



Asia Pacific Federation of Human Resource Management

New Zealand Report – September 2011

www.hrinz.org.nz

Economic Profile¹

New Zealand is a parliamentary democracy situated in the south west Pacific. It has a population of around 4.3 million in a country similar in land area to Japan. New Zealand has a market economy with sizeable manufacturing and services sectors complementing a highly efficient export-oriented agricultural sector. Exports of goods and services account for around one third of real expenditure GDP. New Zealand's high proportion of winter sunshine hours and considerable rainfall provide an ideal resource base for pastoral agriculture, forestry, horticulture and hydro-electricity generation. Hydro-electricity provides a relatively cheap source of energy and has allowed the development of energy-based industries such as aluminum refinement. New Zealand is also a popular overseas visitor destination and tourism is an important source of export income.

The economy was weaker than we expected in mid-2010 even allowing for extraordinary events. Further recession is likely to be avoided as real GDP has risen in the December 2010 quarter, although weaker than previously forecast. The outlook for 2011 is more positive than 2010, largely owing to the Rugby World Cup, earthquake reconstruction and high commodity prices.

The recovery in the New Zealand economy stalled in the middle of last year as real GDP fell in the September 2010 quarter for the first time since the 2008/09 recession ended. The recovery from this recession has undershot our expectations, only partly due to events such as the earthquakes in the Canterbury region. Domestic demand has been softer than we expected, despite the incentive for a pre-GST spend-up, owing to greater caution being shown by households, farms and firms.

As the Treasury prepares its Budget Economic and Fiscal Update, there are a number of issues that will influence the New Zealand economy in 2011. Key amongst these is the global economic and financial environment, which will remain an important determinant of New Zealand's fortunes. In particular, inflation concerns have begun to develop worldwide, sovereign debt and banking sector concerns remain in the Euro area, and weak housing and labour markets are constraining consumption growth in many advanced economies, particularly the US.

In New Zealand, key issues for the economy in 2011 include one-off events such as the hosting of the Rugby World Cup, earthquake recovery work, and the current La Nina weather pattern. Uncertainty surrounds other key influences such as saving behaviour and the exchange rate. At this stage, the outlook for real economic growth in calendar year 2011 is looking better than what was experienced in 2010. Price developments, particularly the terms of trade, will also be important. As a result, although data have been weaker than expected, the overall outlook for 2011 may not be materially different from that presented in the Half Year Update 2010.

¹ www.treasury.govt.nz

Current Trends

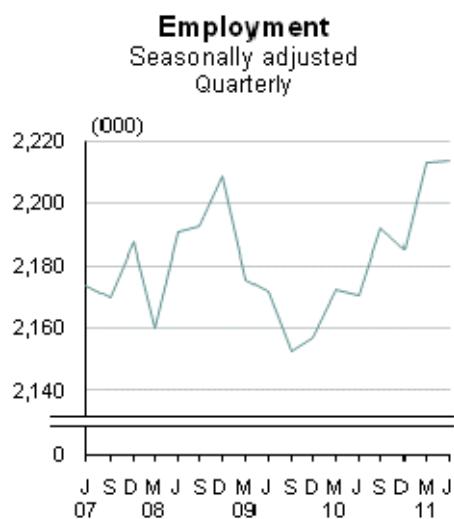
Employment Data²

In the June 2011 quarter:

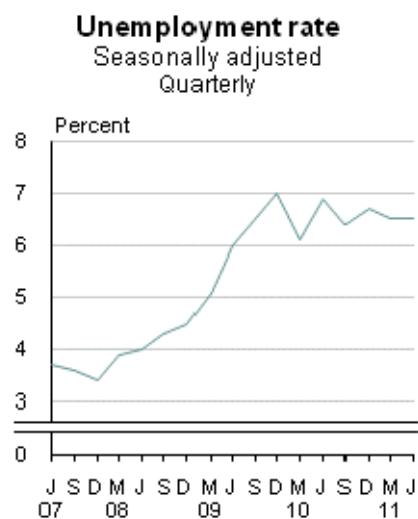
- Seasonally adjusted unemployment was unchanged at 154,000.**
- The seasonally adjusted unemployment rate remained the same at 6.5 percent.
- Seasonally adjusted employment increased slightly by 1,000 to 2,214,000.
- Unadjusted movements for key labour market outcomes in the Canterbury region moved in a different direction from the national estimates, when compared with the June 2010 quarter.

