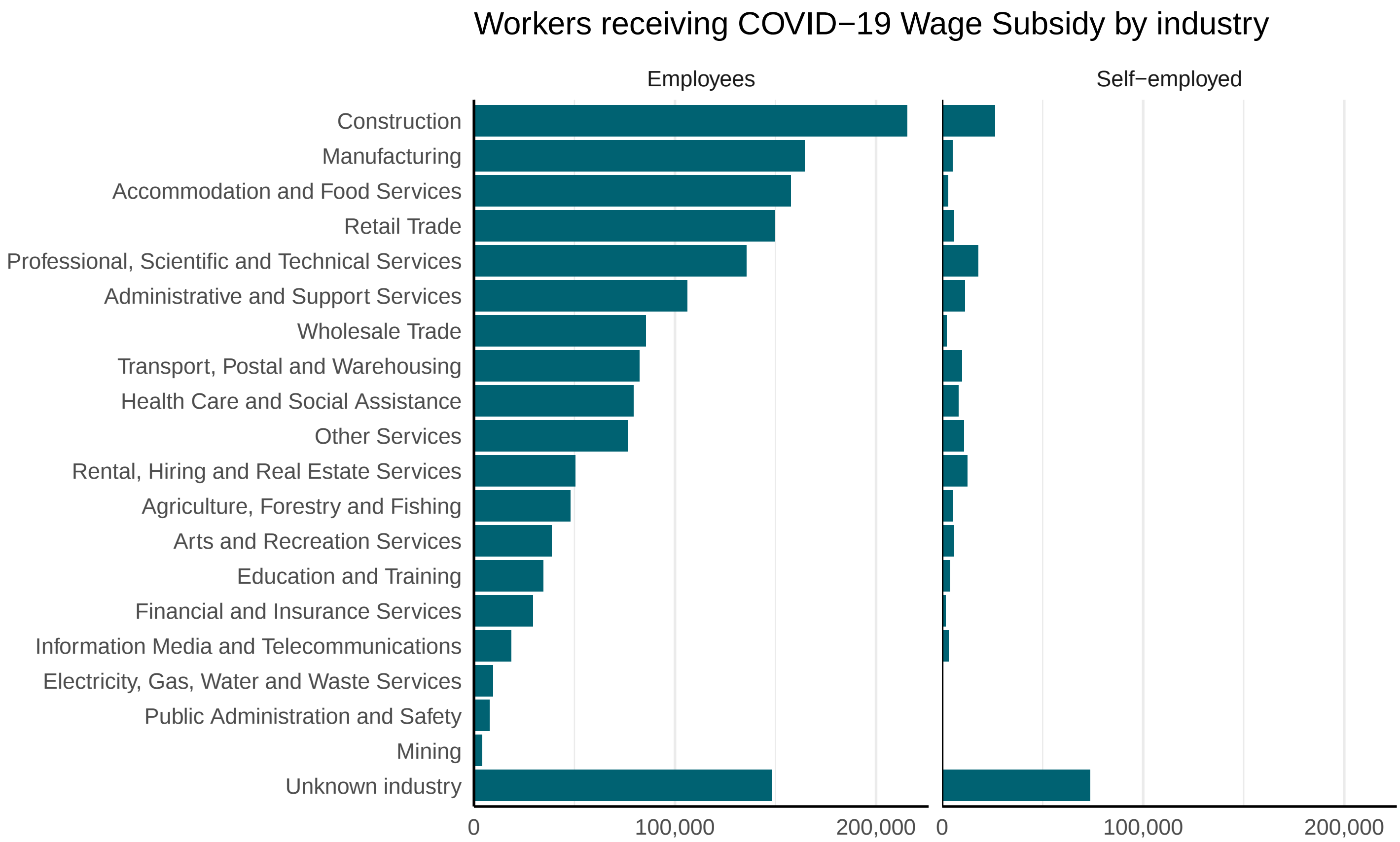
The COVID-19 Wage Subsidy and Leave Payment Scheme was introduced to assist businesses to pay their staff, allowing businesses to claim $585.80 per week per full time employee ($350 per part time employee) for up to 12 weeks.



