No. 133 30 October 2000

Essential Information on an Essential Issue

KEY

COMMUNITY EMPLOYMENT GROUP

MAYORS MEET GOVERNMENT MINISTERS

YOUNG UNEMPLOYED

TRANZ RAIL

INCOME INEQUALITY

DEBATING CHAPPLE

DIARY

10 October 2000

Tranz Rail is restructuring and cutting its workforce from 4,000 to 600. The company is selling its long distance passenger services and will contract out its engineering, maintenance and ship operations by 2002.

The proposed sale of Fletcher Energy to oil company Royal Dutch Shell will result in the loss of 150 out of a total of 185 staff, mainly in Taranaki.

Baking Industry Training Organisation Competenz reports a 65-75% shortfall in trainee bakers. There are few young people training to replace an ageing workforce and there is an exodus of bakers to Australia. Competenz chief executive John Broadhead says only 550 people are training as bakers in NZ, and up to 2,000 people are needed for our 1,200 bakeries.

11 October 2000

NZ Post is to close regional mail processing centres between mid-November and March with the loss of 100 jobs. The Timaru, Ashburton and Wanganui centres are closing, and manual mail processing in Napier and New Plymouth is being cut back.

12 October 2000

The Commerce Commission declines Royal Dutch Shell's application to buy Fletcher Energy, as it is concerned the

• The **Mayors Taskforce for Jobs** met with seven **government Ministers** at a special forum at the Wellington City Council on 19 October. The meeting was the latest in a **series of consultation forums** that the Taskforce has been undertaking before it finalises its own strategies for employment action. (The final forum will be held with the CEOs of government departments, in Wellington this week).

Christchurch Mayor and Taskforce convenor Garry Moore says that the Taskforce is keen to work with the Government to **help reinvigorate volunteer** and community organisations which had been hard hit in recent years. Moore told Employment and Social Services Minister Steve Maharey: "The community is not down on its knees — it is down on its face."

• Moore also asked Maharey to consider allocating five or six field officers from the Labour Department's **Community Employment Group** (CEG) to help the Mayors Taskforce in designing and pursuing its local strategies for employment action. Moore, who helped to set up the Community Employment Group in 1989, was also one of its regional fieldworkers before becoming Mayor of Christchurch.

Steve Maharey told the Mayors he **agreed in principle** to the request. He said his only reservation was that CEG was only just re-establishing itself after being transferred back from the Department of Work and Income (Winz) to the Labour Department, and was still writing its future operating plans.

Parekura Horomia, Minister of Maori Affairs (and former General Manager of CEG), was also at the forum and he described the Mayors' goals as "**critical to Maori**". Horomia says he supports the concept of seconding CEG fieldworkers to the Taskforce, saying that both central and local government "need to become lateral thinkers on employment issues".

• At the Taskforce meeting, Youth Affairs Minister **Laila Harre** responded to the Mayors' primary goal that, by 2005, all young people under 25 years will be in work or training. She acknowledged the challenge that pursuing this goal will mean. *The figures:* In 1996, 42.7% of the total unemployed were aged 15-25 yet this group makes up only 21.2% of the working age population. Almost 1 in 3 Maori and Pacific Island people aged 15-19 were unemployed in 1996 — twice the rate of their Pakeha counterparts.

Harre says that, since 1987, consecutive governments have **focused on skills training rather than job creation** as its predominant employment assistance policy. Harre: "This policy shift has meant that the government no longer attempted to transform the labour market to create employment and has instead focused on transforming the unemployed through upskilling. The creation of employment was no longer a product of social policy. Rather it became the consequence of the economic policy of the market. The market response has been the growth of unskilled or semiskilled part time and casual employment with little employment-based training for young people."

• Harre reports that the government is developing NZ's first comprehensive **youth development strategy**, the "Youth Development Strategy

DIARY

company could end up controlling the NZ gas market. The decision pushes the NZ dollar to another all-time low of 39.64 US cents.

Massey University staff withdraw their High Court challenge to the university's restructuring plan. The university reduced layoffs from 116 to 44 after some staff agreed to retire early or work only part-time.

Jim Anderton says talks are under way to get paid parental leave back on the legislative agenda.

