

# The Jobs Letter

No. 108

24 September 1999

*Essential Information on an Essential Issue*

## KEY

HAZEL HENDERSON

PROVINCIAL WAKE-UP CALL

JOBS NUMBER ONE

STEVE MARSHALL

WINZ OVERWORKED

LABOUR WINZ POLICIES

## DIARY

6 September 1999

NZ is producing fewer university degree graduates than other OECD nations. Auckland University professor and pro vice-chancellor Dame Anne Salmond believes that the NZ university system has been run down over the last decade. Salmond says she is frustrated as she visits universities in other countries and sees they are well funded and have serious roles as economic engines. She says the government's Bright Future package is a good idea but that it's only a toe in the water. She says we need to start benchmarking ourselves with other developed countries because we are falling drastically behind.

Wages in NZ have grown on average 2.3% over the last year, according to Statistics NZ.

PricewaterhouseCooper says that directors of NZ companies are not paid enough to attract top directors from overseas to sit on boards. A survey of NZ boards of directors by Korn Ferry says that on average, non-executive directors of NZ companies earn on average \$1,300 per day while in Australia they average \$2,400.

7 September 1999

Labour releases its industrial relations policy that would see the replacement of the Employment Contracts Act with the Employment Relations Act. The ERA would safeguard workers rights to organise and bargain collectively by allowing them to strike in

- **The Portal report** was commissioned by local government leaders in the central North Island who were concerned about the social and economic state of their communities compared to the rest of New Zealand. The report focussed on "Zone 2" of the Local Government regions — which includes the Waikato, Thames/Coromandel, Bay of Plenty, Taupo and Gisborne regions. The results: **a wake-up call for rural and provincial New Zealand.**

Using an impressive array of statistical data, the report analysed changes in demographic structures in the region, changes in educational achievements and the state of employment and unemployment, changes in income, housing prices, business and occupations, and indicators of social well-being such as crime, housing, health status and the voluntary sector. The survey shows that, over a ten-year period, this region has fallen behind the rest of New Zealand in terms of its social and economic quality of life. Specifically:

- there is a reducing proportion of young people in the region
- there are increasing levels of dependence
- the population is less well-educated, with this trend increasing
- the economy of the region and the social well-being of the residents is falling behind the rest of New Zealand
- there are increased disadvantages for those living in rural area and small towns
- there are marked disadvantages for the health, education and employment for young people in the region

(Source — Provincial/Rural Impact Study prepared for Zone 2 of Local Government NZ by Portal Consulting and Assoc. March 1999)

- **Local Government NZ** has seized upon the report and has resolved to alert central government about the issues raised. It wants to also challenge political parties to address rural and provincial issues in the coming election debates. The mayor of South Waikato District Council **Gordon Blake** says we have to take "a long hard look" at where successive governments since the mid-Eighties have taken the country.

Blake: "There are problems with the population centralising into Auckland with all its infrastructural hassles. The Government can set the scene which makes it just as easier for businesses to operate in Tokoroa, Gisborne, Taranaki, the South Island or wherever. In many of these areas there are ample and good facilities in place to cope with an increase in population and business activities. Often it would be cheaper — for a whole host of reasons — for businesses to relocate to the regions.

"Governments in recent times have just been ignoring these options. There needs to be a total rethink in the way we are planning things like economic development and training programmes. We need to sit down together and look at it in a partnership way..."

- New Plymouth mayor **Claire Stewart** agrees, and says that many mayors have carried the message to central government that provincial areas are struggling. Stewart: "More councils are having to be enterpris-

**The Jobs Letter** : ESSENTIAL INFORMATION and MEDIA WATCH on JOBS

EMPLOYMENT, UNEMPLOYMENT, the FUTURE of WORK, and related EDUCATION and ECONOMIC issues

**The Jobs Letter** , P.O.Box 428, New Plymouth, New Zealand. ph 06-753-4434, fax 06-758-3928, email editor@jobsletter.org.nz

# The Jobs Letter

## DIARY

pursuit of multi-employer contracts, it would require good faith bargaining by both employees and employers and it would give unions the sole right to negotiate collective agreements. Spokesperson Michael Cullen says the ERA would not reintroduce compulsory unionism or pressure workers to join unions. Labour PM Pete Hodgson says the new act would provide rights to workers whose employers circumvent industrial relations regulations by requiring them to sign five to ten year contracts. The policy will also see a strengthening of the Employment Tribunal to deal with bad faith bargaining and would allow unions easier access to workplaces.