COVID-19 evidence, MSD (Data as at 15/05/20, no further updates)

As at 15 May 2020, 390,197 businesses or 71 per cent of New Zealand businesses received the wage subsidy. These were mostly smaller businesses (businesses with 1 to 19 employees).

The total number of jobs protected by the wage subsidy, and the wage subsidy extension introduced since 10 June, is now 1.71 million (1.47 million employees and 234,000 sole traders). Of these jobs, 290,000 are now protected by the wage subsidy extension scheme (either transitioning from the original wage subsidy, or new applications to the extension).



COVID-19 evidence, MSD (Data as at 15/05/20, no further updates)

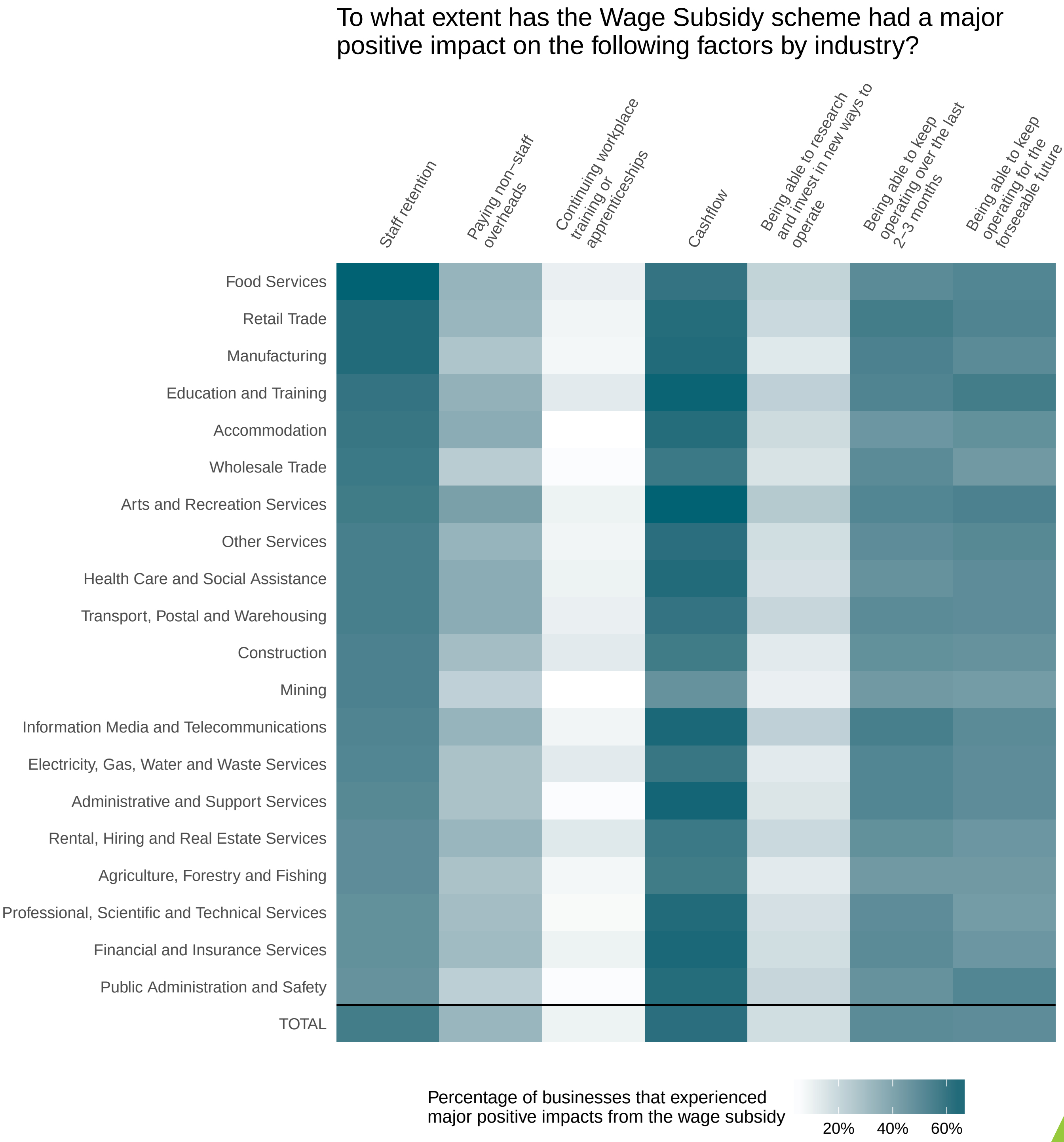
If a business claimed the subsidy for an employee, they were required to protect that job whilst the subsidy was in effect (twelve weeks for the original scheme, eight weeks for the extension).