13 October 2000

The NZ Herald reports that the Australian economy shed 30,500 part-time jobs last month, as industries not associated with the Olympics slowed and workers stayed home to watch the games. The Olympics created 9700 full-time jobs, but 40,200 part time jobs were lost while the games were on. The result counters predictions by economists that 17,000 jobs would be created.

The Government has decided to make foster-parenting a paid profession. The Family and Foster Care Federation has launched the first stage of a registration programme for foster carers. Child, Youth and Family Services will pay the federation \$1.5 million over three years to train 500 foster carers a year.

15 October 2000

A survey commissioned by the Human Rights Commission reports that 31% of women, and 13% of men in NZ, aged 18 and over, are sexually harassed in their lifetime, mostly at work. Younger women are targeted more often, and in 75% of cases the perpetrator is in a more senior position than the complainant, and is considerably older in almost every case.

The *Dominion* reports that 20,000 tradespeople have left NZ since 1995. The Industry Training Federation says there is evidence that local tradespeople are being headhunted by overseas companies, particularly Australian. The electrical supply industry, forestry and building are targeted most.

Deputy PM Jim Anderton has suggested making some selected university subjects, science and engineering, free, in a departure from the Alliance policy of universal free tertiary education.

PM Helen Clark says she supports the proposal in principle, provided the subjects are genuinely short of students. Aotearoa". It will act as a blueprint of the government's goals for young people and how it plans to achieve them.

Harre: "Focusing on young people's strengths rather than their failings is the underlying principle of positive youth development. Positive pathways are more likely to be fostered when young people have developed a sense of industry and competence, a feeling of connectedness to others and to society, a belief in their control over their fate in life, and a stable identity."

The Taskforce meeting was chaired by Jill White (Mayor of Palmerston North), and also attended by Graeme Ramsey (Kaipara), Alan Dick (Napier), Garry Moore (Christchurch), Claire Stewart (New Plymouth), John Chaffey (Hurunui), Tim Shadbolt (Invercargill), Frana Cardno (Southland), Pat O'Dea (Buller), Sukhi Turner (Dunedin), Jenny Brash (Porirua), and Yvonne Sharp (Far North).

The full list of Ministers who attended the Mayors Taskforce meeting: Margaret Wilson, Minister of Labour and Minister in Charge of Treaty of Waitangi Negotiations; Tariana Turia, Associate Minister of Maori Affairs (Social Development), Associate Minister of Social Services and Employment (Social Services); Parekura Horomia, Minister of Maori Affairs, Associate Minister of Social Services and Employment (Employment) and Associate Minister of Education; Laila Harre, Minister of Youth Affairs, Minister of Womens Affairs, Associate Minister of Commerce, Associate Minister of Labour; Philida Bunkle, Minister of Customs, Minister of Consumer Affairs, Associate Minister for Economic Development; John Lepper, from the office of Jim Anderton, Deputy Prime Minister and Minister for Economic Development; Ruth Dyson, Associate Minister of Social Services and Employment (Responsible for Disability Issues) and Steve Maharey, Minister of Social Services and Employment, Minister Responsible for the Community and Voluntary Sector, and Minister of Tertiary Education.

• **Tranz Rail** has announced it **will sell** its long-distance passenger services and contract out its engineering, maintenance and ship operations by the end of 2002. Some unprofitable lines will probably be closed. The restructuring will **cut staff numbers from 4000 to 600**, and the staff face a wait of up to two years before finding out if they will be laid off, or who their new employer will be.

Wayne Butson, Rail and Maritime Transport Union general secretary says that the workers have been in shock ... but their reaction is now **turning to anger.** Butson: "The next 18 months to two years will be incredibly stressful and destabilising for the families involved. I only hope we don't see a dramatic increase in accident rates as well." Tranz Rail has countered these fears by meeting with government ministers and unions and saying that where services are sold the workforce will be protected with continuing jobs and work conditions.

• The government is particularly concerned that the possible closure of branch lines (Napier to Gisborne and the South Waikato to Rotorua lines) could pose a risk to roads in the region — especially with the **timber harvest expecting to double** in size in the next five years and needing to be transported to ports.

