

The Jobs Letter

No. 172

13 September 2002

Essential Information on an Essential Issue

KEY

STEVE MAHAREY — THE NEXT
THREE YEARS

BRIEFING PAPERS

OVERHAULING WELFARE

SKILL SHORTAGES

DIARY

22 August 2002

Over the past 27 months, the US stock markets have lost about \$US5.5 trillion, nearly three times the annual expense budget of the US government, according to *The Christian Science Monitor*.

Treasury Secretary Alan Bollard is appointed as the new Governor of the Reserve Bank of NZ. The government says it will negotiate a new inflation policy agreement with the bank that will probably be more in line with the Australian central bank, which has a 2% - 3% inflation rate target.

Retiring director-general of the World Trade Organisation Mike Moore says that trade restrictions by rich countries, especially on agricultural products, are holding poor countries in poverty. Moore says that having exploited developing countries for generations, rich countries now keep the products of developing countries out of their markets, betraying the principles of free trade.

23 August 2002

NZ Dairy Foods says job losses are inevitable as it merges its food and beverage divisions.

25 August 2002

Community Trusts next year will be reducing the amount of money they allocate to sports groups, charitable trusts, the arts, and schools. The Trusts have seen their foreign invested asset bases erode over the past year due to falls in international stock markets.

- The Ministry of Social Development is calling for an **overhaul of the Benefit System**. In its post-election Briefing Papers to the Minister of Social Services and Employment, the Ministry says that New Zealand's social assistance system is too "complex, confusing and difficult to administer and it needs to be simplified". The Ministry advocates a more "active" social service system that should be as much about social investment as about social protection. The system should not only provide people with enough money to live on, but also help them "towards a better life by supporting them into well paid and stable work."

In the Briefing Papers, the Ministry also says:

- Too many New Zealand low-income **families do not have enough money to meet everyday basic needs** and rely heavily on discretionary hardship assistance on top of their benefits or wages.
- Many working people on low incomes are **not getting the financial help they are entitled to** from the social assistance and tax systems. Some who do receive help find that the amount is not enough. Many New Zealanders who are eligible for tax credits, the Community Services Card, Accommodation Supplement or Disability Allowance are not receiving this assistance.
- We need to remove or reduce the disincentives and barriers that people face when they go off benefit and into work. Too many people are **not better off from working** once they have covered childcare and transport costs. We need to make work pay.
- Encouraging people on benefits into education and training is vital if people's wellbeing is to be improved and New Zealand is to meet the demands of the labour market in the future. We need to do **more to help young people with the transition** from school into work or other opportunities.
- Work and Income case managers spend **too much time** on income support administration. They need to be freed up to focus on clients' employment outcomes and to take a wider view of their wellbeing.

- The Briefing Papers provide a snapshot of New Zealand's social status: one in four (26%) New Zealand children and one in six (16.5%) working age New Zealanders are dependent on a benefit. This is a level that has remained about the same for the past 10 years.

The Ministry proposes a list of ten priorities for "social investment" activities (*see back page*). Top of this list is the need to address child poverty — acknowledging that **more children in New Zealand live in poverty now than in the 1980s**. Depending on the measure used (which is an issue of ongoing debate), between 6% — 29% of New Zealand children (63,000 to 285,000) are living in poverty.

Also high on the Ministry of Social Development's priorities is "ensuring that young people are active in employment and post-compulsory

The Jobs Letter

DIARY

Minister of Finance Michael Cullen is dismissive of lowering the corporate tax rate as a driver of domestic growth. While he agrees that the measure would increase company profits, he points out that most NZ companies withdraw their profits rather than reinvesting them in their businesses.

26 August 2002

The UN organised World Summit on Sustainable Development, also known as the East Summit, begins in Johannesburg. It is attended by over 70 heads of state and representatives of 182 nations as well as corporations and non-governmental organisations. South African president Thabo Mbeki calls for an end to "global apartheid" which he characterised as islands of wealth surrounded by a sea of poverty.

28 August 2002

Treasury Briefing Papers say the government should focus on increasing business productivity by investing in research infrastructure and improving connections to overseas markets. The papers say there is little scope for change in monetary or fiscal policy, nor is there room for significant new spending or tax cuts in the next three years. The papers say that for NZ to achieve 4% growth, worker productivity would have to increase 2%. However, over the last seven-year cycle, worker productivity averaged just 0.8% annual growth.

