

The Jobs Letter

No. 174

22 October 2002

Essential Information on an Essential Issue

KEY

MAYORS TASKFORCE SIGNS
AGREEMENT WITH
GOVERNMENT

MAKING THE AGENDA FOR
CHILDREN HAPPEN

TEXTILE SECTOR GOING FOR
GROWTH

SKILLS SHORTAGES DUE TO
LOW BIRTH RATES

THE "INCOME GAP" BETWEEN
MAORI AND EUROPEAN

DIARY

24 September 2002

There are more construction apprenticeships available in the Auckland area than young people to fill them, according to the Construction Industry Training Organisation. Regional manager Bernard Te Paa says he used to keep a list of would-be apprenticeships for the rare times a builder rang seeking one. Now he has a waiting list of a dozen builders wanting apprentices.

Construction companies admit that they are now paying the price for not taking on apprentices during the 1990s. Clearwater Construction manager Wayne Carson says everyone is aware there has not been much training going on in recent years and there is a real skills shortage in the industry.

International telecommunications equipment manufacturer Alcatel announces 10,000 more job cuts worldwide on top of the 20,000 cuts it made in June.

- The **government and the Mayors Taskforce for Jobs** have signed an agreement to work towards **ending youth unemployment** in New Zealand within five years. The sign-up, which included a special meeting of Mayors in the Cabinet Room of the Beehive, reinforces the government's commitment to see all 15-19 year-olds engaged in appropriate work, training or education by 2007.

The Mayors Taskforce has grown significantly over the last year, and now involves a total of 51 Mayors, representing two-thirds of the country's local authorities. Many of the Mayors are involved with local employment projects with the support of the Employment Catalyst Fund and government agencies such as the Department of Work and Income and the Community Employment Group.

- In the *Memorandum of Understanding*, the Mayors and Government agree to work together to "facilitate community development initiatives, and develop and support community entrepreneurs". The Mayors will participate in **regional/local action groups** which will develop long-term strategies for **employment creation** and community development in their areas.

The Mayors have agreed to work with government to provide opportunities for policy input by local communities, and to ensure that innovative and flexible decisions can be made at the local level. They will promote close co-operation between local economic and employment development organisations to minimise duplication and build on successful structures.

The Mayors Taskforce and government will also work together to promote **new solutions to unemployment which reflect the changing nature of work** in our country. *From the agreement:* "What we are most concerned about are the long-term trends for work and income in our communities. The parties to this Memorandum affirm that there is no continuing justification for the "waste of New Zealanders" through unemployment. There needs to be a concerted leadership effort at both local and central government levels about the quality of work and the creation of more opportunities for our children and our children's children."

"The jobs of the future will certainly still come from new business opportunities. However, we also need to be concerned about the quality of people's working lives. We also need to ensure that all people, including Maori and Pacific Island people, have access to existing and new work opportunities. The parties to this agreement can play an important governance role in leading and facilitating the future direction on behalf of our communities..."

— Full text of the *Memorandum of Understanding between the Government of New Zealand and the Mayors Taskforce for Jobs* 2 October 2002 available on the Beehive website at www.beehive.govt.nz/ViewDocument.cfm?DocumentID=15039

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25 September 2002

Army nurses worked at Palmerston North Hospital in August to help relieve a staffing shortage. MidCentral Director of Nursing Susan Wood says plans are in place to use more army nurses next year.

Affco meatworkers in Wanganui agree to pay cuts in order to keep the Imlay plant from closing. The company now plans to upgrade the plant but union secretary Trevor Beamsley warns that it is likely the plant will require fewer staff when it re-opens.

The US Federal Reserve Bank board holds interest rates at 1.75%, continuing them at the lowest rate in 41 years. Board member Robert McTeer argues for a still lower rate, saying the economy is not creating enough jobs.

27 September 2002

Budget advice services lost nearly a quarter of their volunteers nationally over the last year and Federation of Family Budgeting Services executive officer Raewyn Neilsen says at this rate, in four years time there will be no service.

The total of all the debts of people seeking help at the country's budget advice services increased by 20% last year. The Federation says the same number of people came through their doors but individual debts were larger and more complex than in previous years.

30 September 2002

The NZ Association of Private Training Providers is preparing a legal claim for compensation for investments its members made in courses that will not go ahead due to a funding cap imposed by the government in this year's Budget. The Association's lawyer Mai Chen says that previous assurances by Associate Minister of Education Steve Maharey had led training providers to make significant investments in courses that they will now not be funded to run.