Political commentator **Chris Trotter** argues that the privatisation of New Zealand Railways has made long-term planning in the forestry industry next to impossible. Trotter: "Crucial to the success of any forestry venture is the existence of a reliable transport infrastructure, and by far the most efficient method of transporting those millions of tonnes of East Coast timber to the Port of Napier is by rail. But the shareholders of Tranz Rail couldn't care less about whether New Zealand is able to realise the true value of its natural resources. All they care about is the size of the next dividend cheque. It's nothing personal, its just business."

(continued on page five)

INTERVIEW

COMMUNITY EMPLOYMENT GROUP

CEG, the government's major resource for guiding and supporting local employment initiatives, has now moved from Winz back into the Labour Department.

The new General Manager, **CHARLIE MOORE**, talks with *The Jobs Letter* editor Vivian Hutchinson.

The Jobs Letter: Welcome to the job. You've had a month to settle in ... what are you seeing in front of you?

Charlie Moore: It's certainly been an exciting month, and a chance for me to become familiar with the fieldwork operation, and to do some thinking about where CEG needs to go and develop over the next couple of years. It has also been a chance for me to get some input from the people we're working with in terms of the communities and a range of other stakeholders.

The Jobs Letter: Your Chief Executive, John Chetwin, argued strongly to have CEG brought back into the Labour Department. What do you think is the special contribution the Labour Department brings to CEG? How will it be different from how it was under Winz?

Charlie Moore: It is being established as a separate entity, so it will have its own unique identity. That's no reflection on Work and Income, but it reflects the fact that it is a different kind of business, it has a different set of competencies, and it requires a different style of management. The whole rationale of the Community Employment Group is that it has got the competencies and the abilities to form relationships in a group setting. It's not dealing with individual "customers". It's working within a community setting, and with groups of people.

The other linkage, which is quite valuable, is the fact that the Department of Labour is responsible for employment policy. I think there are real opportunities to actually make a linkage between the employment issues that are coming through from communities — barriers to jobs, opportunities that they see — and how that interacts with policy.

The Jobs Letter: The Department of Labour, in it's briefing to the incoming government, talked of "capacity building" as one of its major emphasises. What does this mean, and how will this be reflected in the activities of CEG?

Charlie Moore: Capacity building is core business for CEG. One of the things it means is starting where people are at, and accepting that there is a goal that employment opportunities will grow in that area. It

implies a bottom-up approach, which is a muchused phrase, but has a lot of implications. It involves asking: What are the connections that that group needs to make? What are the abilities and the resources that need to be available? It might mean something as pragmatic as help with a payroll system for the purpose of employing people, or it might mean participating in a process of community-based strategic planning that will create concrete steps on the road towards that vision.

I guess that one point I would say is that CEG is not about programmes as such. The core of what we're about is a *process* really—it is a developmental activity within communities. We're not about programmes, we're about fieldworkers, about people working in communities to help make a difference.

We do have grant money, obviously, and we have resources that are available. But I think it is really important that we all understand that the *process* doesn't start with a grant. The process begins with the identification of what people are trying to achieve and what resources there are and what the strengths and challenges and risks involved. Somewhere along that journey, money will be needed ...but if the point of the journey becomes the money and the grant, then I think we're starting from the wrong place.

The Jobs Letter: Do you expect to have more staff or

"We're not about programmes, we're about fieldworkers, about people working in communities to help make a difference."

— Charlie Moore

different programmes? How will CEG look different from what its been in the last couple of years?

Charlie Moore: I think one of the things people will start to see is that there can be a lot of flexibility. Because it is a national organisation, we will have the ability to both provide a generic service located within communities throughout New Zealand, as well as have people that can play to their strengths. We will be able to move resources, or specialist people with particular experience and talents, to work throughout the country.

Currently have a network of 67 fieldworkers and following the recent Budget funding initiatives there is the opportunity to increase that slightly, but not by a substantial amount at this stage.

In addition to the operational resources which provides for and supports the network of fieldworkers, in the current year, we have about \$19 million of funding available to support that field operation through grants and capacity-building initiatives for the groups that we're working with.

What we are building are regional and national support structures for that network, and that's the work that is inevitably occupying a certain amount of our attention. Our plan is to do the strategic planning work by Christmas. We are about to engage in the next fortnight in quite an intensive process of consultation with both internal and external stakeholders

of CEG as part of that process. We are planning to have a completed organisational design by the end of January, and in place by the end of March. So that's a very challenging time-frame.