The government, the Employers Federation and the Act Party condemn the Labour industrial relations policy as a return to a union dominated workforce and an invitation to industrial strife. In contrast, the Council of Trade Unions says the policy redresses the imbalances of the Employment Contracts Act.

8 September 1999

The current account deficit remains approximately static at around 7% of gdp. The deficit for the year is \$1.7 billion, the largest in ten years.

Jim Anderton says NZ should put a 5% tariff on all imported goods, except those from Australia, in order to halt the balance of payments deficit. Anderton says the move would also encourage NZ industries and promote job growth. He says the cost to consumers would add less than 1% onto their grocery bill.

9 September 1999

The Alliance says it will halt interest payments on student loans immediately on becoming government and would hold an inquiry into how to deal with the outstanding student debt. He says that at between 7% and 8% interest, the current scheme is milking students and that in the UK and Australia students paid no more than the rate of inflation for their loans.

US Trade Representative Charlene Barshefsky says the single greatest threat to trade liberalisation is the lack of public support. Barshefsky acknowledges there is a growing distrust in both developed and developing

ing in employment and tourism in an effort to turn things around ... but we've been doing it on our own, with no help from successive governments. We can't gloss over the fact that provincial New Zealand is in crisis. We urgently need central government and the private sector to work with local government to turn the tide. Without a comprehensive nation-wide effort, the bleeding of provincial New Zealand will become terminal ..."

- Unemployment has returned as **the No.1 concern for people** in the coming election, according to a *New Zealand Herald*/DigiPoll survey. Health services and concerns about crime and law and order are also in the top issues for voters.
- That employment is top of the pressing concerns of the electorate is surprising to a lot of people, according to **Steve Marshall**, Chief Executive of the Employers Federation. He says that people expect health, education or law and order to be of greater priority ... since these issues have been the subject of most debate by politicians and the media. To Marshall, this raises the question: If employment is the most important top-of-mind issue for New Zealanders, why do we see the **political parties and media playing it down?**

Marshall: "I suppose it's not dreadfully sexy and it's not as easy to trivialise as those other more emotive issues — but, more importantly, neither their policies nor track records can stand too much scrutiny, so it's not too clever for most to raise a profile in the employment stakes. Nowhere do I see any politician talking about the employment effects of welfare policy, of tax policy, of environmental policy, of accident compensation policy etc. Surely it's time that we did."

- Marshall told the Rotary Club of Port Nicholson that if you talk to business people and ask them why they are not growing their business and employing more staff, the responses are pretty standard. Marshall: "Sensibly, businesses will not create jobs which aren't there. They also won't take the risk of creating a new job which might be there if the cost of doing so is greater than the potential return, if it creates major additional compliance burdens or if the potential cost and disruption of it not working out are too high.

"Over the past 10 years we have seen some quite big moves in the right direction on employment policy — with some very impressive results. No, things are not all perfect ... and yes, we could be doing better — but, be assured, if we had not been given the Employment Contracts Act as a new industrial relations framework in 1991 we would be in a much worse position than we are today. How are people feeling about their lot? Beneficiaries, and unfortunately many of the elderly, continue to be pretty negative. In many areas the victim mentality is alive and well. But for those in employment, which is still the majority of the adult population, it's a very different picture..."

Marshall quotes an **AC Nielsen research survey** that reports 84% of NZ workers saying that they like their job, 75% are satisfied with their conditions of employment, 74% think their employer is OK, and 70% are feeling pretty positive about their job security.

(continued on page seven)

## INTERVIEW

# HAZEL HENDERSON in NZ

**HAZEL HENDERSON** was in Auckland during the Apec conference to speak to the inaugural conference of *Businesses for Social Responsibility* and also the *Reclaiming Apec* conference. She is an original and leading thinker on the new information economy, and is a lecturer and advocate for sustainable human development and socially responsible business and investment. Henderson is also the author of five books including the most recent "*Building a Win-Win World*".