- At the sign-up ceremony, Regional Development Minister Jim Anderton said he welcomed the Mayors commitment to regional employment. Anderton: "This Government and the 50 mayors who are members of the Taskforce share a strong desire to see more employment and business opportunities in our regions, particularly for our school leavers. The projects being supported through this partnership will have a significant benefit for regions and industries up and down New Zealand."

Social Services and Employment Minister Steve Maharey: "The Mayor's projects are excellent examples of a practical approach to local employment creation. Some are assisting employers to overcome labour shortages and others are promoting apprenticeships and on the job training. One of the key projects is a joint pilot project with Career Services and Skill New Zealand which is helping Government to improve its understanding of the transition from school to work."

Local Government Minister Chris Carter says the signing of the agreement with the Mayors is a concrete example of the strength of the relationship between central and local government. Carter: "By working together in partnership, central and local government can make a real difference to the communities we serve. The Memorandum of Understanding sits well alongside other initiatives such as the Central Government/Local Government Forum, chaired by the Prime Minister, and recognises that getting people into sustainable work is a key step in building strong, safe and prosperous communities ..."

- The sign-up with the **government hopes to create employment and training opportunities for all under 19 year-olds** by 2007. This is the policy which the Labour Party campaigned on at the last elections, and is less ambitious than the Mayors Taskforce goal that, by 2005, all young people under 25 years should be in work or training.

Taskforce chairman and Mayor of Christchurch Garry Moore says that the Mayors were trying to push the government by setting their original timeframe, but the government has been reluctant to sign up to a target that it felt it might not be able to meet. Moore says the **Mayors are still campaigning for their "stretch" goals** to be embraced by all New Zealanders, and he points out that significant private sector groups such as the Business Council for Sustainable Development (which includes The Warehouse and Fonterra) have already given their support.

While in Wellington for the Beehive sign-up, the Mayors Taskforce also met with leaders from the Combined Trade Unions (CTU) to encourage them to enter into partnership with this initiative.

- Mayors Taskforce members who went to the Wellington sign-up included Garry Moore (Chairperson, Mayor of Christchurch), Sukhi Turner (Deputy Chair, Dunedin), Jenny Brash (Porirua), Tim Shadbolt (Invercargill), Graeme Ramsey (Kaipara), Pat O'Dea (Buller), Frana Cardno (Southland), Yvonne Sharp (Far North), Gordon Blake (South Waikato), Chris Lux (Thames-Coromandel), Tom Robinson (Horowhenua), David Braithwaite (Hamilton), Kevin Brown (Grey), Paul Matheson (Nelson), Sue Morris (Ruapehu), Brian Jeffares (Stratford), Maureen Reynolds (Taranaki), Colin Hammond (Whakatane), Alan Milne (Kapiti Coast), Mark Bell-Booth (Palmerston North) and Eric Tait (Rotorua).

Other members of the Mayors Taskforce include Murray Anderson (Ashburton), Bob Parker (Banks Peninsula), Malcolm Macpherson (Central Otago), Juno Hayes (Clutha), Meng Foon (Gisborne), Owen O'Connor (Gore), Basil Morrison (Hauraki), Tony Arps (Huronui), John Terris (Hutt), James Abernethy

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A Warehouse “megastore” due to open in November on the outskirts of New Plymouth will employ up to 100 people in full and part-time jobs. This will be the second Warehouse store in the district.

1 October 2002

The International Monetary Fund predicts the NZ economy will grow 4% this year and 2.9% in 2003.

2 October 2002

Tens of thousands of jobs are at risk as insurance companies who provide indemnity policies for building certifiers refuse to renew policies due to the risks posed by the “leaky building crisis”. Graeme Coe of the Master Builders Association says private building certifying companies currently control about 10,000 construction projects and if they cannot do inspections because they lack insurance, the immediate and downstream effect on jobs would be enormous.

Carter Holt Harvey dismisses alternative proposals presented by staff and will go ahead with its plans to lay-off all maintenance workers at the Kinleith pulp and paper mill and contract out the work. The company also announces further restructuring plans that could see a total of 590 redundancies at the mill (out of a current workforce of 770 people).

90 fish processing jobs will go as Sanford Ltd says it will close its Nelson factory.

Minister of Disability Issues Ruth Dyson says it is wrong that people who care for disabled family members are not paid for their work. She says the Ministry of Social Development is undertaking policy work on the issue.