Seasonally adjusted	June 2011 quarter	Quarterly change	Annual change
Unemployment rate	6.5%	0.0	-0.4
Unemployed	154,000	-0.1%**	-3.7%
Employed	2,214,000	0.0%	+2.0%
Not in the labour force	1,096,000	+1.4%	+0.3%
Labour force participation rate	68.4%	-0.2	+0.3

**Due to rounding there is no level change but there is a quarterly percentage change.



Source: Statistics New Zealand



Source: Statistics New Zealand

² www.stats.govt.nz

Survey of Working Life³

Almost two-thirds of employed people in New Zealand (62.7 percent) say they usually work all their hours at standard working times, between 7am and 7pm, Monday to Friday. Results from the Survey of Working Life also showed that 59.2 percent of employed people who worked in the four weeks prior to the survey interview had done so at a non-standard time at least once in that period.

Of those who had worked at a non-standard time, it was most common to have worked in the weekend (85.4 percent). Over half (56.5 percent) of those who had worked at a non-standard time had done so more than five times in the last four weeks, while 36.2 percent had worked at a non-standard time on more than 10 occasions.

The survey found that 9.4 percent of employees were temporary employees. Over half of these (52.0 percent) were further classified as casual workers. Of all temporary employees, 55.6 percent were female. This compared with 46.0 percent of all employed people.

Of all employees, 57.9 percent were on an individual employment agreement, 26.8 percent were on a collective employment agreement, and 15.2 percent were not aware of being on any agreement or did not know what type of agreement they had. Around half of employees (47.4 percent) had (or sometimes had) flexible hours in their main job, 21.9 percent of employees had done some of their work from home in the past four weeks, and 30.9 percent had undertaken employer-funded study or training in the last 12 months.

Most employed people (84.1 percent) were satisfied or very satisfied with all aspects of their main job. Around three-quarters (75.8 percent) of employed people reported being satisfied or very satisfied with their work-life balance. Satisfaction with work-life balance decreased as usual hours worked increased.

GDP Update⁴

Gross domestic product (GDP) was up 0.8 percent in the March 2011 quarter, following a 0.5 percent increase in the December 2010 quarter. The increase in the latest quarter is the largest since a 0.9 percent rise in the December 2009 quarter.

In the March 2011 quarter, the increase in economic activity was due to a 0.5 percent rise in the services industries, and a 1.4 percent increase in the goods-producing industries. Activity in the primary industries fell 0.6 percent, partly offsetting these increases.

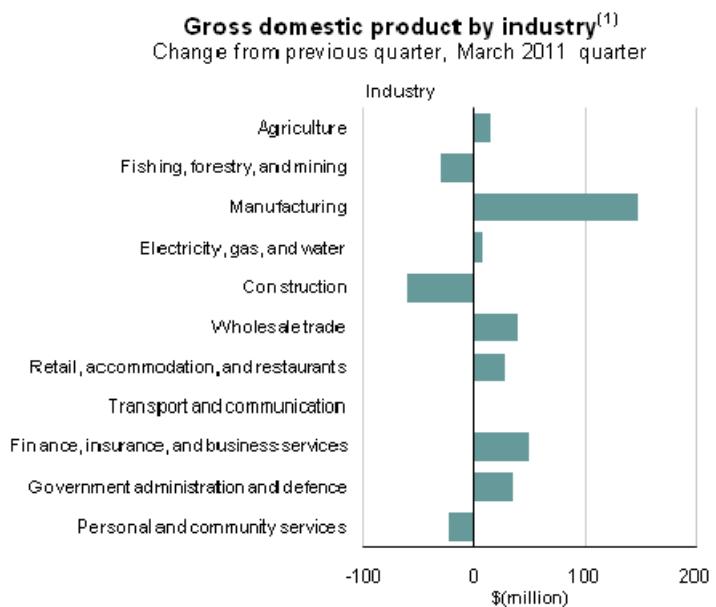
The main movements by industry this quarter were:

- Manufacturing (up 3.6 percent) – machinery and equipment manufacturing was the largest contributor to the rise this quarter.
- Finance, insurance, and business services (up 0.5 percent) – driven by a 1.0 percent increase in real estate and business services.
- Wholesale trade (up 1.5 percent) – the sixth consecutive quarter of growth.

³ *ibid*

⁴ *ibid*

- Government administration and defence (up 2.1 percent) – the largest increase since a 2.3 percent increase in the December 2008 quarter.
- Construction (down 4.3 percent) – follows a 0.5 percent rise in the December 2010 quarter, and is the largest fall since a 5.5 percent fall in the December 2008 quarter.



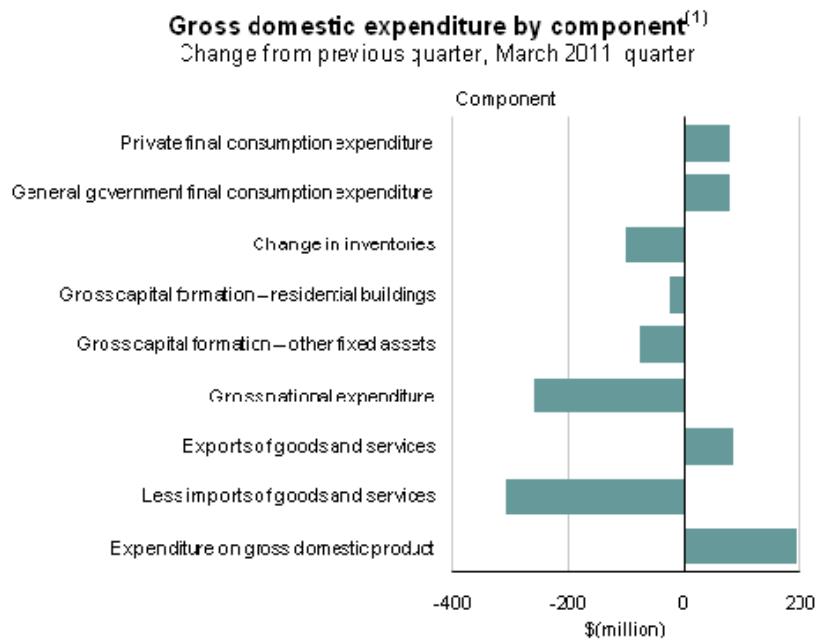
1. Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Source: Statistics New Zealand

Economic activity for the year ended March 2011 was up 1.5 percent when compared with the year ended March 2010. Activity in the March 2011 quarter was 1.4 percent higher than in the March 2010 quarter.

The expenditure measure of GDP rose 0.6 percent in the March 2011 quarter. The main movements in the expenditure measure of GDP this quarter were:

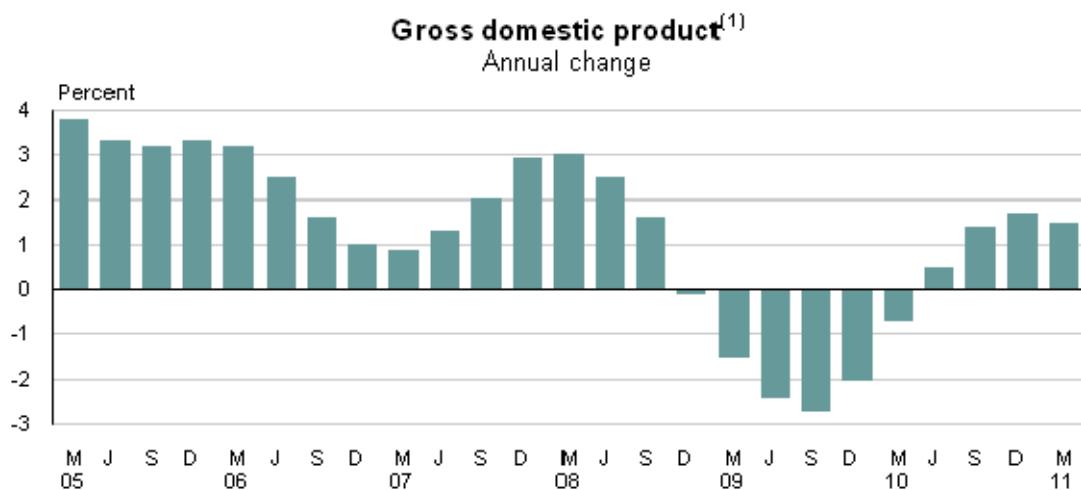
- Exports (up 0.8 percent) – increased exports of dairy products were the main contributor to the rise in the March 2011 quarter.
- General government final consumption expenditure (up 1.2 percent) – both central government and local government expenditure increased this quarter.
- Household consumption expenditure (up 0.4 percent) – household expenditure on durable goods was up 2.9 percent.
- Imports (down 2.4 percent) – lower imports of passenger motor cars and intermediate goods were the largest contributors to the fall.
- Gross fixed capital formation (down 1.3 percent) – a decline in non-residential building investment was the largest contributor this quarter.



1. Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Source: Statistics New Zealand

For the year ended March 2011 expenditure on GDP was up 1.8 percent when compared with the year ended March 2010.



1. Actual chain-volume series expressed in 1995/96 prices.

Source: Statistics New Zealand

Impact of the 22 February 2011 earthquake on GDP. The 22 February earthquake was centred 10 kilometres southeast of the centre of Christchurch. It caused widespread damage to Christchurch, especially in the central business district and the eastern and hill suburbs. While many businesses suffered major damage and remain closed, others were either unaffected or were able to resume business (though on a reduced scale or from different premises) soon after the earthquake. Most

businesses in the region will have been affected by the earthquake, but the size and duration of this effect will vary considerably.

Activity in the construction industry fell this quarter, due to decreases in residential and non-residential building. A significant decrease in building activity in Canterbury, as discussed in the Value of Building Work Put in Place: March 2011 quarter information release, contributed part of the fall in construction activity this quarter.

Some Canterbury respondents reported adverse affects in the Retail Trade Survey, Wholesale Trade Survey, and Economic Survey of Manufacturing. However, response rates and imputation rates for Canterbury respondents to these surveys were close to normal levels so the quality of national estimates is sound.

The output of government in the production measure of GDP uses inputs such as compensation of employees as its indicator. Government services increased in the March 2011 quarter. Part of this increase was due to civil defence and emergency management activity.

The expenditure measure of GDP includes government expenditure on administration, health, and education (which are separate industries on the production side of GDP). Both central and local government expenditure increased this quarter, with some of this rise related to the 22 February earthquake. Part of the local government increase was related to earthquake clean up, and some of the rise in central government was due to increased expenditure on Civil Defence and the Earthquake Commission.

The change in inventories component should only include changes due to economic activity. Stock lost or written off as a result of the 22 February earthquake are not related to economic activity and were therefore not included in the calculation of change in inventories in GDP. Additional data was sought from nearly 800 Canterbury businesses on the value of stock lost in the earthquake. This information was used to adjust the change in inventories to only include economic changes.