The Jobs Letter: What special qualities do you bring to the job?

Charlie Moore: I do believe that I bring an open, facilitative and consultative approach. I don't believe that I personally have all of the answers. I guess I'm not a great believer in the "Hero CEO" management model.

I believe that there is an enormous amount of experience, insights and common sense in this organization, and in the communities that it works in. The trick is actually to provide a leadership which allows people to have the confidence and the vision to see that for themselves, to identify what they bring, to agree about what it is that we're here to do. That's what I'm working really hard to make happen.

The Jobs Letter: You've mentioned the new initiatives that were announced in the Budget. A lot of these have been to do with "capacity building" and are aimed at the Maori Community. Do you see the overall nature of CEG moving more

"I would want the characteristic of CEG to be that we can be flexible ... We clearly see our role not to tell communities what they should be doing, but to facilitate a process whereby communities can identify what their goals and aspirations are ... and CEG can provide some contribution to making that happen."

— Charlie Moore

towards supporting Maori organisations, with the emphasis on "Closing the Gaps"?

Charlie Moore: I think CEG will always have a core, generic community support role. At the moment the Government has a focus on the "Closing the Gaps" strategy and we've got some additional specific resources to help contribute to that. So clearly our work will reflect that, but I would hasten to say that it is additional resource – it's not a reprioritisation of our current resource.

The "Closing the Gaps" work is very much building on the kind of work that CEG has been doing over the years. There was an increase in the support available for land development projects – to take multiple-owned land and identify and build on opportunities there. Similarly, we have been working with both Maori and Pacific organizations, getting people to the point where they can deliver services themselves, or develop employment opportunities. Similarly, the money for Maori women's development is again an area that we have focused on, but we'll now be able to do a bit more.

The Jobs Letter: What will the CEOs (Community Employment Organisations) and the Artworks programme involve?

Charlie Moore: The Community Employment Or-

ganisations are a more generic project, if you like. In the current year, we're talking about \$1.4 million, next year \$2.5 million and in then the third year building up to \$4.6 million. Work and Income is also an integral part of the CEO initiative and they will have wage subsidy money available to support people working within those.

The CEOs will be undertaking a wide range of things. They sit, I guess, between the for-profit private sector business operation and a work scheme. We will provide establishment costs and some wage support if that's required, and this will be mixed with or matched with contributions from the organisation and from other stakeholders, so that they can develop activities which have the potential to actually generate income. So they aren't a work scheme. I think the key difference is that it's not project-based, or it doesn't have to be project-based. We want them to be ongoing, and to get a foothold in the marketplace.

Artworks is a relatively small sum of money — on an annual basis it's a matter of just under \$200,000. So, in a sense, it is really both a pilot and a chance to provide a little additional support to some of groups that are focussed around developing employment opportunities in the arts. It can provide some startup costs, support costs targeted in that particular sector.

All these new initiatives will be developed through the fieldworker operations. We're trying to stay true to our core philosophy, if you like. We've prepared information and guidelines for fieldworkers, and pamphlets so that people are aware of what's available. But the proposals will come back to us through the fieldworkers, the same way that any other proposal will.

The Jobs Letter: What would you say to community leaders about their future partnerships with CEG?

Charlie Moore: I guess I would say we are absolutely committed to working very closely with the communities. We are striving to build ourselves as an organisation that will have the capacity and the capability to be of real value to the groups that we work with. We clearly see our role not to tell communities what they should be doing, but to facilitate a process whereby communities can identify what their goals and aspirations are ... and CEG can provide some contribution to making that happen.

I would want the characteristic of CEG to be that we can be flexible, and that we can respond to where people are at with some sort of innovation that ultimately has an employment outcome. We're an organisation that needs to be about learning and not about knowing. We want to build an open organisation, so that people have an opportunity to give us feedback and to have a relationship with us which has got mutual respect and an opportunity for us to grow together.

Source — 20th October 2000 Vivian Hutchinson interview with Charlie Moore, General Manager of the Community Employment Group.