She serves on many influential boards, including the Worldwatch Institute, World Futures Studies Federation (Australia and Philippines), Calvert Social Investment Fund, Cousteau Society, Council on Economic Priorities, The New Economics Foundation (London, UK), and WeTV (Ottawa, Canada).

While in Auckland, Hazel Henderson spoke to *The Jobs Letter* editor Vivian Hutchinson on the continuing challenges of the global economy, and the future of work and livelihood.

**The Jobs Letter: What are you seeing in the next ten or twenty years? Where are the jobs? Where are the livelihoods for people going to come from?**

*Hazel Henderson:* Well I think that certainly you have posed this question right — when you look at a really integrated model, it is a question of livelihoods *as well as* jobs.

I think a lot of us have come to the conclusion that we can't all sit around waiting for some multi-national corporation to offer us a job because it may not even be a job that will fulfill our life's purpose ... and so the livelihood thing is a much more juicy question.

For example, I think of all the women I know in the USA who are members of the National Association of Women Business Owners. This is a very powerful group of women and, as you probably know, women are creating new companies at twice the rate that men are.

Surveys that have been done of women business owners show that their motivations for going into business are real interesting. The number one motivation is to "make a difference with my life and to do what I want

to do". Another is a motivation to get around the glass ceiling: these women had suddenly realised that they were never going to be able to do what they wanted to do through one of these giant corporations. The interesting thing is that the motivation to make money was about number four. So a lot of the motivation was about becoming more able to express themselves creatively.

Most of these women started those businesses on their kitchen table and, together with the internet, figured out how to find markets for what they were doing. I remember a woman I met in the Seventies who had written a book about how to have worms eat your garbage. Back then everybody in the mainstream thought she was nuts. Now, she has a little company selling a worm kits ... and children love them! So I think that, in the future, jobs are going to come from some very surprising places that we can't even think of.

*"We have to capitalise the care economy — all these tasks around the community, the neighborhood and the household that are absolutely vital — Somehow, this is one of the big places where jobs are going to come from ..."*

— Hazel Henderson

**The Jobs Letter: What are some of the trends that you are seeing at the moment?**

**Writers like Jeremy Rifkin are saying that we are seeing the end of mass employment and the huge growth of an underclass who really don't have the skills to jump into the self employment market. What sort of future are we looking at for those people?**

*Hazel Henderson:* Well I think that I agree with Jeremy Rifkin. In fact I have used the same model in my own writing.

We have to capitalise the *care economy* - I have also called it the *love economy*. We are all familiar with all these tasks around the community, the neighborhood and the household that are absolutely vital, whether its taking care of the young, the old, home based care — that sort of thing. Somehow, this is one of the big places where jobs are going to come from.

There is a group that I am an advisor to in the US called the *Alliance For A Caring Economy* and their message, which I think is absolutely valid, is that the future is all about social inventions and social innovations. They point out: Why is it that we have this huge military economy and we don't have a huge caring economy? It's just ridiculous really.

I think its all about re-imagining the shape of an economy because any economist will tell you that you can create jobs by digging holes in the ground and filling them up. You can also create jobs with a bond issue to build a new school or create jobs doing anything that we can imagine. Its just that we seem to have fallen into a very narrow trap of valuing just a few categories of things, which for, the US, includes making weapon systems.

The US economy got stuck in that old industrial policy that we never admitted — that our main industrial policy was based on the Pentagon. They have their tentacles in

## The Jobs Letter

every congressional district and when you try to cut the defense budget – the local communities in these districts respond with a call to “save our jobs”.

Yet I think there is a better understanding now among the general public that we need to invest in the caring economy. People are asking: Hey, why don't we have jobs doing meals on wheels and why isn't that important? Why isn't there home delivered health care to keep people out of nursing homes?

### **The Jobs Letter: Do you think local economic development are going to give us enough jobs?**

*Hazel Henderson:* I think its going to supply us with a piece of the puzzle. It's also going to have to rely initially on creating local currencies.

If you are living in a national economy where your money supply and your macro economy is run in such a way that you have got a constant deficit in the local community, then local communities in the short run just have to say: “Well, we are going to create some of our own chips to get into our own local markets”.