Developing nations at the Earth Summit call on rich nations to scrap farm subsidies and eliminate tariffs that exacerbate hunger and hamper trade from Africa and Asia. A World Bank official notes that the average cow in the US and Europe is supported by three times the level of money as a poor person in Africa.

29 August 2002

An initial sample of the 15,600 cases in which Winz used the wrong criteria to determine eligibility for a benefit found that 7% of them need further investigation. The Dominion Post estimates that at this rate the government may have to reimburse up to \$25.2 million to people who were wrongly denied a benefit between November 1996 and December 2000.

education". *Latest figures*: about 14% of young people aged 16 — 21 yrs are reported to have spent between two and five years neither in employment nor education.

- The Briefing Papers show that **older New Zealanders are faring better** than the rest of the population. "A minority, 7 per cent, of older people face some hardship but this proportion is considerably lower than that for other age groups."

With the cost of New Zealand Superannuation now consuming 40% of welfare spending and 14% of total government expenditure, the Ministry cautions the government against spending more on older people. It says that young people are the more urgent need, but concedes that they traditionally lack political clout. "We have a window of opportunity to make progress before the full effect of an aging population starts to bite from 2010 onwards..."

- The Ministry also reports that **more people are relying on discretionary hardship assistance**. The number of Special Needs Grants has increased 16% in the two years to December 2001, while main benefit numbers were falling. "Administration of this assistance takes up a lot of staff time that could be better used in helping people to find work." The Ministry estimates that Work and Income staff spend 70% of their time on income support administration, and only 30% of their time focussing on employment case management.

— "Improving Wellbeing for all New Zealanders" Briefing to the Incoming Minister from Ministry of Social Development, September 2002, available from the Beehive website at www.beehive.govt.nz/Documents/Files/ACF56.pdf

- Employers are having **continuing difficulties finding the right staff**, according to figures released by the Labour Market Policy Group (LMPG). In their quarterly review of the labour market, LMPG reports that 39% of firms are finding it difficult to find the staff with the skills they need and 12% of businesses (the highest level since 1975) say that their lack of staff is the main factor limiting in their ability to expand.

Geographically, the shortages are most acute in the South Island and the upper North Island. And by sectors, the shortages are being most felt by manufacturers, wholesale and retail merchants, builders, forestry, mining and healthcare.

LMPG says there are many reasons why **the labour market is not adjusting to these shortages**. These include:

— employers and employees do not know exactly what skills are available or required by the labour market;

— employers and employees have expectations that most jobs are based on a long-term view and so it takes a long time for adjustment in the labour when there has been a change in the demand for skills;

— peoples' choice of occupation are based on a long-term view so when there are changes in demand for different skills, it takes a long time for the labour market to adjust;

— both employers and employees adjust their expectations about wages slowly in response to labour market conditions;

— skill shortages are only one of many relevant factors in determining wage and employment decisions.

— on-going shocks, such as technological change or in the demographic of the population, may continually create or exacerbate skill imbalances.

(continued on page six)

INTERVIEW

THE NEXT THREE YEARS ...

Employment and Social Services Minister Steve Maharey talks to *The Jobs Letter* Editor Vivian Hutchinson about his second term in office.



***The Jobs Letter:* You've described the recent election as being a watershed for the Labour Government and its place in New Zealand politics. Why is this a watershed?**

Steve Maharey: I think it's a watershed because we have extremely short terms in this parliamentary system in New Zealand. Once you get into the second term, I think people are saying: "Well, you've had a chance to set yourself up ... we now want to see you get your programme fully under way. We want to see some results for it."

I think we've had a lot of results but I think that the expectations will rise during this term. I think we're conscious as a government that we've done the immediate things we had to do and we want to be a long-term government so we can set policies in place that will really make the country prosperous and socially just again.

I also think that this government is pretty clear that it wants to be a long-term government because it thinks the country probably needs a period of change not dissimilar to what we had in the 1930's. We do have to set up something a bit different and new ... and it has to be capable of putting New Zealand in the position it needs to be to be successful in the 21st century. So I think we've crossed over a barrier with this election.

***The Jobs Letter:* And what are some of the characteristics of this long-term period of change you are seeing?**

Steve Maharey: The government has a pretty clear view of what it wants to see New Zealand become — a knowledge driven society, and a society that grows through innovation. This means looking at the way we run the economy in a different way, and reforming the education system. It means thinking about what happens in the family, and what parents need to know to bring their kids successfully through to adulthood. It means running the welfare system in a different way.