DIARY

17 October 2000

NZ companies in areas as diverse as timber and catering, will lose millions of dollars a year in income, when the final series of Xena, Warrior Princess winds up production in April next year. Between 150 and 200 cast and crew will lose their jobs, although the Screen Directors and Producers Association predicts they will not have difficulty finding other work.

The Independent Business Weekly reports that, according to the IT Association of America, there will be 850,000 IT vacancies in the US by January 2001. The huge shortage of staff has provoked a talent war, and indemand workers can now demand huge salaries, wear what they want and work the hours they choose.

International students bring \$545 million into NZ, and account for 10,000 full-time jobs created, according to the Asia 2000 Foundation.

18 October 2000

160 more beds are to be added to Rimutaka Prison in the Upper Hutt, and 40 new staff are to be hired for a high-medium security unit

The mayors of New Plymouth, the Far North and Southland sign a pact to co-operate on boosting productivity and creating jobs in rural NZ.

19 October 2000

The Mayors Taskforce for Jobs meets with Government ministers in Wellington. See story in this issue.

NZ Post is to close the North Shore Mail Centre, with the loss of up to 44 jobs.

20 October 2000

Inland Revenue is posting information packs to tertiary students this week explaining how they can have the interest on their student loans written off if they are studying this year.

24 October 2000

After the Government–Business forum in Auckland, the Government announces changes to the immigration laws to make it easier for skilled immigrants to settle in NZ, and also a new regime for tax on research and development. A taskforce to look at ways to increase foreign investment is also to be established.

Trotter contends that an effective transport system is **crucial to the economic development** of cities, such as Gisborne and Rotorua, and is also crucial to New Zealand's ability to plan for the future. At Tranz Rail's current share price, the NZ taxpayer **could pick up the whole railway network** for around \$200-300 million. Trotter says that if this sum is too large for the coalition government to raise in one go, it could pass legislation requiring the private owners of the company to transfer a progressively larger share of the business into state hands over a period of years.

Trotter: "Whatever method is used to return the railway network to the people, it should be used without delay. Because no matter how you look at it — in terms of jobs, environmental protection, regional development, or the ongoing provision of cheap and reliable public transport — the continuing private ownership of the nation's railway network makes no sense."

• There continues to be a **growing inequality in the labour market** in i New Zealand — with top income people getting more, while people at the bottom are getting less.

New figures released by the research company AC Nielson shows that households with an income of \$120,000 or more increased from about 3% in 1996 to more than 5% in 2000. Households making less than \$20,000 a year have also increased from about 18% to about 22%.

There have been small increases in the number of households earning between \$60,000 and \$120,000 a year. However, the proportion of households earning between \$40,000 and \$60,000 has dropped from about 23% in 1996 to less than 20% this year.

Households earning between \$30,000 and \$40,000 have dropped from 18% to 15%. Households earning between \$20,000 and \$30,000 have remained fairly static at just over 15%.

- Economist Brian Easton says the data appears to confirm a trend, discovered in other studies, that **the 1990s have been a period of growing disparities.** He says that government policies such as tax cuts for the better off, and benefit cuts for the poor, have contributed to these disparities. Easton points to the recent 9.5% pay rise for top civil servants while most benefit levels have remained unchanged.
- University of Otago senior lecturer in economics **Robert Alexander** has taken issue with Simon Chapple's report on the "Closing the Gaps" statistics. He says that Chapple has **made elementary statistical mistakes** and has included highly speculative sociological comment in his report.

Alexander: "Most people today are too confused by statistics to use their own judgment, so they rely on "experts." When a labour market expert, employed by the government and using apparently sophisticated statistical analysis, tells us there is no gap between Maori and Pakeha, we believe him, especially if it is what we would like to believe..."

• Alexander and two colleagues have researched Maori income statistics using Statistics New Zealand's Household Labour Force and Income Surveys for 1997 to 1999. Their research shows that a Maori person with identical age, educational qualifications, type of job and so on earns on average 9—14% less than a non-Maori.

Even more striking is that other non-European ethnic groups fare even worse: Pacific Island people earn between 14—21% less than Europeans, while "others", made up mainly of Asian people, earn between 19—21% less per hour. Alexander: "If you earned between 9% and 21% less than another individual who was comparable to you in all respects but ethnicity, would that seem fair to you or would you see it as evidence of discrimination?"