We are, at the moment, in the situation where you have all these large international banks which have a branch in the local community. People go and put their paycheck in there at the end of the week and don't realise that all that money will be vacuumed right up out of their community and put on the electronic funds transfer system to start a hotel that nobody needs in Bangkok or something.

Because of the global level of average interest rates, the local community can never get its own money back to support its own small businesses. So that means that even if you are interested in community economic development, which I am, you have also got to spend some time getting politicians to plug these loopholes where the money leaves the community.

I was up in Ithaca, New York, where they have been using a local currency quite successfully for a long time. It was really fun to be taken to lunch at a restaurant and have my friend, Paul Glover, who invented the system, pay for it in Ithaca dollars. You can generate a mortgage using Ithaca dollars and you can go to the health club. People soon get the idea of what money is and how it impacts on the local economy.

Wherever you don't have good macro economic management, people are going to reinvent local currencies. What so many people that I talk to don't know is that that's how we got out of the Depression in the US in the 1930s. All of our banks closed. The American people tend to be *can-do* types of people, and so if the coin of the realm is not being circulated and the banks are closed, then everybody just got about issuing their own scrip. I love to take around photographs of all of this scrip (which I use at conferences) just to show people that we all actually know how to barter and trade with each other and we can re-learn how to do this, from the garage sale and the bring-and-buy sale all the way up the line.

I was in Australia last year in December, when I met with one of the officials of a barter card company. This is the most sophisticated sort of intermediate-level barter that is going on now. It's a plastic credit card system

which last year turned over \$2 billion Australian in barter. It's members are merchants in small communities who are bartering services between these outback small communities, and it's all done on the Internet.

This company has just acquired a big barter group in Canada and I had no idea that these barter companies are so huge now! Basically it's another Ebay ([www.ebay.com](http://www.ebay.com), the internet trading auction company –ed). Everybody has really learned that what you can do on the Web is trade. You can trade using money if you want to ... but you can also use it to barter.

*" I say that when it comes to global trade, we shouldn't be shifting cakes around the world. At the global level we should be sharing recipes ..."*

— Hazel Henderson

### **The Jobs Letter: So you see the future of Green Dollars and LETS basically going on to the internet?**

*Hazel Henderson:* Oh yes. And going global at every level. I think we are going to end up with a whole multiplicity of currencies. We need a global currency. For things that have to be in global trade its good to have a global currency. But I think that also we need national currencies, unions of currencies and we need local currencies. I think that they all can co-exist. I think that the Euro, for example, is much too much of a straitjacket for those economies. It assumes the old economic frictionless model — that a worker who grew up in Belgium and speaks French can instantly go to Spain and get a job as a computer operator in a Spanish company. It is totally unrealistic.

I think that we have to have the Euro as a “*common* currency, not a *single* currency”. If you do want to use the Euro, you can have that in one pocket and then you can have the national currency also in your pocket *and* a local currency.

This is all to do with ecological principles. When we really learn to model our economic systems on nature we will find that that is they way that they work. In natural systems trade is done locally. When it comes to global free trade, we need to be careful about what should be done globally, and what makes more sense to be done locally. I say that when it comes to global trade, we shouldn't be shifting *cakes* around the world. At the global level we should be sharing *recipes*.

### **The Jobs Letter: The Multilateral Agreement on Investment (MAI) caused a great deal of alarm amongst community groups in this country. What was your position on that?**

*Hazel Henderson:* I think it was absolutely terrible – awful. I wrote a lot of articles that this was kind of a Bill of Rights for investors ... that was going to have influence over the rights of citizens and employees and nationals of a country. We have to watch that someone doesn't try to sneak the MAI in under the WTO or the IMF ... we have to be very vigilant to make sure that this doesn't happen.

Another approach is to try and design our own MAI, which would be a Bill of *Responsibilities* for investors. Investors don't just have rights, they also have responsibilities. That's another way to engage in the debate. We all know that rights come with responsibilities so where, please, are the responsibilities in the MAI? If you can get that fleshed out then that is something that NZ Businesses for Social Responsibility can probably really help with.

**The Jobs Letter: You've done quite a bit of work in recent years on national accounting and the way we account for things like GDP. How does this effect the employment agenda?**

*Hazel Henderson:* Its difficult to generalise because this relates to national accounting and it seems very arcane ... but this also tells you how important statistics are.