We've established quite a successful society in the last century. It was built around the welfare state and low skills and relatively low levels of education. Now we know we need something that is very different which means working our way slowly but surely through tertiary and secondary education and the welfare system and the trade system ... everything that can enable us to become a knowledge driven society.

***The Jobs Letter:* What would you most hope to achieve in the next three years?**

Steve Maharey: There are quite specific things around education and training I'd like to see happen. In the tertiary education sector I'd like to see the reforms — that are now coming on stream — pretty much all in place by the time we go back to the next election. We've got major skills programmes underway to get 250,000 people in training in five years, and this also will mean the doubling of apprenticeships. We've got the education and training leaving age, which I think is one of the major programmes for this next three years.

In the social services area, we would like to hope that we could really push on now with simplifying the benefit system — putting more money into households where poverty is an issue, and really smoothing the pathway into jobs and training so people on a benefit can get out there and get a job ... and stay out there and stay at a job.

We've got a lot of work to do around the family. We were doing it anyway but its been given new impetus because of the Commission for the Family. And we've got a lot of work to do around issues to do with community and civil society as well.

I think we've really got to begin to show how to provide ways for people to work together, to be connected in a practical way in a community to try and resolve social and economic issues together. Those are just the headline issues of a portfolio like this ... I think you can sense quite a lot of work to do.

***The Jobs Letter:* You've got five Ministerial Associates this time on your line-up, which seems quite a lot. Can you describe how that will be managed in terms of their relationship with you as Minister?**

Steve Maharey: It will work as a team.

Rick Barker will take over a lot of the work done by Ruth Dyson and do the day to day operations of the Department of Work And Income and will focus on some special projects like seasonal workers.

The Jobs Letter

Ruth Dyson will stay attached to us around issues to do with people with disabilities and their vocational needs and she'll also open the Office of Disability Issues.

Parekura Horomia will look after day to day operations of the Community Employment Group — obviously he's got a lot of knowledge of them. And he will carry on with his work around Maori employment issues.

Taito Philip Field will focus on Pacific Island issues right across social areas and focus on Auckland in terms of trying to beef up our work there.

Tariana Turia will stay with issues within the job and family and of course her Community and Voluntary portfolio.

Tim Barnett [not a minister] is going to mirror my diary, in other words we'll have more ability to have somebody to turn up at meetings and give speeches than we could do before ... Tim's going to work on a range of specific issues such as Human Rights issues and the Commission for the Family. He's going to assist me with student issues where we've got some major reforms that we need to put in place.

So it will be pretty busy ... but everyone's got a job to do.

"Work and Income is certainly moving towards an organisation that asks the question: "How can we help you?" rather than "What are you eligible for?" ..."

— Steve Maharey

The Jobs Letter: When you became Minister, you said that "changing the culture of Winz" would be one of your major objectives. What's your assessment of the culture at Work and Income three years later?

Steve Maharey: I think we're making good progress and that's certainly mirrored when I travel around the country and talk to people who come to meetings and say things have improved. Some would say its improving very well ... my impression is that its improving in the way that the government would want to.

Five thousand people is a big organisation and you don't expect that to change quickly in the year that Peter Hughes [the new Chief Executive, replacing Christine Rankin] has been there.

But we are certainly moving towards our goal of an organisation which is driven by a very clear sense of social policy and that asks the question: "How can we help you?" rather than "What are you eligible for?" ... so it becomes a very positive opportunity-driven kind of organisation rather than what it was in the 1990's.

I'm pretty comfortable that the movement in the culture of the Department has been positive ... and we've got a way to go.

The Jobs Letter: If you were speaking to an unemployed person ... what would you be saying would be different for them in the second term of this Labour Government?

Steve Maharey: Well I hope we would have the Working Towards Employment Bill through in the next couple of months. That would set the scene for a lower level of caseloads amongst front-line staff at Work and Income. Case workers have got more time to work with people. They'll have more tools to work with people in terms of what they can offer in them in terms of returning to work.

It's a very positive kind of environment that we are trying to create and I suppose its where I'd hope a person who is unemployed — or a person looking for a job but isn't on the unemployment register, for example someone who is on the DPB — will just look forward to an organisation that gets better and better and better at saying "we've got time, we've got the tools, we've got the resources to really sit with you and work your way through your life."

