How does NEW ZEALAND compare?
September 2014

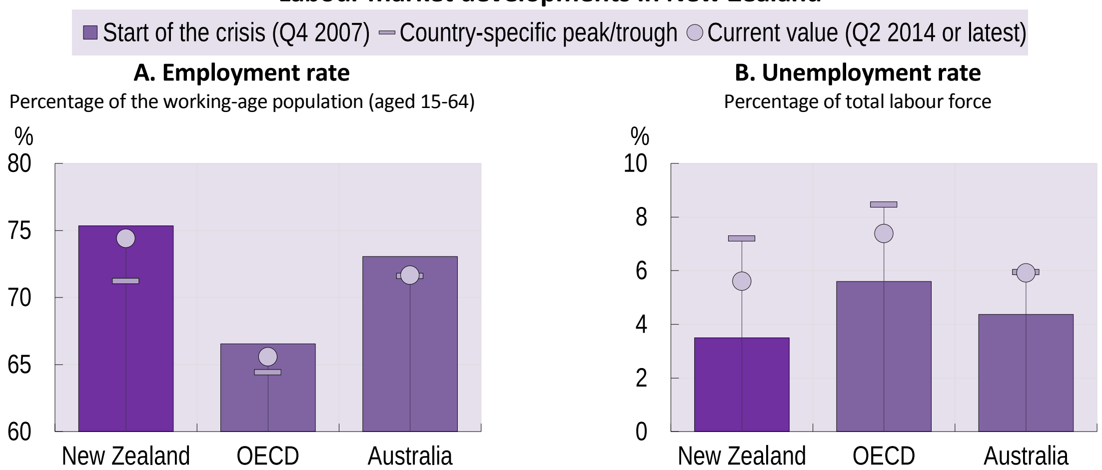
OECD Employment Outlook 2014

The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

DOI: [10.1787/empl_outlook-2014-en](http://dx.doi.org/10.1787/empl_outlook-2014-en)

Labour market developments in New Zealand



Note: OECD employment rates are calculated for the 15-64 age groups and are therefore around 10 percentage points higher than the rates published in New Zealand which refer to the entire population aged 15 and over.
Source: OECD Short-Term Labour Market Statistics (database), (http://dx.doi.org/10.1787/data-00046-en).

Unemployment is back on a downward path in New Zealand and employment is returning to pre-crisis levels

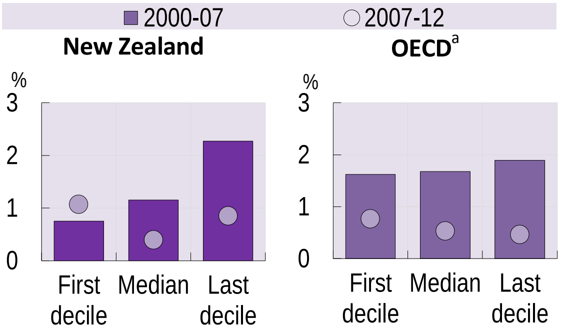
New Zealand was hit hard by the crisis but the economy has gained momentum and the labour market is improving. The employment rate has risen steadily in the past two years and has reached its historical pre-crisis high. Consequently, unemployment has fallen. At the peak of the downturn, the unemployment rate was close to 7% or twice its pre-crisis level, but, by the second quarter of 2014, it had fallen to 5.6%. Youth unemployment, which reached almost 20% during the crisis, has also fallen considerably to 14%, just around the OECD average. The NEET rate (the share of young people not employed and not in education or training), at 11.4%, is still somewhat higher now than it was in 2007.

Wage moderation has helped to share the costs of the crisis more equally

The rise in unemployment affected all groups of the labour force, with the biggest increase for the low-skilled population for which recent improvements have been modest. Slower real wage growth in the past few years may have helped to limit the extent of job losses as a result of the crisis. Real median earnings grew at only 0.4% annually in the period 2007-2012, down from 1.2% in the pre-crisis period 2000-2007. The biggest drop in wage growth occurred for earnings at the top decile, down from 2.3% per year before the crisis. At the low end of the earnings distribution, real wage growth remained broadly unchanged. Consequently, the trend increase in earnings inequality came to a halt during the period 2007-2012.

Real earnings growth, 2000-2012

Average annual growth in real earnings at different deciles of the wage distribution during 2000-07 and 2007-12



Note: Estimates based on gross earnings of full-time wage and salary workers. Further information on sources and definitions can be found at: (www.oecd.org/employment/outlook).

a) Unweighted average of countries of 27 OECD countries (excluding Estonia, Iceland, Luxembourg, Mexico, the Netherlands, Slovenia and Turkey).

Source: OECD calculations based on the OECD Earnings Distribution (database), (http://dx.doi.org/10.1787/data-00302-en).

Differences in termination costs across employment contracts have been narrowed

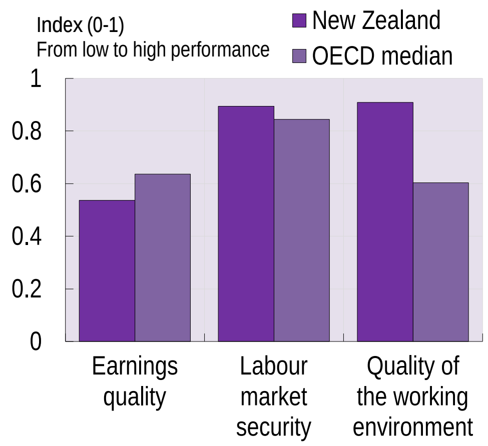
The 2014 *Employment Outlook* contains an extensive analysis of non-regular employment (i.e. employment that does not involve a permanent or open-ended contract) in OECD countries. In New Zealand, about one in ten workers are temporary employees whose job only lasts for a limited time or until the completion of a project. This figure is close to the OECD average, the only difference being that half of this group are casual workers who work on an as-needed basis (the other half has a temporary or fixed-term contract or a contract with a temporary-employment agency). In order to avoid growing labour market segmentation, New Zealand has implemented reforms to reduce differences in termination costs across employment contracts while maintaining various forms of temporary contracts to provide the flexibility needed by firms.

Indicators on job quality suggest the quality of the work environment is high in New Zealand

The 2014 *Employment Outlook* puts forward a new framework for measuring job quality along three dimensions: earnings quality (level of earnings and degree of inequality); labour market security (risk of job loss and income support available); and quality of the working environment (work demands and conditions, and resources and support available to cope with work demands). Creating jobs is critical to tackle unemployment but the quality of these jobs also matters for improving well-being and for assessing labour market performance.

Overall, New Zealand's performance in terms of job quality puts it in a middle group of OECD countries. It ranks the 3rd highest among 32 countries in terms of the quality of the working environment (after Sweden and Norway; Australia being in 8th position). It also does relatively well in terms of labour market security due to a moderate level of risk of unemployment, although it has a below-average position in terms of the generosity of income support available in the event of job loss. It performs less well in terms of earnings quality because of a relatively low average wage when expressed in internationally comparable units of purchasing power.

Job quality and job opportunities (2010)



Source: OECD Employment Outlook 2014.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on New Zealand, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org) or Christopher Prinz (+33 1 45 24 94 83; christopher.prinz@oecd.org) from the OECD Employment Analysis and Policy Division.