Here in New Zealand, a few years ago, you put a capital account into your GNP figures so that you carry on the books your public sector investments as if they were worth something ... in the way you would in an ordinary business. In the USA we finally did that in January 1996. We began to have an asset account of our public investments and, of course, that's why we have a so-called surplus. The incredible effect of that was that we sucked all the flight capital in from the rest of the world because we have this so-called surplus.

I was in Japan in the middle of 1998 where everyone was beating on the Japanese about their terrible indebted economy and all the rest of it. So I'm saying – look! You've got wonderful public infrastructure, you've got 98% literacy, you've got an enormous savings rate, you've got a huge positive balance of payments and trade balance. There is absolutely nothing wrong with the Japanese economy.

Why is it that you let all these Westerners come and tell you that you're in debt? Because, I think if you look at what's happened here – you've got these debts for all these wonderful public assets but you just haven't put them on the asset side of the budget. Put them on the asset side of the budget and everything is great.

*"Another approach is to try and design our own MAI, which would be a Bill of Responsibilities for investors. Investors don't just have rights, they also have responsibilities ..."*

— Hazel Henderson

I was also, about the same time, talking to a group of European Union policy wonks, asking them the same question. There they are trying to meet the 3% deficit requirement to join the Euro and they are slashing the social safety net, slashing the public budgets, putting people out of work, causing strikes – all of this. I'm saying – guess what? – you could meet that 3% number just with an accountant's stroke of the pen. Carry your assets on the budget and your budget is already balanced.

So you say to yourself – why could anything so absurd exist and yet you know why it is don't you? It's a paradigm problem. How are all those economists who made money out of messing around with GDP accounts – how do they admit that they're wrong?

So the point to job creation is that its hard enough creating jobs and having good job creation projects ... but if you are being sabotaged all the time on the national accounting front, which leads to your country unnecessarily slashing social safety nets, then you are always operating on an uphill basis.

**The Jobs Letter: When you look at the Asian economic meltdown last year, do you get fearful about the consequences that must occur as millions of workers don't have access to work and income any longer?**

*Hazel Henderson:* Yes. I think that it is explosive. What we saw with the Asian meltdown that that the whole Washington-led consensus on policies — export led growth, tear down the forests, mine out the social system, have the lowest wages that you can — was completely unsustainable.

I think we're seeing the explosion already in Indonesia. I think we are in for a lot of this kind of social unrest because people have been given these entirely unrealistic expectations.

You have a classic situation there where the whole Washington-led consensus model of economic, GNP measured, export-led growth is coming apart. Its completely counter-intuitive now. It used to be that a government would think "OK, I'm going to put up interest rates because that's going to protect my currency". Right now, if a country puts up its interest rates, then that's a "sell" signal for a currency trader. It's all backwards from what it was.

**The Jobs Letter: In this morning's paper, the lead article on the Business Page was that job creation was down in the US ... and the response from Wall St was to put stock prices up.**

*Hazel Henderson:* Exactly! Wall St and Main St are completely de-coupled. The way it's set up is you can simply make more money shuffling paper assets ... than you can from building a real factory to produce real goods and employ real people anywhere in the world. We have to heal that kind of split between the conceptual and all this theory and what actually happens in the real world.

**The Jobs Letter: Do you agree that more could be done to reform the tax system in terms of making it more job-friendly?**

*Hazel Henderson :* Well, you know I was very involved in the sixties in the whole idea of two approaches – guaranteed income which is the bottom of the end of the line, and ESOPs – employee/staff ownership programmes. Now these items are coming back onto the agenda. It's a scenario which Alvin Toffler (who is also a very old friend of mine) and Jeremy Rifkin and James Robertson have also been promoting. The fact is we set up technology to be about labour-saving. So that's where you are going to end up — without jobs.

## The Jobs Letter

We always thought that when people moved away from agriculture, they would move into the factories – no problem. Then, we closed the factories and automated them and said that people would move into the service sector. But, of course, what we're doing now is automating the service sector. So I think that we have to capitalise the care sector and what's now not on the agenda. And, in the meantime, we are just kind of chasing our tails because we're not pulling back and taking a wide view and looking at the whole economy.