Update on the HR Institute of New Zealand

Leadership

President: Ms Catherine Taylor

Vice Presidents:

- Ms Debbie Dawson
- Mr Tony McKone

Governance and Committees⁵

Supporting the Board and Executive, the HRINZ has four standing panels and committees for engaging with the academic sector, accreditation of members, managing research and publications and partnering with training and education partners in pursuit of membership services excellence. Details may be found following the links below.

- [National Board](#)
- [Executive Committee](#)
- [Academic Grading Panel](#)
- [Practitioner Grading Panel](#)
- [Research & Publication Committee](#)
- [Education Enhancement Programme](#)

Membership

Membership stands at approx 3900 which is approximately 52% of the HR sector in New Zealand. The Institute only offers individual membership of which there are two main categories:

- **General Members** are people who are interested or involved in some aspect of Human Resources management and development.
- **Professional Members** are members who seek and gain the institute's formal recognition and accreditation of their skills, knowledge and experience in Human Resources management and development. This group is growing at 12.5% pa and stands at just under 10% of the Institute.

The first level of Professional Membership is recognised with the suffix - **MHRINZ** (Generalist and Specialist). The second level of Professional Membership is when the member is subsequently recognised by the institute and can advance to become Associate Fellows - **AFHRINZ** - and Fellows - **FHRINZ** - in recognition of outstanding contribution to Human Resources and the institute.

Professional Membership. Accreditation is an important membership step. It demonstrates that a Human Resources practitioner has satisfied the institute that they have particular qualifications and experience and possess an ongoing commitment to professionalism and excellence. Accreditation also provides a visual reminder to others that the member has advanced skills and knowledge in Human Resources Management.

Professional Members have full rights to participate in the activities and affairs of HRINZ, including the right to hold membership of the National Board and various other governance roles in the institute. Professional Members are presented with a certificate to recognise their status and may use the letters **MHRINZ** to denote Generalist Member or **SHRINZ** to denote Specialist Member, after their names.

Fellows. Associate Fellows will have had Professional Membership status for at least two years and who have been recognised by their Branch peers as having been actively involved as an influential leader in the HR community and branch. Fellowship of the institute is only granted to leaders in the HR Industry

⁵ www.hrinz.org.nz

who have had Professional Membership status for at least five years and satisfies the Board of a high standard of personal integrity and professional competence; and has made an outstanding contribution.

Social Media

HRINZ uses social media to reach members with regular updates being made most weeks on twitter, Facebook and HRINZ blogs. Linked In also features HRINZ discussion groups

Academic Linkages

The inaugural Research Forum was held in Auckland in November 2010 and a Post Graduate Research Event will be held in September. These initiatives are hosted by the HRINZ Academic Branch and enable effective linkages and networking between practitioners and applied HR research work by Academics and students from New Zealand universities.

Professional development Update

HR FOUNDATIONS

HR Foundations is a three day workshop that familiarises participants with Human Resource management practices in a wide range of functions.

Level: Introductory/Refresher

Wellington: 21-23 September

Auckland: 16-18 November

REFRESH HR

Studying HR theory is important, but HOW you apply it once you are in the workplace can make the difference in being an average or an exceptional HR professional. Each Refresh HR workshop covers one key area of HR and ensures you learn the key points you need to know to develop your HR skills. The content includes employment legislation, case law, real life case studies and best practice. Throughout the workshop there will be discussions, quizzes, real situations to analyse and a focus on practical tools and techniques that you can use.

Level: General / Mid Level Practitioner

Auckland 6 October Restructures & Redundancy

Auckland 3 November HR Planning & Advice

Wellington 12 October Remuneration & Rewards

Wellington 12 October Advanced Employment Relations (New Topic)

Dunedin 9 November The Disciplinary Dilemma 1: Dealing with Performance Issues

Dunedin 9 November Remuneration & Rewards

STRATEGIC HUMAN RESOURCE MANAGEMENT

Strategic HRM is an intensive 3 ½ day residential course designed to provide managers with a powerful and practical framework to enable them to gain a competitive advantage from their workforce.

Level: Advanced

2011 Dates: (To be confirmed)