(Kaikoura), Sir Barry Curtis (Manukau), Bob Francis (Masterton), Stan Scorringe (Mackenzie), Peter Tennent (New Plymouth), John Forbes (Opotiki), David Buist (Papakura), Clive Geddes (Queenstown Lakes), Grahame Hall (Rotorua), Michael McEvedy (Selwyn), Mary Bourke (South Taranaki), Jan Beange (Tauranga), Wynne Raymond (Timaru), Jim Gerard (Waimakariri), David Owen (Waimate), Les Probert (Wairoa), Bob Harvey (Waitakere), Alan McLay (Waitaki), Chas Poynter (Wanganui), Kerry Prendergast (Wellington), John Drylie (Westland), and Craig Brown (Whangarei).

- Also while in Wellington, the Mayors Taskforce representatives met with government officials at the Ministry of Social Development. The Ministry has allocated a \$450,000 contestable fund (this fiscal year) for Mayors Taskforce projects throughout the country. Details of successful “bids” for this fund can be found on the Work and Income website at www.winz.govt.nz/community_initiatives/mayoral_initiatives/index.html

- *Statistics That Matter*. Department of Work and Income has also produced for the Mayors Taskforce a breakdown of their figures on the **number of young people (18-25 years) on benefits** throughout the country. These figures show that 46,400 young people were registered with Winz during September, with 14,600 of these having been on a benefit for over a year. These figures include 20,600 European/Pakeha, 17,800 Maori, 5,000 Pacific Island and 2,800 “other” young people.

— A full table of these statistics (by local authority area) is available at www.jobsletter.org.nz/stt/winzyouthstats-sep02.htm

- The government is not doing enough to achieve the goals it set to make New Zealand a truly “great place to bring up children”, according to community sector social service agencies. Fourteen groups have contributed to *Making it Happen: implementing New Zealand’s agenda for children*, a report that **demands action on the government’s own Agenda for Children** which was released prior to the general election earlier this year (*see The Jobs Letter No 167*).

The Agenda for Children claimed input from over two-dozen government agencies and many more non-governmental organisations and individuals. But social service agencies apparently found the Agenda to be more a series of good news stories, speculation on how current policies will be helpful and “possible future developments”. Whether it was the phrasing that sounded like a wish-list or the lack of a budget to back up the government’s document ... **alarm bells** rang in the community sector that the Agenda might never be translated into action.

The report: “While the Agenda has been widely welcomed for its vision and principles, many non-governmental organisations are disappointed that it does not propose more extensive actions and that Government has not yet committed funding in principle to ensure its effective implementation. The purpose of this paper is to influence Government to act. *Making it Happen* identifies key actions that are an essential part of full implementation of the Agenda for Children”.

- The suggestions for action don’t come cheap. The community groups estimate at least a **\$1 billion price tag** for “*Making it Happen*”.

On top are two items that would make up half this cost: extending family tax credits to all of the poorest New Zealand families (not just those who have a working adult); and making cost of living adjustments to family support, the value of which has been whittled down as it has been fixed at its 1998 level.

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4 October 2002

Verizon communications, the biggest US telephone company says it will cut a further 8,000 jobs worldwide after cutting 23,000 jobs last year.

6 October 2002

Benefit advocacy groups involved in a working party to improve the way Special Benefits are allocated say there has been significant improvement in the way Winz staff approach applications for Special Benefits.

Micha Peled's film *Store Wars* is shown in Auckland after a brief tour of screenings around NZ. The film claims that retail chains such as Wal-Mart in the US have created a class of "working poor" and heartless town centres. The film's local promoters draw comparisons between the US chains and The Warehouse chain and shopping malls in NZ.

7 October 2002

Australian job ads rose by 3.2% last month, the largest rise in nine months and 10.7% higher than at this time last year. The unemployment rate is hovering around 6.2%.

European telecommunications companies Colt and Mobilcom cuts 800 and 1,850 jobs, respectively.

9 October 2002

NZ job ads were up slightly in September and are nearing last year's highs according to the ANZ survey. Most economists are predicting unemployment to fall below 5% when the quarterly statistics are released in November.

The largest telephone company in Europe, Deutsche Telecom, is to shed 50,000 jobs or about half its workforce by 2005.

Making it Happen also promotes

- lifting the maximum benefit abatement rate threshold to \$130 per week,
- acquiring 1,000 state houses per year,
- allowing all children under 18 access to free health and dental care,
- and implementing and evaluating Te Rito: the Family Violence Prevention Strategy.

The report also argues that **local authorities** need encouragement and support **to develop strategies and policies for children**. It also asks that all monetary and fiscal policies be evaluated not only for their impact on inflation, debt and economic growth, but also in terms of how they will effect families and young people.