A very key approach to the whole unemployment issue is the tax structure. I have been very much involved in the last ten years in promoting tax-shifting — where you tax the things you don't want (like pollution, waste and inefficiency in the use of resources) and you take the taxes off incomes and jobs, which you do want.

At the UN Social Summit in Copenhagen there were a lot of companies that were involved, mostly European companies, who said well, look, as long as the tax that you are going to take from a corporation remains the same ... they don't care whether you tax their use of virgin resources or their use of fossil fuels, and take away the taxes that they now have to pay on payroll. They don't care as long as it is revenue neutral. But, the signal that it would give to the whole system would be enormous in terms of job creation. So this idea is finally catching on, especially with a new government in Germany. There is a lot more debate about tax-shifting than there has been.

*"Its hard enough creating jobs and having good job creation projects ... but if you are being sabotaged all the time on the national accounting front, which leads to your country unnecessarily slashing social safety nets, then you are always operating on an uphill basis. ..."*

— Hazel Henderson

**The Jobs Letter: What would be your advice to government leaders? What could they most effectively do about employment?**

*Hazel Henderson:* Well I wouldn't presume to give any advice to the New Zealand government because I don't know enough about the local situation. But I do know that every other country that I go to — and certainly my own country — that the allocations they make in the Budget are to do with the values system of a country.

It is a values choice, in the US for example, for us to have a huge military. That Budget money would be much better off invested in education. We need to double teacher salaries. We need to double the number of teachers we have so that we can get the classrooms down to size. The job creation part of it can be to do with investing in the future and producing a better quality of life in our municipalities.

No country today gets any more security out of investing in military weapons — that is the lesson of the post-cold war era. Out of the 85 conflicts going on in the world now, 83 of them are domestic conflicts. So we are finding that these huge weapon systems are obsolete job creation

projects. We are still fighting that battle in the US, and so are they still fighting it in Britain and France and Germany. So the jobs challenge is about programming all of that tax money back into investing in the civilian sector.

We just have to invest in children. We are going into an information age and job one is going to be investing in education. And in prevention — you know — health care — the prevention end. It's what our grandmothers always told us — a stitch in time saves nine and we all know that it's much cheaper in the longer-term.

**The Jobs Letter: What sort of advice would you give to young people these days in terms of planning a career? What are the wisest things they can do?**

*Hazel Henderson:* Well, I think that reading skills are still absolutely primary. Once you've learned to read well, you can become a life long learner. The whole idea that you are going to be a life long learner is what I'm trying to instill in my nine-year-old grandson.

Learning isn't necessarily about curriculum in the schools. It's about critical thinking and critical reasoning and really figuring out as early as you can in life what your passion is and what you want written on your tombstone. That leads you in a much more creative direction because you engage your entire energy. We have such enormous power when we engage our entire energy.

Most of the old jobs didn't require more than ten per cent of who you were. Well, even companies are starting to realise now that they're not going to get any productivity out of that person organising work that way. That's what the whole total quality management is about. How can you have your employee bring more than ten per cent of them to the job?

So my advice to young people is to look at what you want to go into that you are passionate about and engages your full energy. It will be a very interesting path. It won't be risk free but it will sure be interesting...

**The Jobs Letter: And what words of advice or encouragement would you give to people working at the front-line of employment issues?**

*Hazel Henderson:* Well, it's really God's work. It really is. As my dear mentor EF Schumacher used to say in his book *Small is Beautiful*, our "work" is really the main way that we define who we are and how we want to express of our life in this world.

Work is not *just* a matter of survival ... although, of course, for many people it is simply a matter of surviving. It's so precious to be able to help people make their work meaningful.

# The Jobs Letter

## DIARY

countries about the impact of trade liberalisation on jobs and whether wages could keep pace with the needs of workers.

Foodbanks in the Waikato and King Country are experiencing huge increases in demand and they are not receiving as many donations as they need. Foodbank volunteer Jocelyn Kara in Otorohanga says recent redundancies at the local Works Civil company has seen many families facing a 13-week stand-down and didn't have enough money to buy food. She says Winz is referring an increasing number of people to the foodbank. Te Kuiti manager of Winz Simon Tepi says that unemployed people are shifting into the area from Auckland and Hamilton and these are putting strain on local resources.