Wage Subsidy Survey

MSD commissioned an independent supplier to manage an online survey of all businesses that had received the Wage Subsidy by 15 May 2020. Over 90,000 businesses completed the survey and although the results are unweighted, MSD have stated that the sample is representative of the underlying New Zealand business population.

As is to be expected, businesses across all industries stated that the wage subsidy had a major positive impact on cashflow. A large proportion of firms also stated that the subsidy had a major positive impact on staff retention, with Food Services businesses most likely to report a major positive impact.

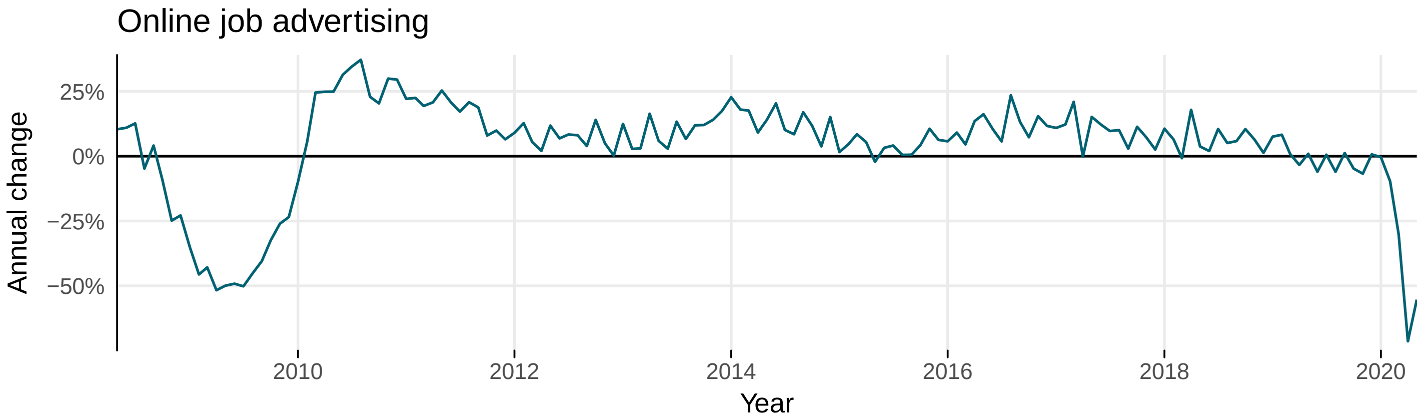
Although many business reported the subsidy had a major positive impact on their ability to keep operating during lockdown, some industries (eg. Accommodation and Education & Training) were even more likely to report it to have an impact for the longer term.



