

Unemployment rate on the rise

Contributed by Hemant
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New Zealand's unemployment rate has risen to its highest level in five years in a sign the recession is now starting to bite.

The third quarter increase from 3.9% to 4.2% was slightly better than some market forecasts, leading the kiwi dollar to rise on the news.

However economists say the unemployment rate is likely to deteriorate further in coming months and they don't think Thursday's number will deter the Reserve Bank from another big interest rate cut.

A week ago, Ben Walter was an IT professional, but now he's a job-hunter - made redundant by a company squeezed by the financial crisis

"Keeping busy, keeping my mind off the fact I'm unemployed at the moment which is an interesting feeling after 10 years of employment," says Walter, a technical specialist.

In September, the unemployment rate went up to 4.2% with 94,000 people unemployed, 16,000 more than a year earlier.

And as the global financial crisis hits home, from sawmills to the IT world, there are fewer jobs to go around.

"I've just noticed that they've decreased a lot lately, both contracting and permanent jobs, so the whole market's starting to shut down a little bit by the looks of it," says Walter.

The latest figures are brighter than economists predicted, but they say there's worse to come.

"I think over the coming year retailing is still going to get weaker, and especially industries related to tourism with a decrease in the number of people coming to New Zealand," says Tony Alexander.

Unemployment is worse in the North Island compared to the South. And the male unemployment rate is higher than the female rate for the first time in seven years.

The male unemployment rate increased by 0.3 percentage points to 4.2%, while the female unemployment rate increased by 0.1 percentage points to 4.1%. That could be because in construction, where the boom has turned bust, a lot of workers are being laid off. Male employment fell by 5,000 and female employment rose by 8,000. This follows a number of large changes in female employment in recent quarters.

The number of people employed increased by 3,000 (0.1%) over the period.

Job-hunters, hoping the analysts are wrong, still hope the labour market is set to perk up.