10 September 1999

A community forum called 'Unemployment – A Community Response' is held in New Plymouth. It is organised by the Local Employment Committee and supported by Winz. LEC co-ordinator Elaine Gill says that government is increasingly looking at local communities to come up with their own solutions to unemployment. The forum is an opportunity to find out what is already happening and to start working as a community on what else can be done. Keynote speakers are community development consultant John Wise and *The Jobs Letter* editor Vivian Hutchinson.

12 September 1999

The Apec leaders summit begins in Auckland.

Public opinion in the US does not favour trade liberalisation. US Secretary of Commerce William Daley says that 60% of Americans fear for their jobs when they hear talk about trade liberalisation.

14 September 1999

Winz is reported to have spent \$3m on airfares during its first eight months of operation. Spokesperson Kate Joblin says the agency expects to maintain this level of travel costs as travel is required for Winz to provide its essential functions and train staff. She says that travel represents less than 1% of Winz operating budget.

Two reports related to Winz's \$165,000 charter flights have not been made available. Labour's Steve Maharey has been denied both the report written by the

- *North & South* magazine have published a **feature on Christine Rankin and Winz** in the October issue, published this week. The magazine's senior writer, David McLoughlin, reports that he was refused repeated requests for an interview with Christine Rankin, despite the feature being an overview of the Winz crisis and Rankin's career. McLoughlin reports that after Rankin made a disastrous appearance on the *TV1 Holmes* show, where "she came across as arrogant and contrite", Winz erected a **"fortress of silence"** around itself. McLoughlin: "It appears to typify the brave new world of the public service, where ministers and department heads pass the parcel between themselves and the State Services Commission, where the buck no longer appears to stop anywhere ..."

- Winz staff, who agreed to talk to *North & South* on condition of anonymity, say there is **no general morale problem** in the department. The staff say the aircraft incident upset people for a few days, then they buckled down to the job.

Staff told *North & South* they are more concerned about stress from the work levels in the department. One staff member: "Everything here is rush, rush, rush, like we work on a conveyor belt. We're trained to do that, but it means we have to work very hard. It used to take three weeks to process a benefit application, now we do it in 24 hours. We work so hard ... the culture is stress to the max. There are going to be breakdowns. Somebody will eventually die because of the stress..."

- Palmerston North beneficiary advocate **Ian Ritchie** says the reduction in the benefit turnaround time to 24 hours means Winz desk staff no longer have enough time to find out the circumstances of each applicant and work out what people are entitled to. Ritchie: "It would be fine if everybody was paid the same basic benefit, but, in 1991, benefits were reduced and all kinds of supplements were introduced based on people's circumstances. There isn't enough time to work all that out in a production line system, so their staff have to cut corners."

Ritchie says that beneficiaries come away from Winz being told they are being paid the legal maximum. They then go to an advice or advocacy service which goes through their circumstances, measures them against Winz manuals and statutory requirements and often finds Winz has overlooked one or more supplementary benefits. The Central Region Advocacy Service, which Ritchie helped to establish, has had a caseload of 800 beneficiaries since October 1st last year. The service's volunteer staff have been able to get higher payments, or reinstated payments, for more than 500 of them.

Ritchie: "Their initial thrust is to tell people they are not entitled to more, whether it's food, power bills, school fees or whatever. But many people are. We've been told that word came down from the top that people were not to be told their full entitlement unless they ask. They've always officially denied this, but it's so widespread throughout Winz offices that it must be correct."

- *North & South* **checked out this assertion** that there is an order to front-line staff not to tell applicants their full entitlements. They asked staff in confidence if they had been given such an edict and were told there was not. McLoughlin: "The problem, we were told, is that the case managers who process applications only have an hour with each "customer" and that simply isn't enough time to process complicated applications properly. Many staff are apparently still learning the complex list of entitlements and how to assess applications properly..."

- *North & South* reports that ordinary Winz staff, such as the case managers who deal individually with beneficiaries, are paid a basic salary of around \$28,000. The benefit crime staff whose job is to detect benefit fraud have a basic salary of around \$35,000. Low-level managers get about \$60,000. A performance-

# The Jobs Letter

## DIARY

detective Winz CEO Christine Rankin hired to investigate the charter flight spending and the report written on the affair by chief ombudsman Sir John Robertson. Maharey: "We've never had a proper explanation of who's responsible for the \$165,000 chartered aircraft debacle."