Wage Subsidy Survey, MSD (Final report published 15/06/20)

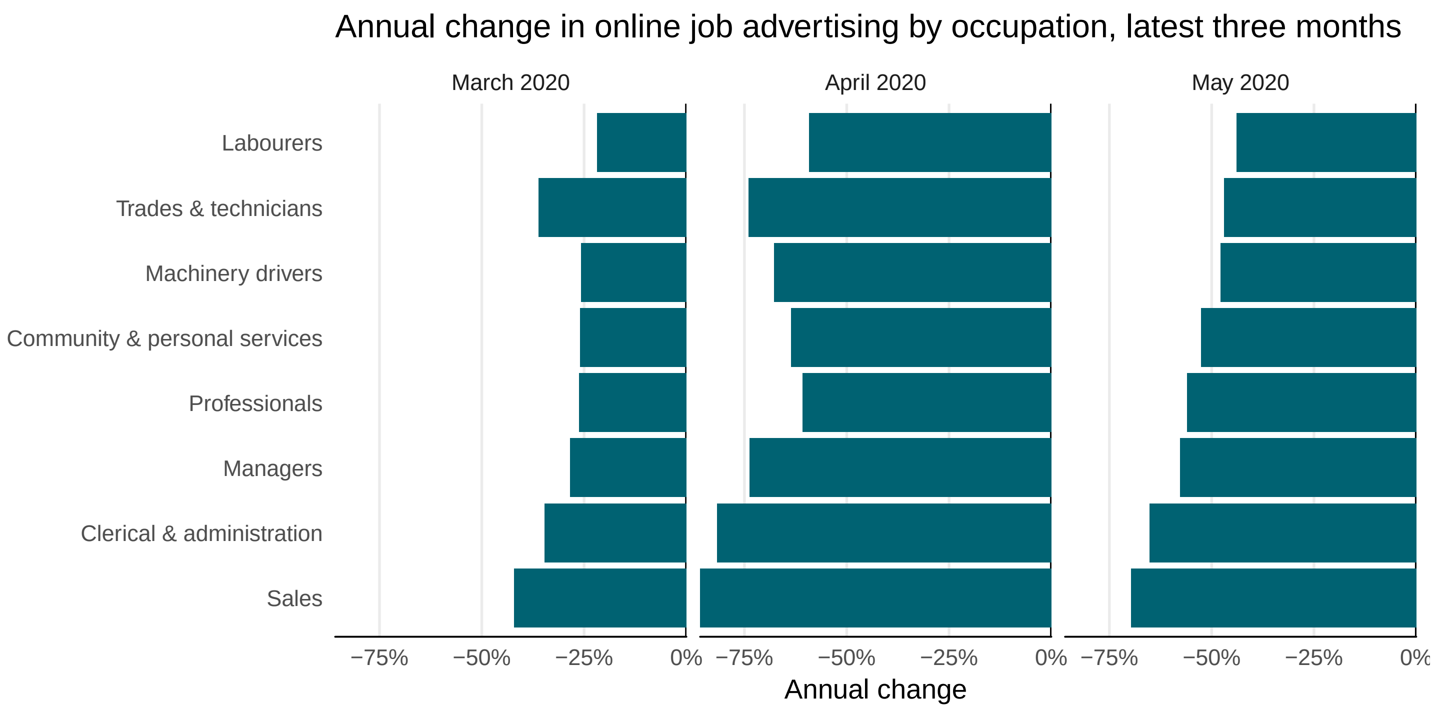
Jobs Online

The number of jobs advertised online on major job boards has fallen sharply in recent months, but the annual fall to May 2020 is not as large as the annual fall to April 2020.



Jobs Online, MBIE (Data to May 2020, next release mid-July)

Online job advertising was affected most severely during the Alert Level 4 conditions in April 2020, but certain occupations showed more easing in May with the reduction to Alert Level 2.



Jobs Online, MBIE (Data to May 2020, next release mid-July)

Survey synthesis

MBIE have been monitoring the results of other relevant research during the COVID-19 Alert Levels.

The Ministry of Health's COVID-19 Health and Wellbeing Survey[4] has tracked the proportion of respondents each week who have lost their main source of income.

The results after the first week of Alert Level 4 lockdown showed that 16 per cent of respondents had lost their income, but this figure trended down quickly, stabilising at around 5 per cent of respondents each week. In the week ended 28 June 2020, 4 per cent of respondents had lost their main source of income due to COVID-19 (eg, through redundancy or their business closing).