— "Maori disadvantage in the Labour Market", by W R J Alexander, Murat Genc and Mohammad Jaforullah

DIARY

25 October 2000

Carpet-maker Cavalier is to close its 75-year-old Auckland wool scour next month, with the loss of about 30 jobs.

The Government is spending \$6 million to improve student loan processing. 120 more people are to be hired for Palmerston North's student services processing centre, and Winz is to hire 160 extra staff to handle student loan applications, and deal face-to-face with loan problems.

The Government is to spend \$91 million over the next five years rebuilding the mental health workforce. The money will address a wide range of problems including shortage of skilled staff, poor morale, recruitment and staff retention problems and inappropriate training.

26 October 2000

The America's Cup brought an estimated \$640 million into NZ, and created extra work equivalent to 10,620 fulltime jobs. \$437 million of that money went into Auckland alone. The estimate is about half what was predicted prior to the event that the regatta would bring into the country.

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The Diary is sourced from our media watch of New Zealand daily and weekly newspapers.

Research sources for the main items in The Jobs Letter are available in our internet edition at www.jobsletter.org.nz

VOICES

on THE JOBS CHALLENGE

— responses to current New Zealand Herald feature series

- "My case is so basic that it hardly bears repeating. A wealthy country can afford the social systems we all take for granted. Wealth-creation has to be the first priority of any government. But we can create wealth only by trading successfully on the world's markets."
- Gilbert Ullrich, managing director of Ullrich
 Aluminium
- "Winning cultures attract winners, and we need a lot more of them. We should be promoting a culture that not only stops our brain drain, but attracts back the tens of thousands of talented New Zealanders who live overseas. We need to change our education structures to create the winners of tomorrow. It is not good enough, for example, to have only 2 per cent of our graduates in computer science, maths or engineering.
- "Our larger companies and institutions need to find ways of acting like networks of small ones. They need to find non-traditional ways of promoting innovation and entrepreneurial behaviour, and speeding up everything, from decision-making to new-product development. Successful corporations overseas are already heading in this direction, creating a small corporate soul in a big corporate body. Company structures are changing, the nature of employment is changing and the skills needed to succeed are changing."
- Chris Liddell, Carter Holt Harvey chief executive
- "In economic terms, we are insignificant players on the global stage. Taking GDP as a measure of size, we find our economy is now about a seventh the size of Australia's, roughly the size of Western Australia's. Microsoft has 20 times the market capitalisation of our stock exchange. By this measure, New Zealand is no more than an internet start-up, little more valuable than e-Bay but half the value of Yahoo!"
- Andrew Grant, of the Auckland management consultancy McKinsey and Co.

- "The answer is nothing so complicated. If we want life to be better, the first thing we need to do is take some responsibility.
- "The economic situation is only the product of the seeds we have sown over the years. Other countries have had considerably different results. This is because, as countries, they planned for it, from the top person in government down through the business fraternity to the individual taxpayers and citizens.
- Adaleen Griffith, managing director of Jagas Concrete, a Pacific Island family business
- "The internet provides unprecedented opportunities for New Zealanders to make choices about how we want to live and work and huge opportunities to innovate.
- "It's worth noting that New Zealanders are very wired. A study just out from Victoria University found New Zealand is a world leader in the take-up of electronic commerce and internet use. We have extremely high use of eftpos and ATMs. We're in the top few in internet connections and our connectedness is growing faster than any other OECD country.
- "In the past, New Zealand has always battled the tyranny of distance. It has been our competitive disadvantage. The worldwide web enables us to turn distance into our competitive advantage."
- Theresa Gattung, chief executive of Telecom
- "Partnerships between central, local government and other relevant stakeholders are also important. Unions need to be included. That is why the CTU is encouraging local unionists to get involved with their communities to discuss initiatives that can result in new job opportunities.
- "The CTU also believes that Industry New Zealand needs to facilitate industry strategies and not be confined to regional development initiatives. Such strategies cannot replace commercial considerations or market signals, but ensure that the investment in infrastructure and skills can mean that we maximise the jobs that emerge."
- Peter Conway, Council of Trade Unions economist

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To develop and distribute information that will help our communities create more jobs and reduce unemployment and poverty in New Zealand.

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