Student debt protestors are arrested during a demonstration in Dunedin. After occupying the Education Ministry offices for two hours, seven of the 60 sit-in protestors were arrested on trespass charges. In all, 600 people took part in the students' anti-debt march in the city.

The new Northland prison will be built near Kaikohe at Ngawha. Northland MP John Carter is "absolutely stoked" the prison had gone to Ngawha as are many local business people who will benefit from the \$10m per year the prison will add to the local economy. Many residents are not so happy. Farmer Merv O'Connor says 1,100 of Kaikohe's residents signed a petition this year opposing a prison there. Even before a block as been laid, the cost of the prison has escalated by 50%. The facility is now expected to cost as much as \$70m. It will house 300 inmates and will employ about 175 staff.

Jim Anderton says his party will give all full-time tertiary students allowances equivalent to the unemployment benefit.

More redundancies at Carter Holt Harvey as the company's Case Division upgrades its packaging equipment. The new equipment requires 22 fewer full-time manual labourers. A further five jobs are expected to go soon at the same facility.

### Editor

Vivian Hutchinson

### Associates

Dave Owens

Jo Howard

Rodger Smith

based bonus system operates on top of salaries. If frontline staff process a minimum number of cases, they can earn around \$1000 extra a quarter.

- The **Labour Party** has released its **welfare policies** for the coming election, and says it would make Winz much more transparent and accountable. One of the first tasks for a Labour-led administration will be to "end the culture of extravagance" at Winz, according to social welfare spokesman Steve Maharey.

Maharey: "The department needs a fresh start. We will establish a public service ethic in Winz, with clear direction from the Government on the management style required. There will be fundamental changes to the way Winz operates. Staff will be directed to ensure beneficiaries get their full entitlements. Internal re-organisation will restore a clear distinction between the Winz employment and income support functions, because it makes no sense to treat all beneficiaries as job seekers. Labour will break down bureaucratic rigidity in the department and fix weaknesses, such as the lack of a proper complaints resolution process ..."

- Labour says it will scrap the "meaningless and bullying" work-for-dole scheme. Maharey says that Labour will concentrate on quality case management and introduce programmes to help school-leavers and single parents get work skills. Labour will also restore a training benefit for 16- and 17-year-olds and trial new abatement regimes and grants to help beneficiaries move into work.

Maharey: "The difference between Labour and National on welfare is clear. National blames individuals and families for being poor and out-of-work. They slashed benefits, distorted benefit fraud figures, bullied beneficiaries to look for non-existent jobs and drew up the insulting Code of Social Responsibility. They created an underclass, and they despise their own creation.

"Labour knows welfare is an option very few people want to take. Our policy does not begin with blame. We focus on creating opportunities by removing obstacles to training, gaining qualifications and getting a job. Labour's vision is of an enabling welfare state, building the capacity of individuals, families and communities to participate in the mainstream of New Zealand life..."

- *Statistics That Matter*: The **OTAGO electorate** contains 21,372 households, of which 52% have household incomes below \$30,000 per year before tax. This is 17% above the rate for the country as a whole. There are 29,949 adults aged 20-59 in the Otago electorate, of whom 65% are in paid, full-time work. Another 13% are in part-time work. Unemployment in the electorate is 7% below the national average. No localities in the Otago electorate have high levels of deprivation. (— Electorate statistics compiled by Judy Reinken, and based on 1996 Census).
- One NZ'er **commits suicide** every 16 hours — an average of 540 a year — according to research published in the *Medical Journal* by the Auckland School of Medicine. They also report that the rate of suicide amongst males is as bad as it was in the 1930s Great Depression, with numbers rising 119% nationally between 1974 and 1994, mostly in the 15 to 24 age group.

One of the researchers, Dr Simon Hatcher, says his theory is that the increased rate amongst younger men is due to economic problems and the disproportionate distribution of wealth affecting them more than other groups. He says that in the Depression of the 1930s, older men dominated the suicide statistics because they were the ones most likely to be thrown out of work. Now, he says, it is the younger ones taking their own lives, as they face a more difficult entry into the workforce.