



## LABOUR MARKET STATISTICS: A PROGRESS REPORT AND DISCUSSION

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### Abstract

*This brief report includes the background document prepared for conference delegates. It then lists the current labour market statistics produced by Statistics New Zealand outlines proposals for developments in labour market statistics, considers what the department can definitely do, and then what it might possibly do.*

In 1989 there was a review of labour market statistics, one of the standard reviews of subject-matter statistics carried out under the provisions of the Statistics Act. There was also the Income and Wealth Statistics review in 1991 (among its recommendations was the Household Labour Force Survey (HLFS) income add-on).

On 9 December 1991 there was a meeting held to look at the limitations of current labour market statistical collections. The idea was to bring together experts on the New Zealand labour market who had a working knowledge of current collections. This committee comprised representatives from the following organisations: Reserve Bank, BERL, Economic Consultants, Health, NZIER, Auckland University, Women's Affairs, The Treasury, Department of Labour and State Services Commission.

The committee identified a number of areas that needed more work. Examples included longitudinal measures, dynamic measures of source of new employees, boundaries of the labour market, the need to re-evaluate the role of women, better accuracy in the QES and the need to identify the inadequacies of migration data. It was suggested a small taskforce be set up.

In May 1992 the department established a Labour Market Statistics Unit, staffed by Dennis Rose and Chris Pike on a half-time basis. Their central function was to determine statistical needs relating to labour supply and demand in New Zealand. They consulted widely. They devised a framework against which they compared available statistics in New Zealand and in other countries, particularly Australia and Japan. The structure was as follows:

#### Labour as a productive unit

- Labour inputs to the formal economy
- Forms of work participation
- Quality of working life
- Informal economy

- Labour as a source of income and means of participation
  - Labour as a source of household income
  - Labour as a means of social participation
  - Special cases of particular groups

#### Labour supply and labour market functioning

- Demographic factors influencing labour supply
- Patterns of labour force participation
- Education and training
- Industrial relations
- Labour market in relation to social policy

A report, known as the Rose report, was published in October 1992, and circulated widely for comment. It was discussed at the Fifth Conference on Labour, Employment and Work in November 1992 (Rose and Brown, 1993).

At the same time as the Rose report was being written, a report on Strategies for Monitoring Industry Training Effort and Outcomes in New Zealand, known as the Callister report, was being developed. It was published in November 1992. The background to this review was the introduction in 1992 of the Industry Training Act. In April 1992 an inter-agency committee discussed the possibility of setting up a project to develop a comprehensive approach to data collection for the purposes of monitoring the government's Industry Skills Training Strategy, and more broadly, to monitor training in enterprises in New Zealand. A number of recommendations in the Callister report, some of which were endorsed in the Rose report, involved making changes to Statistics New Zealand surveys.

#### Seeking expansions of labour market statistics

Indicative costings of the recommendations contained in the Rose and Callister reports were done, and a draft departmental response to the reviews was prepared. In December 1993 a meeting was held with the Department



of Labour, Social Welfare, Education, Women's Affairs, Te Puni Kokiri, The Treasury and Youth Affairs. They took the proposals contained in the department's response to the Rose Report and prioritised them.

The top seven proposals were then further developed. Position papers were written for each and these were informally circulated for comment, more detailed costings were done, and eventually a draft cabinet proposal was put together for consideration by government.

The cabinet paper first went to The Officials Committee on Education, Training and Employment. At this point the Treasury agreed to the recommendations but did not agree to the request to fund them. Subsequent discussions with the Minister of Finance have indicated that the proposals may be eligible for new initiative funding in 1994-95 and the proposal is being further developed for government consideration.

The six proposals to be considered in the submission, in order of priority are:

1. Collect information on recent income from wages and salaries, and transfer payments, from the Household Labour Force Survey.

Originally it was intended that income would be asked in every quarter, but respondent resistance to supplying income meant that this would be too much of a risk to the survey's response rates, and too much of a burden on respondents. The income questions will be included in the June quarter.

2. Data on participation in education and training.

This will also be a supplement to the HLFS, to be run every second year in the September quarter. Users will be consulted shortly to whittle down a big wish list into a manageable supplement size.

3. Feasibility studies for the collection of new enterprise-based statistics.

Two topics of high priority in this broad area of firms behaviour relate to more comprehensive information on employment contracts, and new information on employer training activity. The latter is required to monitor the level of industry training effort over time, and to evaluate the impact of the Industry Training Act and other recent training initiatives

4. Improvements to the range and quality of HLFS data.

A small number of highly desirable improvements to the core HLFS have been identified. These include, more accurate data on the long-term unemployed, more information on educational qualifications, the extent of underemployment and the non-labour force activities of all respondents (not just those not in the

labour force at present). Households and family statistics will also be developed.

5. Improvements in the range and quality of Quarterly Employment Survey Data.

The QES sample is due to be updated, and the opportunity will be taken to review the content and scope of the survey. The department believes a number of improvements are needed to enable the survey to better meet its objectives. The most important improvement is likely to be extending the sample to very small businesses - aggregate trends in employment can no longer be reliably determined without information from firms below the current size threshold. The costs of extending industry coverage in the survey will also be investigated.

6. Development of a new survey to collect information on the distribution of employee earnings

One of the objectives of the introduction of the Employment Contracts Act, and the movement from centralised wage-setting to decentralised enterprise-level bargaining, was to promote greater flexibility in wages, hours of work and other conditions of employment. A feasibility study to see what is required to obtain information to measure 'flexibility' is planned.

### Labour market statistics<sup>1</sup>

Statistics New Zealand currently produces eight series of statistics which are directly relevant for labour market analysis. They include the Population Census, the Household Labour Force Survey, the Quarterly Employment Survey, the Annual Business Directory update, the Labour Cost Index, the 1992 and 1993 Employment Contract Surveys, Work Stoppages and the Annual Labour Report.

The proposals in the priority order determined by Statistics New Zealand include the following:

- \* Information on recent income from wages and salaries, and transfer payments
- \* Data on participation in education and training
- \* Firm behaviour (feasibility study)
- \* Improvements in the range and quality of Household Labour Force Survey data
- \* Improvements in the range and quality of Quarterly Employment Survey data
- \* Distribution of employee earnings (feasibility study).

Budget constraints mean that Statistics New Zealand has to set priorities. Of the many requests made there are some



steps that can definitely be taken. These include modifications to the Population Census in 1996 to include questions on unpaid work, improving the qualifications question and ensuring that the census questions have greater coherence with the Household Labour Force Survey.

Another initiative is to set up capacity within the organisation to conduct supplementary surveys to the Household Labour Force Survey. A further planned step is to include productivity measures in the labour input series, to give greater attention to integrating data bases (the Economics Statistics Strategy), and to provide improved access to data via the provision of research facilities

In addition to the above initiatives there are a number of steps Statistics New Zealand might possibly do. These include a general upgrade of statistics on the labour market, the development of supplementary household surveys and 'contract' surveys. In addition there is the possibility of using IRD data (IR 68's) for wage and salary data.

## References

- Rose, D. and P. Brown 1993 Review of labour market statistics. In Morrison, P.S. (ed.) 1993 *Labour, employment and work in New Zealand. Proceedings of the Fifth Conference*, Geography Department, Victoria University of Wellington. 156-169.

## Note

1. This section is based on the overheads at the conference.

## Author

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