It's a big challenge actually for beneficiaries. I suppose there is going to be a lot more expected of the beneficiary to work with us to get their life on the road. And I personally think that's the way we ought to be doing it ... but its certainly going to be more demanding for a beneficiary.

The Jobs Letter: You put a great emphasis on "training" in your election campaign. Is the current skills shortage a big surprise to you and the Labour Government?

Steve Maharey: Oh no. In fact I think its very much part of the pattern that we've seen emerge that I guess tells the story of success. Yes, the country is moving towards wanting a higher level of skill from its workers ... rather than remaining a quality-producing but low-skill nation. We're hearing people all over the country saying: "We need more skills". So it's a huge problem but it tells you that we're on the right road. Employers are asking for more skills and we're on the right road in training people and making sure our skills levels are being lifted all the time.

The Jobs Letter: There's been a big emphasis on the Modern Apprenticeship scheme, and its heralded as a great success. Where do you see numbers in that getting to eventually?

Steve Maharey: I probably think that, if we are back here for another term, we would certainly want to lift it to around 10,000 people. My ambition has always been to create a road out of school for those young people who want to leave school and then look around a bit and before deciding they want to get into some formal learning. There are many young people who do not want to go into institutional learning ... but they do want to be in a workplace. They do want to get out there and earn a living at the same time as getting formal qualification.

We've got the aim of doubling the current numbers by next Christmas and then we want to push on within another eighteen month period for 7,500 people. And that's current numbers at any one time. It really just comes down to the capacity that we've got out there with employers and with Skill NZ staff to deliver a quality outcome.

The Jobs Letter

The Jobs Letter: In your last term, you explored government support for community enterprises and also social entrepreneurs. What do you think have been the successes of that? Where do you see it going?

Steve Maharey: I think the signs are positive and I'm very happy with the way its rolling out at the moment. They are both long-term policies and I know that we're going to get scrutinised again during this term about results. We will be asked: "Why aren't community enterprises providing more jobs?"

But really people misunderstand what these policies are about. They think things are immediate ... like getting a person an apprenticeship. But the underlying theory of what we're doing is trying to empower communities rather than impose solutions to issues on them.

The community enterprises are really about forming organisations that, over time, might expand the labour market for people and do socially and economically useful work around their community. In the immediate term you are not going to get all the jobs that you hope you are going to get in the future. The policy is actually one of forming the organisation ... as opposed to Taskforce Green which is about forming a job.

The social entrepreneurs scheme I also think is going well. The Community Employment Group is about to appoint a social entrepreneur, in my own area, which I think is typical of what we should be after. He's a young man who has been a major change agent over a four or five year period in the Highbury area of Palmerston North. He probably would have left that line of work to pursue something else ... because of the burn-out rate in these kinds of people. But the social entrepreneur programme will give him the chance to step back form the work he's been doing and start some new things and give him a better resource base.

"We're writing a development strategy based on investment in people and institutions. People need to look at this in contrast to the economic and social programmes of previous governments — where they were often focused on de-regulation as a strategy."

— Steve Maharey

So I'm pretty happy that what we are doing is slowly but surely identifying people who are the movers and shakers, giving them some resources and seeing some real results.

Geoff Chapple, the person who was given the inaugural kea [symbol of a social entrepreneur] has shown results that are more obvious than anybody else — he is blazing a pathway from one end of the country to the other! So you can literally see his work.

But I'm comfortable that we are laying down a foundation of work that will be very long-term. We are symbolically changing the way that you think about social services and welfare. You don't just think about them

state funded areas of work. You begin to think about how does civil society get resourced to be able to take leadership and resolve problems themselves ... that's what those two programmes are all about.

The Jobs Letter: Jim Anderton and yourself have given great support to the Mayors Taskforce for Jobs. Where do you see this partnership going?

Steve Maharey: I hope from strength to strength because like most things it takes a fair amount of discussion and exploration before you start to see some return for the time people are investing.

I think most Regional Commissioners now have a very strong relationship now with the Mayors and their councils. We're pretty comfortable with the partnerships that we're forming in Manukau and Christchurch and so on.

A lot of our collaboration doesn't necessarily end up in specific programmes but if you go to places like Nelson or Marlborough you're seeing all the Mayors work very closely on projects with the Regional Commissioner and Work and Income staff.