Results from a survey of Auckland businesses by Auckland Council's Economic Development Agency ATEED[5], conducted in the second week of April, showed that many businesses during lockdown had reduced the hours or salaries for existing staff, rather than making staff redundant. This pattern of behaviour was expected to continue, although more businesses were expecting to reduce their staffing numbers.

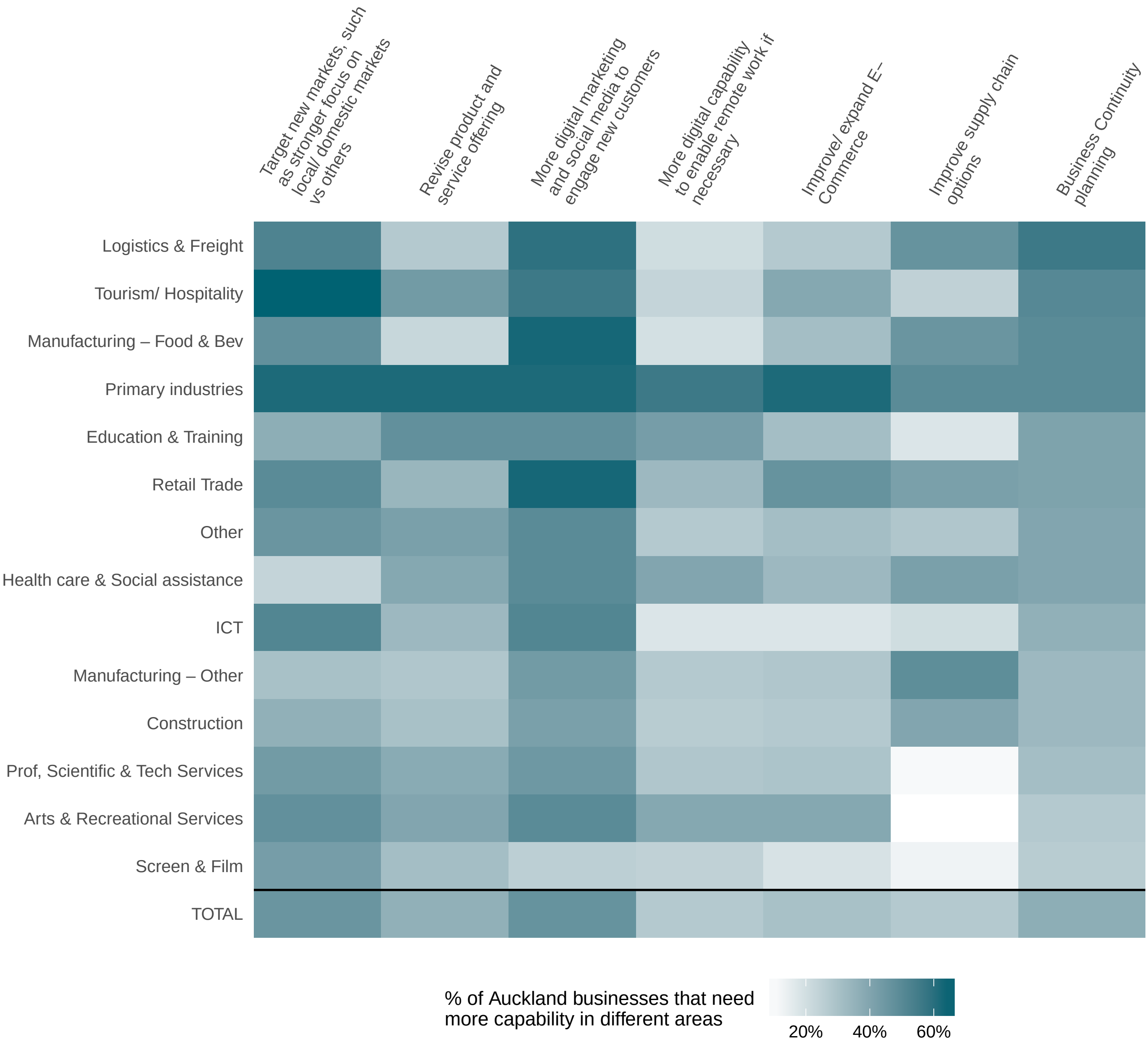
COVID-19 Business Survey, ATEED (Wave 2 conducted from 7-17 April)