- Supporting *Making it Happen* are the Institute of Public Policy at Auckland University of Technology, UNICEF New Zealand, Save the Children New Zealand, Barnardos New Zealand, Child Poverty Action Group Inc, Children's Agenda, Public Health Association of New Zealand Inc, Royal New Zealand Plunket Society Inc, National Council of Women, Children's Television Foundation, National Collective of Independent Women's Refuges Inc, Action for Children, and Youth Aotearoa.

— "*Making it Happen: implementing New Zealand's agenda for children*" October 2002, can be downloaded from AUT website at www.aut.ac.nz/news_and_information/events/making_it_happen/making_it_happen.shtml

- A **lack of skilled workers** is one of the textiles, clothing, footwear and carpet (TCFC) sector's **constraints on growth**, according to a strategy paper prepared by sector leaders. Until recently, the TCFC sector was seen as a "sunset" industry, slowly fading after the reduction of tariffs decimated much of NZ manufacturing over fifteen years ago. But the industry has averaged 8.3% growth per year over the last ten years and with last year's export revenues at \$390 million it is much larger than the more glamorous wine and shipbuilding industries.

The new industry strategy states the intention of lifting export sales to \$1 billion by 2008. With 17,600 workers, the sector is a substantial employer even though this is only half the number of workers it had in the 1980s. The industry recognises that improving management and **training new workers** are key factors if the sector is going to grow to its potential.

- Some medical experts say they are refusing to work with many ACC managers whose intentions, they claim, are not to obtain objective medical reports on patients but to "buy" reports that will get claimants off their books. Doctors reported in the *Sunday Star Times* allege that many ACC managers have **expectations about medical reports** and are clearly disappointed when medical evidence does not meet these expectations. They say the behaviour of ACC staff suggests that there are incentives for case managers who were the most efficient at "exiting" people from the scheme.

Dr Harvey Williams of Christchurch describes the problem of as a "bad culture" in the organisation, rather than a few "bad apples". That assessment is arguably supported by an ACC document that refers to claimants as "stock", and the **corporation's intention to purge** 1,500 long-term claimants from its books this year.

- Some ACC claimants have gone to the Ombudsman regarding their experiences after finding out that their medical assessors had an employment relationship with ACC or that some assessors' practices are largely based on ACC referrals leading to the presumption that they produce

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10 October 2002

The NZ Institute of Economic Research predicts the economy to grow even faster than this year's 4% but cautions growth may be curtailed, in part, by a shortage of skilled labour.

40% of the doctors registered to work in NZ were trained overseas according to Associate Minister of Health Ruth Dyson.

11 October 2002

Of the 15,600 cases that Winz said it was willing to reassess because it had applied incorrect criteria to "living arrangements in the nature of marriage", just over 2,000 have asked to have their cases reviewed.

Investment banks in the US and Britain, who have cut about 81,000 jobs in the last two years, continue to shed staff. Merrill Lynch is expected to make 2,000 further staff cuts and JP Morgan is cutting another 3,500 staff.

The national poverty rate has risen in the US for the first time in 12 years. Almost 33 million Americans live below the poverty line and 41 million lack health insurance.

US Senator Jean Carnahan calls for Congress to extend unemployment insurance past the 13 weeks currently allowed by US law. She says an alarming number of workers have been unemployed for more than six months and by the end of the year more than two million workers will have exhausted their unemployment insurance and will have moved onto welfare.

15 October 2002

Up to 35 NZ employers and local authorities attend the third NZ Jobs and Futures Expo in London with the intention of luring back expatriate NZ'ers and recruiting skilled migrants.

reports that have been pre-determined conclusions that favour ACC. The ACC has not made it clear why it uses particular assessors.

The media reports have also accused ACC managers of shopping around for medical assessors to get the decisions they want. Barrister John Miller, a Victoria University senior lecturer and authority on ACC law, says he knows of a patient who went through 12 different assessors before ACC got the opinion they wanted. Miller claims that many patients who are "exited" from ACC wind-up on an invalid's benefit.

- ACC chief executive Garry Wilson says he is **unaware of inappropriate behaviour** by case managers and that he finds it difficult to believe medical experts feel pressured by case managers. He says it is a myth that the Corporation shops around for assessors, pointing out that some assessors get more ACC work because they are willing to go to far-flung places where others are not prepared to go.

Wilson says that ACC uses over one thousand doctors or medical academics to provide assessments of claimants that come from lists provided by specialist colleges, and that none of these professionals have contacted ACC concerning the conduct of staff.