I think what we are going to increasingly see is a kind of localising of efforts to look at jobs and growth. I see the regionalisation of our policies enabling Mayors and local communities to be able to call on resources as they identify what they want to do.

Jim Anderton's work with his economic plans are all starting to come on stream. In our area we've been out asking Regional Commissioners to mirror their plans ... so as Mayors become engaged with this we're in a pretty good position to help drive what local people think will be local solutions.

The Jobs Letter: What do you think is going to be your biggest challenge in the next three years?

Steve Maharey: Delivering everything ... it's one of the frustrations I suppose that we all face. We're writing a development strategy based on investment in people and institutions. People need to look at this in contrast to the economic and social programmes of the National Government (or the fourth Labour Government) ... where they were often focused on de-regulation as a strategy. They could literally sit at their desks and change everything by doing a change in the regulations. Its very different when what you're trying to do is to invest in people, invest in institutions, and develop a range of skills and attitudes which will change the way the country goes.

The challenges involve managing our way through the expectations, finding resources to do all this, and doing things in a way in which people can understand and work with you. It's a "tall order" if you like ... and it's more like the first Labour Government once again, rather than the fourth Labour Government because its about that kind of investment in a new way of doing things.

It will take time to show some real fruit. Our big challenge is to manage our way through that very difficult period of change ... keeping people focused on the fact that this is where the country needs to go and the results will steadily but surely come.

The Jobs Letter

DIARY

A National Bank survey finds that business confidence has fallen for the fifth consecutive month. 31% of business managers expect the general business climate to deteriorate next year.

30 August 2002

Advocacy groups criticise Winz for asking the 15,600 people who had their benefits cut to make a claim by the 15th of December. Tina Mclvor of the Wellington People's Centre says it took the government six years to acknowledge their failure but is only giving people four months to respond.

The sacking of 381 Carter Holt Harvey maintenance workers at the Kinleith pulp and paper mill is on hold after an Employment Court judge tells the company it had to seriously consider alternative proposals by employees and their unions. The judge ruled the company had not consulted in good faith as it put into action plans to restructure the maintenance aspect of the mill.

In Hong Kong, where the unemployment rate is 7.8%, a new TV game show "Win A Job" is being screened. Contestants compete with on another to "win" a job. A similar programme is screening in Argentina called "Human Resources".

1 September 2002

At the Earth Summit a peaceful demonstration of about 10,000 people march toward the venue singing anti-apartheid songs and carrying banner criticising capitalism, farm subsidies and GM foods. NZ PM Helen Clark arrives and will attend the conference for three days.

2 September 2002

35 jobs are to be created at a new sawmill in the Coromandel at the partly Malaysian-owned Blue Mountain Timber company.

3 September 2002

The new Associate Minister of Energy Harry Duynhoven says the \$37 million investment in the GRD Macraes' gold mine on the West Coast, creating 80 direct jobs and 120 indirect jobs, was "good news in anybody's language". The mine has a seven to nine year life span.

While there have been large increases in the labour force (due to a high participation rate and high immigration) LMPG warns that the current **labour shortage may be with us for some time to come**. The demand for labour is expected to remain high and training programmes are unlikely to provide relief in the short term.

— "Skill Shortages June 2002 Quarter" can be downloaded (PDF format, 78kb, 13 pg) from www.lmpg.govt.nz/Labour-Market-Reports/Skills%20Shortages%20-%20June%202002.pdf

- Minister of Social Services and Employment Steve Maharey says the level of labour shortage "is a consequence of a dynamic, healthy economy". He says that while shortages are a concern, they are symptomatic of a country transforming into a highly skilled economy. Maharey believes that the government, business, unions, education and training providers all need to act in a co-ordinated fashion to ensure that skills shortages do not reduce NZ's productive capacity. He says the government is committed to working in partnership with the key players to improve the overall skill level in the workforce and to giving all NZ'ers the opportunity to train and retrain to meet changing skill needs.
- Simon Carlaw, chief executive of Business NZ, is concerned that **economic growth and standard of living targets will not be met** if businesses cannot get the labour they need. He suspects the cause of the current labour shortage is a reflection of a couple of years of increased commodity activity, not a sign of any economic transformation.