The earlier wave of the ATEED survey, conducted during March, also asked Auckland businesses about their future capability needs. The ability to target new markets and to better use digital marketing were both popular. The proportion of businesses wanting to improve their capabilities for remote working was surprisingly low, but increased during the survey period (11-30 March) as the Alert Levels introduced tighter restrictions.

[4] https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-novel-coronavirus-resources-and-tools/covid-19-health-and-wellbeing-survey#reporting

[5] https://www.aucklandnz.com/sites/build_auckland/files/media-library/documents/ateed-covid19-business-survey-1_0.pdf

What business model changes were considered to counter the current economic situation?



COVID-19 Business Survey, ATEED (Wave 1 conducted from 11-30 March)

Data sources

Household Labour Force Survey (HLFS) | Stats NZ

The HLFS is a nationwide, quarterly survey of households run by Stats NZ. It is the official measure of employment and unemployment in New Zealand. Data from the HLFS is used as an indicator of the overall health of the economy, particularly the unemployment rate. The HLFS is also good for making comparisons of labour force variables across demographic characteristics.

Monthly Employment Indicator (MEI) | Stats NZ

The MEI series from Stats NZ provides an early indication of changes in the labour market. These indicators use a combination of data from two different Inland Revenue sources: the Employer Monthly Schedule (EMS) and payday filing. This data is used to produce the filled jobs and gross earnings indicator series, published four to five weeks after the end of the reference month.

Monthly Benefits Update | Ministry of Social Development (MSD)

The Monthly Benefits Update from MSD provides an overview of benefit and supplementary assistance data. The report presents monthly benefit receipt numbers, and the accompanying data file provides additional information and breakdowns.

Income Support and Wage Subsidy Weekly Update | Ministry of Social Development

The Income Support and Wage Subsidy Weekly Update provides an overview of income support, including COVID-19 Income Relief Payment data. MSD's COVID-19 reporting is available at: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/index.html

Jobs Online | Ministry of Business, Innovation and Employment

Jobs Online is a regular data series published quarterly by MBIE that measures changes in online job advertisements from four internet job boards — Seek, Trade Me Jobs, Education Gazette and Kiwi Health Jobs. A monthly series is available at https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/#jobs-online-monthly-data-release

Wage Subsidy Survey | Ministry of Social Development

The Wage Subsidy Survey was run by the Ministry of Social Development from 14 — 24 May 2020. Invitations to participate were sent out to 205,000 sole traders and 175,000 employers who had received the Wage Subsidy, and responses were received from 94,725 businesses, including 90,134 that reported receiving the subsidy.

COVID-19 Health and Wellbeing Survey | Ministry of Health

The COVID-19 Health and Wellbeing Survey was developed by the Ministry of Health to collect information about how New Zealanders are being impacted by COVID-19. Interviewing began on 30 March, and is continuing daily with about 300 new people interviewed each day. The proportion of respondents who have applied for government financial support (eg. COVID-19 Wage Subsidy) or whose employer has applied for it on their behalf is around 35 per cent.

COVID-19 Business Survey | Auckland Tourism, Events and Economic Development

The COVID-19 Business Survey was undertaken in two waves (wave 1 from 11-30 March 2020 and wave 2 from 7-17 April) by Auckland Tourism, Events and Economic Development (ATEED). An open link to the survey was initially provided to Regional Business Partners and other ATEED business contacts, and has since been shared more widely among the Auckland business community. No attempt has been made to weight the results to reflect the broader make-up of the Auckland economy in terms of business size, sector or location within Auckland.

Contact us

For further information on the data contained in this fact sheet, please email us: LabourMarketInsights@mbie.govt.nz.