He believes it is rare for ACC to seek a second opinion unless time has elapsed from the first. He also says that 75% of ACC claimants who are assessed as able to return to work do not end up on a benefit but that 9% do go onto invalid's benefits.

- We're on the front end of a "war for talent" based on **insufficient population growth** in the industrialised world, according to Dave Arkless of Empower Group, a Europe based consultancy. And this "war on talent" is going to become increasingly threatening to New Zealand.

Arkless argues that economies must grow at an average of at least 1.5% or they begin to collapse on themselves ... and, in order to grow at this rate, countries must add to their population by at least 2.1% per year. But Arkless points out that for nearly two decades the population growth in industrialised countries has slowed. During last year, the population in G8 countries grew a mere 1.6%.

Industrialised countries are beginning to experience the effect of this declining birth-rate trend by **no longer having enough people** coming out of schools and universities to fuel their industries and grow their economies. Arkless predicts that by 2008, North America alone will have five million job vacancies for which there will be no suitable applicants and there will be an international "brain drain" towards richer nations that will threaten countries like New Zealand.

- Statistics NZ has reported that the average weekly income for New Zealanders (both working and non-working) over the past year was \$494, which is 4.2% higher than the previous year. The rise was due to an increase in the number of people in jobs as well as rising incomes for both working and non-working people. Wage and salary earners had an average increase of 2.0% while the income of the self-employed rose by 8.9%.

While income increases for Maori were 5.2%, average Maori earnings still lagged behind at \$428 per week or 86.6% of that of the general population. This is a similar to the gender "income gap" with the average female income now at 87.7% of the average male income.

- For working Maori, income levels are more closely related to their educational achievement levels than they are for non-Maori, according to *Education and Maori Relative Income Levels over Time*. The study, produced by Auckland University for the Treasury, finds that Maori who

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The economy of Singapore has contracted 10.3% over the last year as a result of a slump in global demand for Asian exports.

17 October 2002

Up to 25 bureaucratic positions are to be cut by the Hawke's Bay District Health Board. Service cuts are to follow.

18 October 2002

Sun Microsystems is to cut its international workforce by 4,400 people.

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

add to their education levels will get better jobs and higher incomes than will non-Maori who add to their education. The study shows that a lack of education is more restraining on the earning capability of Maori and this lack of education represents an even larger waste of earnings and personal potential than it does for non-Maori.

The study finds that **a large proportion of Maori**, particularly males, **leave school with no qualifications** and when they find work, it tends to be in elementary, low-skilled, low-paid jobs. Compounding the problem, and undoubtedly contributing to Maori unemployment figures, is that there are proportionately fewer low-skilled jobs being generated in the economy.

Over the past ten years, job growth in New Zealand has been increasingly biased towards skills-based occupations that are not accessible to low-education achievers, therefore extending the "income gap" between working Maori and working non-Maori. The paper concludes that government **policy development should focus on Maori educational levels** as a means of closing this "income gap".

— *"The Mediating Effects of Occupation, Industry, Hours of Work and Locality"* by Sholeh Maani, September 2002, available the Treasury website at www.treasury.govt.nz/workingpapers/2002/twp02-17.asp

- ACT MP Muriel Newman objects to the government's use of the figure of 6,200 people as being unemployed for over two years. She says Winz has about 51,000 people on its books who have been registered as unemployed for over two years and it is misleading for the government to trot out the smaller figure when it addresses the public.

Minister of Social Services Steve Maharey explains that the first figure is taken from the Household Labour Force Survey and is the number of people who have had no paid work whatsoever for two years. This is one of a number of international reporting standards and allows NZ statistics to be compared to those of other countries on the same basis. The larger statistic, from Winz, includes all people who have been continuous registered as unemployed for two years but may have had periods of work while registered.

- With businesses wanting to stay focused on their core activities, a new type of business called "co-employers" or Professional Employer Organisations (PEOs) are gaining a place with small US firms.

A PEO acts as a company's administrative boss, handling human resource issues like payrolls, withholding tax, superannuation schemes and health insurance. The concept apparently appeals to the owner/boss of small businesses who are often the most experienced or key person whose time and energies are better spent on production or marketing rather than on human resource functions. Using a PEO is one way a small business can have the services of a personnel manager when they do not need a full-time one. PEOs can also lower the cost of health insurance, an integral part of US employment contracts, by grouping a small business's employees with others, therefore getting the benefits of large scale buying.

The PEO industry in the US today claims to be "employing" as many as 3 million workers.

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