Carlaw suggests two short-term strategies:

— allowing people who are in training to be exempted from being paid the minimum wage, thereby encouraging employers to hire them while they are training;

— and opening the doors to more skilled immigrants.

BRIEFING PAPERS TO THE INCOMING GOVERNMENT

Treasury :

www.beehive.govt.nz/Documents/Files/big02-grow.pdf

Department of Labour:

www.beehive.govt.nz/briefings/print/briefing_labour.pdf

Ministry of Social Development:

www.beehive.govt.nz/Documents/Files/ACF56.pdf

Skill New Zealand:

www.beehive.govt.nz/Documents/Files/Skill%20New%20Zealand%20post-election%20briefing.pdf

Ministry of Economic Development and Industry NZ:

www.med.govt.nz/about/bim2002/advancing-econ-dev/

www.med.govt.nz/about/bim2002/eir-dev/

www.industry.govt.nz/about-us/publications/_reports/Briefing-to-Incoming-Minister-2002.pdf

Other Ministry Briefing papers ...

www.beehive.govt.nz/briefings/index.cfm

The Jobs Letter

The NZ Minerals Industry Association calls for improved mining access to private land and to low-value conservation land. An NZ Institute of Economic Research report says that increasing the amount of land in NZ used for mining by seven-fold could create 22,000 jobs and contribute as much as 2% to GDP, primarily to the mining industry.

The Earth Summit has reached agreements and set targets on all issues except boosting renewable energy sources. Oil exporting countries and the US and Japan insist on including the promotion of fossil fuels and nuclear power in the final document. The World Wildlife Federation, Oxfam and Greenpeace are appalled and issue a joint statement: "The Johannesburg World Summit will go down in history as a missed opportunity to deliver energy to the 2 billion people with no access to energy, and as a failure to kick-start the renewable energy revolution that is required to protect the climate."

4 September 2002

The US unemployment rate drops to 5.7%.

US Secretary of State Colin Powell is jeered at the Earth Summit as he claims the Kyoto emission restrictions were too costly for the US to implement. Powell also criticises Zambia for not accepting GM grain to ease its famine.

5 September 2002

The Social Security (Working Towards Employment) Amendment Bill is the first piece of legislation presented by the new government. The Bill eliminates work-testing of people on the Domestic Purposes Benefit in favour of a case-management system. United Future says it will support the bill although leader Peter Dunne opposed it when it was introduced last year.

ACT Social Welfare spokesperson Muriel Newman says the Working Towards Employment Bill is a flawed piece of anti-family legislation that will see further disintegration of the family unit. National deputy leader Roger Sowry says legislating against work-testing deprives young parents of the aspiration and opportunity to work and educate themselves so that they and their children can have a better shot at success.

The Earth Summit ends.

In the longer term, Carlaw says the government should reconsider where it places the emphasis in its education and training budgets. \$90 million goes into industry training, but this is just 5% of the \$1.7 billion that goes into institutional tertiary education. He recommends diverting some of those tertiary education funds into Industry Training Organisations and Private Training Establishments and into secondary schools in order to lift literacy and numeracy and reduce the number of those leaving school without qualifications.

- Paul Goulter, Secretary of the Council of Trade Unions, warns that we should not overlook the obvious: that 80% of the people who will be in the workforce in 2010 are the same ones who are in the workforce right now. A major task facing the country is **reskilling our present workers** while they are working.

Goulter says this will mean a **change in workplace culture** that focuses on workplace learning. Goulter advises that now that job security has all but disappeared, we need to replace it with "employment security" — based on the valuing of an employee's skills and knowledge. He calls for a new social contract between employers and employees that sees **employees able to obtain education and training in the workplace**. And employers must learn to skillfully manage their employees to both truly utilise their knowledge and retain their services.

Goulter's view is that NZ'ers are simply not paid enough to motivate them to become more skillful. Goulter: "Much of the skills discussion in NZ misses this obvious point. We focus on all sorts of other issues around skills, but maybe pay levels are so low that there is little reason for people to want to acquire and use new skills."

- The Employers and Manufacturers Association director George Gerard is also looking for ways through the skills shortage bottleneck. He believes that **training on-the-job provides a faster turnaround** than many institutional programmes and is ideal for the specific needs of many firms. The EMA is hosting a conference in October which hopes to bring a concerted focus onto accelerating skills development in the workplace.

— *"Developing the Skills for Growth: the EMA Workplace Learning Conference"* programme details can be viewed at: www.ema.co.nz/events/detail.asp?ID=483

- Massey University professor Ray Winger says there are **four jobs for every food technology student** who graduates. He says that virtually every graduate the course has ever had had been offered a job before they graduated. Winger says that in recent months 15 recruitment companies had contacted him with vacancies here and in Australia offering salaries of as much as \$60,000.
- Out on the farm, WestpacTrust economist Richard Sullivan says that the **difficulty of attracting and keeping skilled rural workers** is dragging the economy down. Sullivan says that the long-term drift of workers away from rural centres has been due to three things: the rural-urban wage gap, social opportunities in the urban centres, and the fact that most of the rewards of farming go to the owners of the land and stock.

Sullivan worries that the average age of farmers is rising and they are failing to attract new people in. He says the high cost of getting into farming and the increased level of skills needed to farm appear to be going unnoticed and that farming will suffer if these issues are not addressed. Sullivan's view is that farmers need to boost farm wages and find innovative ways of sharing their wealth.

The Jobs Letter

7 September 2002

Fonterra, NZ's largest company is accused of draining South Taranaki of its trades people. Communities are facing shortages of trades people and locals put it down to Fonterra offering starting pay packages of \$45,000-\$50,000 luring people away from their trades to become plant operators. Local businessman Andrew Lloyd says the company seemed to be looking for trades people not to utilise their trade skills but because they had a good work ethic.

8 September 2002

The Fabia shoe factory in Te Kuiti is to close with the loss of 50 jobs.

There are now 2,045 people on the artists-on-the-dole scheme.

The Inland Revenue Department is doing a feasibility study on allowing students and non-custodial parents to pay their debts through their credit card. Spokesperson Colin MacDonald says this would make it easier for people with student loans who are overseas to make repayments.

Editor

Vivian Hutchinson

Associates

Dave Owens

Jo Howard

Rodger Smith

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

SOCIAL INVESTMENT

— The Ministry of Social Development's Top Ten Priorities

* **Reduce early childhood poverty.**

Child poverty has increased. About 150,000 children under five are affected by low income. A proportion of these will be in persistent poverty.

* **Improve child health.**

... especially for Maori and Pacific people.

* **Improve the performance of low achievers in compulsory education.**

About 10,000 secondary school students leave every year with no qualifications. This has not improved much in the last decade.

* **Improve outcomes for children and young people with multiple problems, particularly youth offenders.**

Between 25,000 and 50,000 under-18-year-olds fall into a high-risk multiple-problem category, including poor mental health, poor education, substance abuse and crime. These young people create high costs for themselves and others throughout their lives.

* **Ensure young people are active in employment and post-compulsory education.**

About 14% of those aged between 16 and 21 are reported to have spent between two and five years neither in employment nor education. Our youth labour market has deteriorated relative to others.

* **Reduce geographic concentrations of disadvantage.**

The most disadvantaged regions are Northland, Eastern Bay of Plenty, Gisborne and the East Cape. The majority of disadvantaged people, however, live in Auckland.

* **Improve bad housing for families with children.**

In 2001, there were approximately 2,500 severely substandard dwellings in Northland, East Cape and the Eastern Bay of Plenty. There may be more than twice this many in Auckland. Bad housing contributes to health problems for children, which then affects school readiness and education.

* **Improve transitions from long-term benefit receipt to sustainable work.**

Significant numbers of people have been on benefits more or less continuously for long periods (4.3% of the working-age population have been on benefits for longer than six years).

* **Reduce obesity and improve nutrition and exercise.**

More than half a million New Zealanders are obese, a major cause of heart problems and diabetes, and a major cost to the public health system.

* **Improve settlement of migrants and refugees.**

About 45,000 migrants and refugees arrive each year, with 60% settling in the Auckland region. New migrants and refugees have lower earnings and higher rates of unemployment. Poor settlement compromises the economic and social benefits from immigration and can put social cohesion at risk.

— from briefing papers to the incoming government, September 2002

ISSN No.1172-6695 Produced by the Jobs Research Trust, a not-for-profit charitable trust constituted in 1994.

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

The Jobs Research Trust is funded by sustaining grants and donations. Yes, you can help.

The Jobs Letter — P.O.Box 428, New Plymouth, New Zealand phone 06-753-4434 fax 06-753-4430 email editor@jobsletter.org.nz